

Closing A Practice – Essential Tasks – Especially Post COVID

There may be many reasons why a physician will need to close a practice particularly in light of COVID-19. Many senior physicians or those with pre-existing health conditions are reluctant to return to practice. Other reasons include; retiring, starting up a new practice, accepting a position elsewhere, selling the practice, divorce, illness, or death. Physicians may be surprised to realize the many unique responsibilities that accompany the decision to close the practice.

There are many people who will be affected by the physician closing a practice. These are; your patients, staff, referring physicians, spouses or significant others, heirs, insurance companies, hospitals and vendors.

Death

The most heartbreaking scenario is when a physician dies unexpectedly. The spouse/heirs are grieving yet at the same time, there are many responsibilities for them to complete. The most loving thing a physician can do for the family is to make sure they are fully educated and prepared to close the practice. A living trust is an essential estate planning tool to avoid probate and taxes. Don't put this off! Please keep a copy of this article with your trust and will. Have your heirs immediately call your local Medical Society. They can assist your spouse, heirs, executor, or estate trustee in many ways. Assure that your heirs can locate passwords, bank accounts, safe deposits, credit cards, income tax reports, lease agreements, malpractice and all health, life, disability insurance policies and staff employment data.

In a physician death, it is wise to have another physician as soon as possible see patients and this can be either a colleague or a locum tenens physician. A spouse can legally run the practice and bill for the deceased physician for 6 months after death in California. This gives time to either sell or close the practice while still having income flowing in. All the notification tasks outlined when retiring or moving must also be done with death for closing of the practice.

Moving, Retiring, Selling or Transitioning the Practice

If there is enough time, for example more than one year, it is best to try to sell or transition the practice. If you do not either sell or find a custodian of records, the physician or estate will be responsible for retention of the medical records for as long as the malpractice carrier wishes them to be retained. This responsibility also includes release of information requests from the patient to copy or send records to a new physician. This can be 10 or more years and a significant burden!! One of the first tasks is finding out from your malpractice carrier their current records retention guidelines. In one practice, the manager shredded all records more than 7 years from date of service and the malpractice carrier guidelines were 10 or more years.

Selling the practice or finding a custodian of records will relieve the physician or estate of maintaining records. In both scenarios, a legal agreement should be written that spells out the responsibilities of the buyer or custodian of records including length of retention, access to the records for departing physician in the case of a professional liability claim and hold harmless agreements for both parties.

The departing physician will need to write a letter to "active" patients to avoid abandonment. A physician can't just simply put a sign up "retired, gone fishing!" Most malpractice carriers suggest 45 days notice prior to closing the practice. There is no absolute guideline what are "active" patients are but usually the last 2-3 years of patient care is sufficient. Any surgical or cancer follow up patients should receive the letter. If you are selling or engaging a custodian of records, you can combine the notice with an introduction to the purchasing or custodian of records physician. If the patient does not wish to transition

to the recommended physician, you can offer a release of information form to transfer the records and also charge the patient for copying records according to California guidelines. These are \$4.00 per quarter hour of time plus \$.25 per page. Record release requests must be complied within 15 working days.

Please consider writing a warm thank you to your patients for being entrusted with their healthcare and that you are grateful to have been a part of this patient care for these years. A physician showed me a retirement letter that complained about insurance companies, fear of malpractice and other negative reasons for retiring. This is sour grapes and not recommended! The patients want to be assured that you loved being a physician and enjoyed taking care of them. It is also a good idea to take out an ad in the local paper announcing your retirement which also proves you did not abandon patients. It is also recommended to send out a letter to your referring physicians in the community as well for notification.

When to tell staff your plans to close the practice also presents a dilemma. It is recommended a few days or week prior to sending out the letter to patients. You may wish to offer a small severance to encourage them to stay until the closing of the practice. You also need to arrange for continued billing and collection work after the close of the practice. Notify 401k or pension administrators regarding rollover for pension/401K plans. You will need to issue the final paycheck with all vacation accruals paid. If you provide health insurance, the brokers will need to be alerted to send out COBRA information to your staff. Maintain employee files indefinitely.

Medicare, Medi-Cal, insurance payor companies, IPAs and hospital privileging usually require a 90 day notice of closing a practice. Your landlord may require a 30 or 60 day notice. You may be able to extend a lease on a month to month basis until close. Vendors may advance require a notice of discontinuance of services, particularly biohazard waste.

If you have controlled drugs in the practice, you must keep a record of inventory for 3 years after closing the practice. Also, you should not throw away any drugs, especially controlled drugs into waste receptacles. There are specified companies that will remove controlled drugs. Two times per year, April and October anyone can take controlled drugs to participating police departments free of charge for them to dispose of these drugs. http://www.deadiversion.usdoj.gov/drug_disposal/takeback

If you no longer wish to practice medicine in any capacity you must deactivate your DEA number. (AFTER you have disposed of all drugs) and your medical license in California via the California Medical Board. Professionally shred any prescription pads.

Decide where you wish your mail to go and notify the US postal service of the address. Cancel telephone, internet, websites and utilities. Keep your bank account open for practice checks to be deposited for at least a year. Speak with your CPA regarding closing or winding down a corporation.

Creating a checklist of these tasks with a timeline countdown to the actual closing of the practice is recommended as to not forget any of these important tasks to successfully close the practice.

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