As the COVID-19 pandemic drags on, many medical practices are straining to keep up with rising prices for equipment and supplies, rent and other expenses. One way to finance expenses or expand a practice during this difficult period is a practice loan that leverages assets for future expenses.

Janell Andersen, vice president of Key Bank in Buffalo, New York, advises physicians in private practice to consider a practice loan that would allow doctors and staff to fund their immediate practice needs or finance debt during the pandemic period.

Practice loans, she said, can be used for a range of needs, including general capital for day-to-day operations, purchase of supplies and inventory or medical equipment, paying for or expanding office space, acquiring another practice and refinancing business debt. Physicians can also apply for a loan to pay the startup costs for a new practice.

Andersen said a practice loan can also be used to finance employee disability, an important issue during COVID-19 exposures. Key Bank owns Laurel Road—a preferred provider of the AMA for physician practice loans—which offers a range of customized lending solutions to help you cover the costs of running and maintaining a business. Learn more about Laurel Road's custom financial solutions for doctors.

**Line of credit and term loans**

Practice loans can be structured as a line of credit which is available as needs arise or a term loan that can be used for longer-term financing according to a specified period and various terms. Loan amounts range from $50,000 to $500,000, but the program does not have a formal limit and so can be used to finance other amounts as needed, she said.
Lines of credit are renewed annually, and term loans are negotiated for a specific period, but are not to property ownership. The program evaluates practice assets and income history. Interest rates are based on usual factors such as loan amounts and loan terms.

“The biggest advantage to the Laurel Road program is efficiency,” Andersen said. “You don't have to walk out of the office to be interviewed for a loan. The application process is conducted online and be completed with electronic signatures and verification.”

Andersen said the program evaluates all assets based on information provided by the applicant and verified by Laurel Road.

Other loan programs

Laurel Road also offers a variety of other professional loans, including student loans and student-loan refinancing, personal loans and mortgages and loan financing for medical students and residents as well as physicians.

Laurel Road started offering medical practice loans in June 2020, according to Andersen. Active AMA members receive a 0.25% rate discount if approved for a practice loan with Laurel Road.

All credit products are subject to credit approval. The 0.25% AMA member interest-rate discount is offered for approved loan applications from a business with an owner who is an active AMA member. This interest-rate discount will be deducted from the standard rate the loan applicant would otherwise be approved for. Offer cannot be combined with other offers. Laurel Road is a brand of KeyBank N.A., member FDIC.

Find out more about how AMA Member Benefits PLUS? saves you money on a variety of your practice needs.