

Closing Your Practice

The decision to retire from the practice of medicine can be a smooth process with some pre-planning. A lifetime dedicated to caring for others means lots of medical records to handle and patients with care needs handed off to other providers. Regardless of whether you are selling your practice or just closing, the consultation with a legal adviser can be helpful. In the case of selling your practice, it will be necessary to ensure all proper legal documents are in place. This Checklist should be followed and provides a timeline for when activities should occur.

Notifications (60 to 90 days prior to closing)

Staff

- Notify employees of the practice closure.

Patients

- Prepare and send notification to patients listing the closing date and reason for closing. An authorization for the release of medical records should be sent with the letter.
- A dated copy of the notification letter should be saved in the patient's medical record.

The Public

- Ensure that signs regarding the closing of the practice have been posted within the office (reception area and treatment rooms).
- The practice website should include the date the practice is closing and the contact information for the medical records custodian.

Professional Associations

- Notify your state medical board, licensing board, credentialing organizations, professional memberships, etc.

Drug Enforcement Agency (DEA)

- Notify the DEA in writing and enclose DEA Controlled Substance Certificate and controlled substance order forms (cross out and write "void" on forms before sending).
- If changing the office address, send a letter to DEA six weeks in advance, notifying the agency of the change, along with old and new addresses.

Health Insurance Companies

- Send notification of retirement or a change of practice address to Medicare and Medicaid. Include the effective date of the retirement or address change.

Hospitals

- Notify the hospitals where you have privileges of your intention to close your practice.

Ancillary Services

- Contact ancillary services such as labs, MRI facilities, etc. that you refer patients to.

Suppliers/Service Contracts

- Inform medical suppliers, office suppliers, collection agencies, laundry services, housekeeping services, hazardous waste disposal services, magazine subscriptions, etc.
- Request final statements from these vendors to close your accounts with them.
- If the physician has practiced under a name other than his or her own, he or she should have filed an assumed name certificate with the county clerk. The physician should contact the county clerk to deactivate this assumed name if he or she is closing the practice without a buyer or if someone else is assuming the practice under that name.

Other Physicians

- If the physician has been practicing in a partnership (or had an operating agreement like a partnership to share office space) and the partnership will continue after the physician's retirement or departure, then withdrawing from the partnership or otherwise transferring the partnership interest is necessary. The departing physician should consult a lawyer regarding this matter.

Facility/Utilities

- Notify all utility service providers of the day you wish to discontinue service.
- Evaluate the terms of the lease and give notice to the landlord as required or consider options to renegotiate if the lease is longer than the time the physician wishes to remain in practice.

Tasks (30 to 60 days prior to closing)

Patient Scheduling

- No new patients should be accepted once the closing date is announced.
- Start restricting nonemergent appointments as much as possible.
- Patients who need continual follow-up and care should be referred to another provider.

Accounts Receivable

- Process accounts receivable to collect the money that is owed to you.
- Consider employing a collection agency or staff member to reconcile accounts after the practice has closed.

Insurance Policies

- Advise your professional liability insurance carrier of the physician's change in status. If the physician has a "claims made" policy, consider purchasing additional insurance to cover claims that may be filed after the coverage lapses. (This additional insurance is known as a "tail policy.") If the physician will be practicing part-time, insurance coverage may still be advisable.

Medical Records

- Make arrangements to store or transfer custody of medical records.
- Create a purchase contract with the buyer – the purchase agreement also should specify that the buyer/custodian will preserve the records for at least ten years and that the records may not be destroyed without your consent.

Clinic Documents & Equipment

- Investigate sources to sell or dispose of medical and office equipment.
- If the physician has operated X-ray and/or mammography equipment in the office, the physician holds a license from the Department of Health and must maintain a record of the transfer or disposal of such equipment.

Medications

- Inventory drugs and dispose of, sell, transfer, or donate according to federal and state requirements. Contact the Drug Enforcement Administration (DEA) for specifics.

Phone Service

- Consider including in the practice afterhours or lunch message along with the on call/emergency message that the practice will be closing and include the specific date. This message should be placed on the phone line 30-60 days before closing.

Mail Service

- Contact the U.S. Postal Service to coordinate mail forwarding details.¹

¹https://www.aafp.org/dam/AAFP/documents/practice_management/admin_staffing/ClosingPracticeChecklist.pdf

Selling the Practice

An attorney will advise that while physicians may sell the tangible and intangible assets of the practice, including "goodwill," they may not "sell" or otherwise transfer patients to another physician without the patient's consent. Patients must be given the option of choosing another doctor and having a copy of their records sent to the new physician.

