



For Owners of Small Physician and Dental Practices



SELLER'S SECRET SAUCE

BEST PRACTICES FOR SELLING PHYSICIAN AND DENTAL PRACTICES

This section focuses on best practices used by sellers to get the price and terms they want to quickly sell their practices. In this section you will find helpful information on (i) what successful sellers do before they take their practices to market, (ii) how their deals are priced and structured, (iii) what resources they use during the selling process, and (iv) how they manage the transaction after closing. Successful sellers plan their sale and then work their plan to success. In this segment, we discuss the relationship of practice earnings to valuation.

FINANCING

SBA GUARANTEES \$5 BILLION IN HEALTHCARE LOANS

For fiscal year ended September 30, 2025 (FY2025), the US Small Business Administration guaranteed \$4.2 billion in 7a and \$945 million in 504 healthcare loans. FY2025 activity was 23% higher and 17% higher than FY2024 for 7a and 504 loan volumes, respectively. SBA authorized lenders to make 7,778 7a loans and 963 504 loans to its healthcare clients in FY2025. SBA healthcare loans accounted for 11% of total loan guarantee volume by the SBA. Nearly three-quarters of the healthcare loan guarantees were approved in SBA's Preferred Lender Program (PLP). Lenders designated PLP status have proven their proficiency in processing SBA-guarantee loans. PLP lenders can

et cetera

- On October 29, the Federal Reserve Bank cut its benchmark lending rate by a quarter-point lowering its interest target range between 3.75% and 4%, the lowest in 3 years.
- Black Book Research reported that out of the 182 hospitals leaders it recently surveyed, only 22% reported high confidence that their hospitals could deliver a complete, auditable AI explanation within 30 days to regulators or payers.

MARKET WATCH

TOP 10 MOST IN DEMAND PHYSICIAN SPECIALTIES

The 2025 Review of Physician and Advanced Practitioner Recruiting Incentives, produced by AMN Healthcare's Physician Solutions division, reported that the top 10 most-requested physician specialties sought by its clients were, in order:

- Family Medicine
- Anesthesiology
- Internal Medicine

REGULATORY WATCH

US EDUCATION DEPARTMENT LIMITS LOANS FOR NURSES

Beginning July 1, 2026, the US Department of Education will exclude degrees in nursing, physician assistants, physical therapists, audiologists, and social workers as "professional." Under the new federal loan eligibility rules, individuals pursuing these degrees will be ineligible for higher federal loan limits and some loan forgiveness programs. The Education





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Buyers measure practice earnings by EBITDA (earnings before interest, taxes, depreciation, and amortization) or SDE (Seller's Discretionary Earnings). Most financial or strategic buyers use EBITDA. Solo buyers may use SDE. All buyers view the transaction as purchasing a future income stream from the practice. The more a seller can demonstrate the transferability and stability of the practice's income stream, the more valuable buyers will view the practice.

Earnings and Practice Valuation. Buyers value the future practice income streams by discounting them by a risk factor (i.e., discount rate). The riskier the income streams, the higher the required rate of return. Higher required rates of return yield lower practice valuations. Thus, managing the variability (i.e., risk) in income (EBITDA, SDE) drives valuation.

MARKET WATCH

CONT'D

- Radiology
- Gastroenterology
- Cardiology
- Obstetrics and Gynecology
- Hematology / Oncology
- Psychiatry
- Hospital Medicine

AMN stated that a number of factors played into the increased need for specialists: The American population is getting older. Older adult patients need more health care and acute care than younger people. Primary care physicians, though, remain the type of physician most frequently sought by employers.



REGULATORY WATCH

CONT'D

Department is also eliminating the Grad Plus loan program for "unprofessional" degrees. The American Nurses Association reported that these changes will affect more than 260,000 students currently enrolled in entry-level Bachelor of Science in Nursing programs and around 42,000 enrolled in Associated Degree in Nursing programs. The US Bureau of Labor Statistics recently reported that about 88% of nurses in the US are women.

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- Nearly 25% of all US physicians are foreign medical graduates, according to AMA Physician Professional Data (2024). Many practice primary care and in less prestigious and less lucrative specialties. A large number work in underserved urban and rural areas. A large number are from India, Pakistan, the Philippines, and recently Nigeria.
- Ophthalmologist Jay Singleton recently took his case back to court. He is challenging NC's Certificate of Need statute as unconstitutional.

FINANCING

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make final credit decisions on their own, which leads to faster loan approvals for borrowers compared to working with non-preferred lenders. SBA guarantee loans can be ideal for small medical practices. In FY2025, 62% of all SBA-guarantee loans were made to business owners that employed five or fewer employees. Another 17% of all borrowers employed between six and ten employees. In FY2025, 24% of the loan proceeds were used for change in ownership transactions. For more information on SBA guarantee loan programs, visit [SBA.gov](https://www.sba.gov).

