

Closing a Practice Checklist

Notifications – Many people are affected by and need to know about the closing of a practice. They deserve advance notification both to assure both a smooth transition and that you will meet your financial and legal obligations.

- Employees – Employees should be informed early in the process, certainly before the patients. It is to your discretion whether you would like to tell them that you will be converting to the private domain.
- Patients
 - Allow enough time (if possible) for patients to obtain records and find a new physician or to become a member of your new Association.
 - Check payor contracts for any patient notification requirements.
 - For particularly needy or high-risk patients, consider using certified mail with return receipt. Place a copy in each chart. If undeliverable, make a note in the record about any special attempts made to notify the patient.
 - Some states require that a notice be placed in the local newspaper, including date of closure and how to request transfers or copies of records before and/or after closure.
 - A patient notification letter should be sent to each patient and should include: reason for closing, planned date of closure, how to obtain records, the patient's options for obtaining continued medical care (both routine and emergency), where the records will be after closure, how long records will be retained and be accessible, and contact information for future record requests. (See Sample Letter, Exhibit A.)
 - If you have a web site, notice should also be posted prominently there, including the same information as in the letter.
- DEA (in writing)
 - Enclose DEA Controlled Substance Certificate and controlled substance order forms.
 - Cross out and write "void" on forms before sending.
- State licensing agencies/medical boards
- State employment agencies (to discharge your employer obligations)
- Practice insurance carriers (e.g., health, workman's comp, commercial multi-peril, fidelity, employment, etc.)
- Payors
 - Public (Medicare, Medicaid, Tricare, etc.)
 - Private (PPOs, HMOs, etc.) – Some contracts have specific requirements regarding notification of patients for planned closures.
 - You may also want to find out if they will continue for a private association
 - Be particularly aware of contract terms and payment cycles for capitated contracts. Mid-month closure may cause accounting complications, not to mention patient

care obligations. Off-cycle closures could also jeopardize any risk pool or bonus payments.

- Referring physicians (if you are a specialist) or other physicians who may be affected by the closure of your practice
- Hospitals and other facilities where you have privileges
- Medical societies (local, state, and national)
- Leased Equipment
 - If you have any leased equipment you should review your lease contract and notify the vendors of your intent to no longer practice in the public domain; so as to negotiate favorable terms for your remaining debt obligation and/or continuing the lease.
- Landlord (see below)
- Accountant and attorney (who can help with tax and corporate issues)
- Post office name change

Record Retention – Nothing raises more questions when closing a practice than what to do with the medical records. It is important to remember that the physical record (whether paper or electronic) is the property of the practice and the information in the record is the property of the patient. Thus the patient is entitled to obtain *copies* of the record, but the physician must retain the original in case a liability claim is filed. Other records, such as tax returns, bank statements, personnel files, EOBs, and other financial records also need to be retained.

- Contact your state government and/or liability insurer for record retention guidance, including the legal length of time records should be retained, and any other state specific requirements. *Do this first.*
- Your state medical society may also have information on any state regulations on record retention or transfer.
- If there are state mandates, keep records for at least the prescribed length of time. If no state specific requirements exist, it usually is sufficient to keep original records until the statute of limitations expires or for 10 years from the date of last visit. Child and adolescent records should be kept until the age of majority plus the statute of limitations.
- Obtain written authorizations to transfer all patient records, particularly and specifically for sensitive information. Keep a copy of this authorization in the original record.
- If records will be held by another physician or practice, obtain a written agreement with that physician specifying the length of time records will be held, arrangements to transfer records at patient requests, guaranteed access for you in case of a liability claim or other requirement, and notification to you before record destruction or transfer.
- When transferring medical record information on behalf of patients, you may charge the patient a reasonable fee to reflect the cost of the materials used, the time required to prepare the material and the direct cost of sending the material to the requesting physician or other party. (Note: This fee may be determined by state law.) Since this is generally an uninsured service, reasonable attempts may be made on the part of the physician to collect the fee in advance. Nonpayment of the fee or any outstanding balance, however, is not a reason to withhold the information.

