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Business Loans for Healthcare Practices

A practical funding guide for medical practices, dental offices, clinics, therapy providers, pharmacies, labs, and healthcare service businesses.

Prepared for business owners who need clear, relationship-based financing guidance

This guide is for educational purposes only and does not guarantee loan approval or terms.

Business Loans for Healthcare Practices

Healthcare practices often need capital for more than one reason. A practice may be profitable on paper but still short on usable cash because insurance payments, patient balances, receivables, payroll, equipment needs, and facility costs rarely move on the same schedule.

This guide explains the most common funding options for healthcare practice owners and shows when each option may fit. It is designed for busy operators who want clear, practical guidance before starting a loan conversation.

The core idea

The best business loan is not simply the fastest loan. It is the loan structure that matches the business need, repayment ability, and timing of the expense.

Who This Guide Is For

- Medical practices and specialty clinics
- Dental practices and orthodontic offices
- Veterinary practices
- Physical therapy, occupational therapy, and rehabilitation providers
- Med spas and aesthetic practices
- Pharmacies and healthcare retailers
- Diagnostic labs, imaging centers, and outpatient service providers
- Healthcare suppliers and medical product companies

Why Healthcare Practices Need Capital

Healthcare businesses usually carry fixed costs that must be paid on time: payroll, rent, software, equipment, supplies, insurance, utilities, and vendor invoices. Payment cycles may lag behind those expenses.

Federal Medicaid prompt-payment rules require agencies to pay 90% of clean claims from practitioners within 30 days and 99% within 90 days, but even compliant payment timelines can create cash flow gaps for practices that must meet weekly expenses. [1]

Prior authorization can add to the pressure. The American Medical Association reports that prior authorization creates administrative burden, takes time away from patient care, and can cost practices money. [2]

Quick Funding Map

Business Need	Funding Option to Review	Why It May Fit
Cover payroll, rent, supplies, or short-term expenses	Working capital loan	Provides general operating capital when expenses are due before revenue is collected.
Need flexible backup capital	Business line of credit	Allows draws as needed up to an approved limit.
Waiting on invoices or receivables	Accounts receivable financing	May turn unpaid invoices or receivables into near-term cash.
Buying medical or office equipment	Equipment financing	Helps preserve cash by spreading equipment cost over time.
Buying, refinancing, or renovating property	Commercial real estate financing or SBA loan	Designed for larger property-backed or long-term business investments.
Buying a practice, expanding, or refinancing eligible debt	SBA 7(a) or SBA 504	May fit qualified borrowers with larger, longer-term funding needs.

1. Working Capital Loans

A working capital loan can help a healthcare practice cover daily operating expenses. It is often used when the business has revenue but needs additional cash to manage timing gaps, short-term pressure, or growth costs.

Common uses

- Payroll and staffing costs
- Medical supplies and consumables
- Rent, utilities, and insurance
- Vendor payments
- Billing software or practice management technology
- Marketing or patient acquisition costs
- Temporary cash flow gaps

Best fit

A working capital loan may fit when the need is broad and operating-related rather than tied to a specific asset such as equipment or real estate.

2. Business Line of Credit

A business line of credit gives a practice flexible access to capital. The business can draw funds when needed up to an approved limit, which may be useful when expenses are uneven or timing is unpredictable.

Common uses

- Payroll timing
- Inventory and supplies
- Unexpected repairs
- Seasonal revenue changes
- Short-term cash flow gaps
- Emergency expenses

Best fit

A line of credit may be useful as a financial backup plan for established practices that want access to capital without taking one large lump sum immediately.

3. Accounts Receivable Financing

Accounts receivable financing may help a practice or healthcare company access capital based on unpaid invoices or receivables. This can be useful when money is owed to the business but payment has not arrived yet.

Common uses

- Payroll while waiting on payments
- Vendor and supplier payments
- Insurance-related cash flow gaps
- Outstanding invoices
- Operating expenses tied to delayed receivables

Best fit

This option may fit healthcare billing companies, labs, provider groups, pharmacies, and healthcare suppliers that have receivables but need working capital sooner.

4. Healthcare Equipment Financing

Equipment financing may help a healthcare practice purchase or lease equipment without paying the entire cost upfront. The equipment itself may often be part of the collateral structure, depending on the lender and program.

Equipment commonly financed

- Dental chairs and imaging systems
- Exam tables and clinical furniture
- Diagnostic equipment
- Lab equipment
- Sterilization equipment
- Therapy and rehabilitation equipment
- Medical software and office technology
- Med spa treatment devices

Best fit

Equipment financing may fit when the equipment is needed to improve service capacity, replace outdated tools, add a new revenue line, or preserve cash reserves.

5. SBA Loans for Healthcare Practices

SBA loans may fit qualified healthcare practice owners with larger, longer-term needs. The SBA 7(a) program can be used for real estate, short- and long-term working capital, refinancing current business debt, purchasing machinery and equipment, purchasing furniture, fixtures, and supplies, and changes of ownership. [3]

The SBA 504 program provides long-term, fixed-rate financing for major fixed assets that support business growth and job creation. The SBA lists the maximum 504 loan amount at $5.5 million. [4]

Common uses

- Practice acquisition
- Commercial real estate
- Equipment purchases
- Expansion
- Eligible debt refinancing
- Ownership changes
- Facility improvements

Best fit

SBA loans usually require more documentation and may take longer than faster funding products. They may be worth reviewing when the borrower has a stronger file and the business need is strategic or long-term.