Notifying Patients

Notify patients at least **60-90 days prior to closing** the practice. Ensure that signs regarding the closing of the practice have been posted within the office (reception area and treatment rooms). There are several ways to notify patients about impending retirement. The most direct way is to send a letter to patients you have seen during the past three years or longer. The letter informs the patients when the practice will close and asks them if they want a copy of their medical records forwarded to another physician. A dated copy of the notification letter should be saved in the patient's medical record. The notification letter should also include authorization for the release of medical records. State laws permit patients to request that a copy of their medical record be sent to them. If the patient authorizes you to send the record to another physician, provide the copy to that physician without charge.

Patient Portal Notification

A message sent out via the patient portal is an effective way to reach a large number of patients. However, it is not considered the best way to notify patients of the closing and written notification is advised in addition to the portal message.

Practice Website

Ensure that the practice website includes the date the practice is closing and includes the contact information for the medical records custodian.

Custody and Transfer of Medical Records

If you sell your practice, you may designate the purchaser of your practice as custodian of your records. You may not sell patients' records or "transfer" patients automatically to the care of the new physician. You may recommend to your patients that they continue treatment with the new doctor, but patients can select any physician they wish.

It is important to specify in the purchase contract that the buyer: (a) agrees to be the custodian of your records and will maintain them in a safe place; (b) will make a copy available to patients and to any doctor to whom a patient requests a copy be sent, and (c) will make them available to you in the event you need them in connection with litigation. The purchase agreement also should specify that the buyer/custodian will preserve the records for *at least ten years* and that the records may not be destroyed without your consent. *Exemptions apply to the records listed below.*

- **Adult records** – retain records for 10 years from the last date of treatment/visit.
- **Pediatric records** – retain records until the minor reaches 25 years of age.

- **Deceased patient's records** – retain records for 10 years from the date of death.
- **Obstetric patients (who have encountered difficulties)** – keep records for 21 years from the birth of the child (unless neurologically impaired – see below)
- **Neurologically impaired adult or infant** – retain indefinitely.

If you do not sell your practice, you may still designate a physician or other responsible person to be the custodian of your records. This person must keep the records for the required period of time; make them available to you, the courts, and patients, upon presentation of an appropriate authorization or subpoena. Consult with an attorney on the specifics for a written agreement with the custodian that spells out the terms of the custodianship. You may act as your custodian of records but ensure that the records are saved in a secure location.

Financial Records

It is recommended that you retain financial/billing records for 10 years to comply with the False Claims Act 31 USC 3731(b) and to be able to defend yourself in the event of a billing/fraud audit.

Phone Service

Consider including in the practice afterhours or lunch message along with the on call/emergency message that the practice will be closing and include the specific date. This message should be placed on the phone line 30-60 days before closing.

After the practice has closed an outgoing ONLY message may be placed on the phone line for 30-60 days stating the practice is closed. The message should include the following:

- Patients in need of immediate care should proceed to the nearest urgent care or emergency room.
- Contact information for the medical record custodian.

Notifications

Managed care plans

If you have managed care contracts and have been assigned patients under a capitation or gatekeeper arrangement, notify the plan of your impending retirement. Depending on the terms of your agreement, the plan may reassign the patient to another physician. If so, modify the suggested retirement letter to inform managed care patients how soon the plan will let them know the name and address of their new doctor and who to call for further information about the plan.

State Licensing Department

It is advised that notice be sent to the State Licensing Department notifying them of the closure (due to retirement or death) or sale of the practice and specifies who will have custody of the medical records and how a patient may request access to or copies of his or her medical records.²

² [http://www.legislature.mi.gov/\(S\(0yhegbrqxwyar4evlkvxnwsl\)\)/mileg.aspx?page=getobject&objectName=mcl-333-16213#:~:text=Unless%20a%20longer%20retention%20period,to%20which%20the%20record%20pertains](http://www.legislature.mi.gov/(S(0yhegbrqxwyar4evlkvxnwsl))/mileg.aspx?page=getobject&objectName=mcl-333-16213#:~:text=Unless%20a%20longer%20retention%20period,to%20which%20the%20record%20pertains)

Resources

[MPIE Risk Management Manual](#)

- Closing Your Practice Letters (pg. 188)
 - Sample Letter to Patients Announcing Retirement
 - Suggested Letter to Patients if Practice is Sold
- Sample Letter: Physician Discontinuing Practice (pg. 189)
- Sample Authorization to Release Healthcare Information Template (pg. 180)