- ❑ You may be obligated either to transfer medical records to another physician at a local address and phone number, or notify each patient that their medical records will be destroyed in (state specific) x years unless they obtain the records or request a transfer of the records to another physician within a reasonable time period.
- ❑ Records must be stored in compliance with all regulations and in a place where they are safe from tampering, loss, access by unauthorized personnel, fire, or flood. Some states allow transfer to microfiche or read-only CD-ROM that cannot be altered.
- ❑ Keep tax returns, personnel files, accounts payable invoices, contracts, and other financial records according to recommended guidelines (usually seven years, but some states vary).
- ❑ Retain HIPAA documentation, such as acknowledgement of privacy notice, requests for amendments, and workforce training documentation, for six years.
- ❑ Shred any records that are destroyed, or if using a professional to destroy your records, obtain certificates of destruction. Destruction can be by incineration, shredding, pulverization, or, in the case of computer media, reformatting or de-magnetization.

Important considerations:

- ❑ Accounts receivable – Several weeks before closing, tighten up collections as much as possible to reduce the need for collections after you close. Retain someone (an individual or agency) to collect the last accounts receivable. Alternatively, and less commonly in the medical field, you may be able to sell the remaining accounts receivable, at a discount, to a “factor” who will in turn attempt to collect them for his own account.
- ❑ Malpractice insurance. Contact your professional liability carrier to arrange tail coverage to cover you for any events that may have occurred prior to closing the practice. Some carriers will provide a free retirement tail if you have been insured with them for 5 or more years.
- ❑ Lease – Hopefully you previously negotiated a “release” clause in your lease in the event your practice went out of business. If so, make sure you now comply with all the stipulated obligations concerning advance notification to your landlord, etc. If there is no such clause and the term of the lease runs longer than the practice will need the space, try to negotiate favorable terms with your landlord for terminating the lease or transferring it to your PMA structure.
- ❑ Accounts payable – notify all suppliers of the closure and request final statements of the amounts you owe. Keep your business bank account open for 2-3 months until all final invoices are paid. Invoices received after your practice bank account has been closed can still be paid from your personal bank account, but careful records should be kept.
- ❑ License – If you choose to dissolve your license, you should next contact your licensing Board with the approximate date on which you intend to terminate the practice or cease seeing patients at your facility. If you do intend to continue to see an occasional patient in the public domain, you must still maintain your chiropractic facility registration and your active licensure. Keep in mind, anything done in the public domain with a license, is subject to all public law.

Other considerations:

- Destroy all unused prescription pads by shredding.
- Contact your attorney and accountant to make sure all state obligations, such as dissolution of the corporation or payment of franchise taxes, are met.

None of the information provided is legal advice. All are subject to change. We believe in the empowerment of others and preach what we know to be true.

Exhibit A
Sample Notification Letter to Patients

Dear Patient [use name]:

I am reaching out to inform you that effective ____ (date) I am closing my public practice due to relocation to the private domain. If you would like to continue our relationship, I advise you to join as a private member of [your PMA name].

If you choose to have another physician continue your care, please contact my office by ____ (date) to obtain copies of your medical record. If you are not acquainted with a physician, you may use your insurance company's provider directory or check with the hospital's physician referral service.

For your convenience, I have attached a records release authorization [the authorization should include name and address of patient as well as new physician or practice]. In accordance with [state law], there will be a nominal fee [\$x.xx/page not to exceed \$x.xx or whatever your state regulations allow] to make copies of your chart to cover copy and transmittal costs. If you choose to pick up the copy of your record so that you may personally take it to your new physician, please do so by ____ (date). After ____ (date), your records will be [provide name or location of where records will be held, how long they will be retained before being properly destroyed, and, if possible, an address or PO box to use for future record requests].

I hope to continue our relationship in the private domain, However, if you decide to use another physician for care, I wish you all the best for your future health and happiness.

Yours very truly,