6. Commercial Real Estate Financing

Commercial real estate financing can help healthcare practice owners buy, refinance, renovate, or expand property. This may include medical office buildings, dental offices, outpatient clinics, therapy centers, pharmacies, labs, or owner-occupied healthcare facilities.

Common uses

- Buying a medical office or dental building
- Refinancing an existing property loan
- Renovating a healthcare facility
- Expanding into a larger location
- Opening a second location
- Purchasing owner-occupied real estate

Best fit

This option may fit a practice that wants more control over its location, plans to stay in the same market, or wants to invest in the property used by the business.

How to Match the Loan to the Need

Before applying, define the business problem clearly. A practice waiting on receivables should not evaluate funding the same way as a clinic buying equipment or a provider purchasing real estate.

Question to Ask	Likely Direction
Do I need capital for daily operating expenses?	Review working capital loans.
Do I need ongoing access to backup funds?	Review a business line of credit.
Is money owed to the business but not yet collected?	Review accounts receivable financing.
Am I buying equipment that helps the practice operate or grow?	Review equipment financing.
Am I buying or refinancing property?	Review commercial real estate financing and SBA options.
Am I acquiring a practice or planning a major expansion?	Review SBA 7(a), SBA 504, term loan, or real estate financing options.

Professional funding principle

Use short-term capital for short-term needs and longer-term financing for long-term assets whenever possible. Using fast, short-term money for a long-term project can create cash flow pressure later.

Documents to Prepare Before Applying

The exact document list depends on the lender, loan type, and requested amount. Larger SBA and commercial real estate loans generally require more documentation than faster working capital products.

Basic Funding Review

- Completed loan inquiry/application
- 3-6 months of business bank statements
- Business legal name and entity details
- Monthly revenue estimate
- Funding amount requested
- Use of funds
- Owner contact information

Larger/SBA/Real Estate Requests

- Business tax returns
- Personal tax returns
- Year-to-date profit and loss statement
- Balance sheet
- Debt schedule
- Personal financial statement
- Purchase agreement, lease, or project budget if applicable
- Property details for real estate requests

Realistic Funding Scenarios

Medical practice waiting on reimbursements

A practice has steady patient volume but payroll is due before expected insurance payments. The owner may review working capital, a line of credit, or receivables-based financing.

Dental office adding new equipment

A dental practice wants upgraded imaging technology and does not want to drain operating cash. Equipment financing may be a logical first option to review.

Therapy clinic opening a second location

A therapy provider needs buildout funds, hiring capital, and startup cash for the new site. The owner may compare working capital, SBA options, and real estate-related financing depending on the project.

Pharmacy managing inventory and receivables

A pharmacy needs inventory before certain payments are collected. A line of credit, working capital, or receivables financing may help solve the timing issue.

Practice owner buying the building

A healthcare provider wants to stop leasing and purchase the property. Commercial real estate financing or SBA financing may be appropriate to review.

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Common Funding Mistakes to Avoid

Waiting until cash flow is already strained

Start the conversation before the need becomes urgent. Better timing gives the business more options.

Not knowing the exact use of funds

A clear purpose helps match the right loan structure to the business need.

Using short-term money for long-term projects

A facility purchase, buildout, or major expansion may require a longer-term structure.

Ignoring the repayment schedule

Approval matters, but repayment fit matters more. Review how payments affect monthly cash flow.

Submitting incomplete documents

Missing documents can slow the process and make the file appear less prepared.

Comparing only the payment amount

Review total cost, fees, term, collateral, funding timeline, and flexibility.

Healthcare Practice Funding Readiness Checklist

Use this checklist before starting a funding request.

- [ ] I know the amount of capital needed.
- [ ] I can explain exactly how the funds will be used.
- [ ] I have recent business bank statements available.
- [ ] I understand my current monthly revenue and expenses.
- [ ] I know my existing business debt payments.
- [ ] I have a realistic repayment comfort level.
- [ ] I know whether the need is short-term, flexible, asset-based, or long-term.
- [ ] I have tax returns and financial statements available if applying for SBA, commercial real estate, or larger funding.
- [ ] I have considered whether equipment, receivables, or real estate should drive the loan structure.
- [ ] I am ready to compare more than one financing option.

Frequently Asked Questions

What can business loans for healthcare practices be used for?

They may be used for working capital, payroll, equipment, supplies, receivables, expansion, renovations, commercial real estate, acquisitions, refinancing, and other eligible business needs.

Can a healthcare practice get equipment financing?

Yes. Equipment financing may help a practice purchase or lease clinical equipment, dental equipment, diagnostic tools, lab equipment, software, and other business assets.

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Are SBA loans available for healthcare practices?

Yes. Qualified healthcare practices may use SBA loan programs for working capital, real estate, equipment, eligible refinancing, ownership changes, and expansion. [3]

What is the best loan for delayed insurance payments?

A line of credit, working capital loan, or accounts receivable financing may be worth reviewing. The right option depends on the receivables, revenue, repayment ability, and urgency.

How fast can a healthcare practice get funded?

Funding speed depends on the loan type. Working capital and line of credit options may move faster, while SBA and commercial real estate loans typically require more documentation and a longer underwriting process.

Do healthcare practice loans require collateral?

It depends on the loan type. Equipment financing may be secured by equipment. Commercial real estate loans are secured by property. SBA and larger loans may require collateral when available.

Next Step

Business financing should begin with a clear conversation about the business need, timing, repayment ability, and available options. For healthcare practice owners, the best starting point is to identify the exact pressure point: cash flow, equipment, receivables, real estate, or growth.

Ready to review business loan options for your healthcare practice?

Visit WGMFinancial.com to start a funding conversation.

Sources

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