

For all California Healthcare Providers Affected by the State Budget Delay in Medi-Cal Payments

Overview

The Healthcare Finance Division of Textron Financial Corporation (“Textron”) is offering a short term financing solution to bridge the delay in payments from Medi-Cal due to state budgetary issues. Textron is offering a type of asset-based financing where the lender (Textron) lends against the provider’s Medi-Cal receivables at a discount and extends funds prior to their collection. Textron sweeps all cash collections received by the provider under a lockbox and deposit control account arrangement which then pays down the funded receivables. All receivables are funded on a recourse basis, and non-Medi-Cal receivables (primarily Medicare and Commercial) are pledged to Textron by the provider as additional collateral

Program Requirements

- Loans start at \$250,000.
- Advance rate is 90% on Medi-Cal receivables verified online through the Medi-Cal system. Textron will need access information. The receivables will be downloaded into Textron’s system for evaluation and to monitor payment and performance. Accounts receivables aged less than 60 days will be eligible for initial funding.
- Personal guarantees will be required. They will be released upon full payment of the Medi-Cal receivables and termination of the loan agreement.
- Lockbox account will be required to pay down the loan.
- UCC filings will be made by Textron. Textron must be filed in a first position against all the accounts receivable of the business.
- Intercreditor and subordination agreements required as necessary.

Process

- Submit completed Application Form to Donika Schnell (dschnell@textronfinancial.com) or fax to 760-776-6782. Can be obtained at www.textronfinancial.com/healthcare
- Upon receipt of the Application and information requested, a term sheet will be issued. The pricing will be up to 5% discount (per funding) and 1% every 30 days. A good faith deposit of \$1,000 will be required to cover the legal and due diligence costs.
- Upon confirmation of UCC searches and verification with Medi-Cal on the receivables, the request will be reviewed by Credit Committee and documents subsequently released.
- Following approval, funding to occur upon receipt of signed documents and verification of initial funding amount.