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# PRACTICAL POINTERS FOR CLOSING A PRIVATE PRACTICE

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Closing a private practice - due to either relocation or retirement - is a time-consuming process which requires thoughtful preparation. Set forth below are risk management tips to consider. Remember also to contact your state medical board, your local medical society, the APA Office of Economic Affairs & Practice Management, and the American Health Information Management Association (AHIMA) for additional information.

## **GENERAL**

**DO** realize that closing a practice is time-consuming and requires preparation.

**DO** plan to allow sufficient time – ideally 12 months or more - for closure preparations.

**DO** budget appropriately for closure costs. Some of the costs to consider include labor, copy equipment and supplies, postage, telephone, storage boxes and supplies, transportation costs, storage and retrieval costs for the retention of records period, insurance costs, and professional advisor fees.

## **TWELVE (12) MONTHS PRIOR TO CLOSING**

**DO** contact your professional advisors (e.g., attorney, accountant, etc.) and notify them of your intention to close your practice.

**DO** review the terms of your lease and contact your landlord, if applicable.

## **SIX (6) MONTHS PRIOR TO CLOSING**

**DO** review and be familiar with contractual obligations regarding termination and closure in all the provider contracts that you have agreed to either explicitly or implicitly.

**DO** notify your state's medical board, your county/state medical society, the American Medical Association, and the American Psychiatric Association and notify them of your intention to close your practice. These organizations should have additional information regarding closing a practice. In fact, some state organizations have *requirements* for closing a practice.

**DO** contact your county/state medical society regarding patient records. Medical societies and other state organizations generally have rules regarding the storage of medical records when closing a practice.

**DO** consider using a professional records storage company. You can locate professional records storage companies by consulting the phone book, local hospitals' records departments, your local medical society, or your personal attorney/accountant.

**DO** store records somewhere safe and accessible only to those who have authorization.

**DO** remember that legal experts advise keeping records *indefinitely* and, *at a minimum*, until well after your state's statute of limitations and/or statute of repose run. Remember, you cannot absolutely rely on your state's statute of limitations or statute of repose to protect you from legal actions. For example, the statutes relating to malpractice actions against physicians would not be applicable in litigation resulting from complaints or allegations involving fraud, conspiracy, criminal acts, or federal laws, rules, and regulations. In addition, there are generally no "statutes of limitations" or "statutes of repose" imposed on disciplinary actions by licensing/medical boards or on ethics proceedings. Patients who find that they are unable to obtain their medical information whenever requested are initiating complaints more frequently. In response, medical boards and state/federal regulators are starting to insist that patient records be available *whenever needed*.

**DO** establish written policies and procedures for destroying records. Following an established procedure may help to mitigate future potential allegations that a record was destroyed in order to conceal unfavorable information. It *cannot* be guaranteed to protect you from situations in which you need the record.

**DO** destroy *completely* all records selected for discarding. Different media require different methods of destruction. For example, in order to adequately destroy computerized records, one must delete the files, erase the hard-drive, and thoroughly destroy all back-up materials. Ensure that third-parties cannot discern patient information from destroyed records.

**DO** plan on keeping important administrative documents *indefinitely*. For example, keep insurance policies, incorporation documents, important office forms, etc.

### **THREE (3) MONTHS PRIOR TO CLOSING**

**DO** distribute a closure/termination letter to all active patients. This letter should include the same information present in a standard termination of treatment letter but may include a sentence concerning outstanding account balances.

**DO** consider running an announcement in a local newspaper and a professional publication. In some jurisdictions, this is *required*. Contact your county/state medical society for information.

**DO** notify your peers and colleagues, if you have not already done so.

**DO** notify your staff, if you have not already done so.

**DO** notify office operations and maintenance companies/individuals. The list of recipients should include utilities companies, equipment vendors, etc. The notification should be in writing.

**DO** notify all creditors of your intent to close. Discuss this issue with your professional advisors.

**DO** notify your professional liability insurance carrier of your intent to close. If you have a claims-made policy, you may need to purchase a "tail" to cover post-closure claims for the past professional services you have rendered.

**DO** notify other types of insurance carriers of your intent to close. For example, notify business insurance, workers' compensation, etc. Discuss this issue with your professional advisors.

**DO** notify professional organizations to which you belong of your intent to close.

**DO** notify the nearest regional office of the DEA of your intent to close. The DEA will explain its procedures for turning in your DEA registration, disposing of drugs, etc.

**DO** collect as many accounts receivable as possible before closing, and pay as many accounts payable as possible before closing. Discuss this issue with your professional advisors.

**DO** arrange to have your mail forwarded to you for six (6) to twelve (12) months.

**DO** arrange to have your calls forwarded to an answering service for six (6) to twelve (12) months.

**DO** arrange to have your name removed from any stationary, advertisements, and door and/or building signs.

**DO** contact your state medical board, your local medical society, the APA Office of Economic Affairs & Practice Management, and the American Health Information Management Association (AHIMA) for additional information.

Compliments of:



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