

CASE STUDY MEDICAL RECEIVABLES? A FACTORING LINE THAT LOOKS LIKE and ACTS LIKE A LINE of CREDIT?

With changes happening to Medicare and Medicaid whereby the management of some of these programs is being contracted out to contract managers/MCO's and the like getting paid can be a new challenge. In turn: Some programs went from paying in 7 – 10 days to paying 60 days and many companies are unprepared for it.

Such was the case of Medicaid provider in South Carolina.

Want unique? How about a factoring line that acts like and operates like a line of credit. The best part? We can make all receivables eligible so when our prospect came to us they had a line with their bank of \$250,000. Sadly: When the crunch hit they turned to a cash advance company for a loan at 30% interest and added \$100,000 plus interest of liability and outflow to their burden.

Worst yet? No checks had yet from Medicaid.

Our proposal: \$750,000 line of credit (Yes! Three times their receivables in hand!) that we'll expand directly with their growth so now they have the money to retire all of their debt, access capital without personal guarantees, and have access to capital to grow their business.

How does it work? They keep their conventional account and we factor their invoices and deposit to that same account for them. As the invoices pay their bank sweeps the funds to us from ONLY the factored invoices allowing them to put and take funds that are not factored as they need or want to. Unlike a cash advance loan that takes money out daily regardless: We only take monies when invoices that we advanced on get paid. How flexible is that?

Better yet: Our rates are far less than the cash flow loans so if you or someone you know is in the medical or medical services profession and need working capital let's talk sooner than later. Our program offers more availability than any other we know of – and at a lower cost too!

Ernie Brown