

OVERCOMING OWNERSHIP BARRIERS IN RURAL HEALTHCARE

Sector: Rural Medical Clinic **Deal Profile:** >\$1.0M Commercial Line of Credit & Consolidation

EXECUTIVE SUMMARY

A non-physician-owned medical clinic serving a high-demand rural community reached a financing "dead end." Despite strong profitability and cashflows, and a high-profile status within the rural community, the unique ownership structure of this business disqualified the clinic from standard "professional" banking packages that are traditionally offered to clinics owned and operated by physicians, dentists and other primary frontline healthcare professionals. HYGEIA Group engineered a custom debt facility that recognized the stability of provincially backed revenue streams, and this enabled a multi-site expansion in alignment with growth trajectory of this business.

THE CHALLENGE: THE "PROFESSIONAL" CEILING

Canadian chartered banks often enforce rigid lending criteria for medical clinics, typically requiring 100% physician ownership to qualify for prime rates.

- **The Ownership Disconnect:** The local bank viewed the business as a higher-risk commercial entity rather than a stable medical practice, simply because the owners were not doctors.
- **The Growth Cap:** The client needed significant liquidity to fund **doctor recruitment incentives** - a massive upfront cost in rural areas. However, the client was tethered to high-interest private loans that drained operating cashflow.

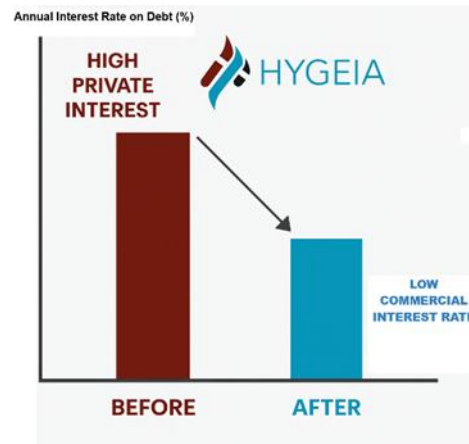
THE HYGEIA SOLUTION

HYGEIA pivoted the lender's focus from *ownership structure* to *revenue quality*.

1. **Risk Mitigation:** We demonstrated that the clinic's revenue was derived from medically essential, provincially backed services i.e. the Ontario Health Insurance Plan (OHIP). This meant that the revenues were effectively recession-resistant regardless of ownership.
2. **Total Restructure:** We negotiated a complete refinancing of the existing private debt into a chartered bank facility.

3. **Liquidity Injection:** The deal included a revolving line of credit specifically earmarked for recruitment bonuses and operational expansion in line with the clinic's expansion plans.

THE OUTCOME



- **Recruitment Enabled:** Immediate funding was made available to pay incentives for new rural physicians.
- **Expansion Ready:** Capital was secured to open new satellite locations to serve the broader region.
- **Interest Optimization:** The client transitioned from double-digit private interest rates to single-digit commercial interest rates thereby improving cashflow.

"Ownership structure should not dictate growth potential. By properly framing the asset class, we unlocked Tier-1 capital for a non-traditional ownership group."

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