

## **CLOSING A MEDICAL PRACTICE**

### **I. One Year Before Closure**

- A. Office Space:
  - 1. Space Leased by Physician
    - a) Review the office lease for specifics on termination.
  - 2. Space Owned by Physician
    - a) Consult with advisors to determine if property should be maintained or sold.
- B. Contact attorney and accountant
- C. Look at accounts receivable and the possibility of aging. Speed up collection process.

### **II. Six Months Before Closure**

- A. Medical Records
  - 1. Obtain a copy of the [state's medical record laws and rules](#).
- B. Questions
  - 1. How long to maintain medical records
    - a) 10 years from date of last encounter
    - b) Minors- 10 years from date of last encounter or 10 years past age 18 whichever is longer
    - c) Mammograms – 20 years
    - d) X-ray films – the file may be destroyed after four years if there is a separate interpretative report
    - e) Immunization records – maintained indefinitely
    - f) Incompetent patient – records maintained indefinitely
  - 2. Where to maintain the medical records?

- a) If selling the practice, the records may go to the physician purchasing the practice.
- b) If closing the practice, the records will need to be stored and the location needs to be determined.

#### C. Administrative Records

1. Malpractice policy, corporation/practice documents, liability policy should be maintained indefinitely.
2. Contact your attorney and/or accountant regarding retention of business records (billing slips, encounter forms, accounts receivable, remittance advices from insurance payors), bank records, employment records, tax records and legal documents.

#### D. Insurance Plans

Check the contracts for all payors to determine the method for termination of contract.

### **III. Three Months Before Closure**

#### A. Patient Letter

1. Should be prepared and sent to active patients (generally those seen within the last 36 months).
2. Letter should include (a sample letter is at the end of this document):
  - a) Date of closure
  - b) List of recommended physicians (if known)
  - c) An authorization to release records
  - d) Where records will be stored once practice is closed.
3. Keep a copy of the letter, the mailing list and returned envelopes.

#### B. Advertisement in local paper regarding office closure.

#### C. Office Equipment and Furniture

1. Sources for the sale of office equipment and furniture should be explored.

#### D. Peer Group Letter

1. A letter should be prepared and sent to any of the physician's peer groups (local community physicians, physicians that refer patient to the closing practice.)

E. Miscellaneous Letters (Operations/Maintenance)

1. Utility Companies (gas, water, sewer , electricity, etc.)
2. Telephone
3. Answering service (you may continue to maintain 60-90 days after closing date.)
4. Janitorial service
5. Linen service
6. Landscaping service
7. Plant service
8. Vending machine service company

F. Office Staff

1. Inform the staff of the plan to close the practice.
2. One staff member may be needed 60-90 days after practice is closed.

G. Bank Accounts

1. Accounts will probably need to remain open for at least 90 days.
  - a) Accounts payable need to be resolved
  - b) Final bills need to be paid

H. Local DEA Office

Contact local [DEA Office](#) for approved method of drug disposal.

I. Professional Liability

1. Inform the carrier of the intent to close the practice and the physician's plans (no longer practice, locum tenens, new practice, etc.)
2. Depending on the type of policy, arrangements may be needed for tail coverage.

J. Creditors

1. Notify all creditors of closure in writing
  - a) Request a final bill
2. Keep a record of all correspondence with creditors

**IV. ONE MONTH BEFORE CLOSURE**

A. Mail – Change of Address

1. File a change of address form with Post Office

B. Change address with all periodicals, journals, etc.

C. Notify Board of Medical Examiners

1. A downloadable form is available by going to:
  - a) [www.state.tn.us/health](http://www.state.tn.us/health)
  - b) Click on Forms and Publications
  - c) Click on Board of Medical Examiners
  - d) Click on Name and Address Change Form

**OR**

- a) Affidavit of Retirement

D. Mandatory Profile Practitioner Questionnaire

1. Also referred to as Health Care Consumer Right-to-Know Act of 1998.
  - a) Any changes to the original practitioner profile should be sent to:

Healthcare Provider Information Manager  
Tennessee Department Of Health  
Division of Health Related Boards  
First Floor, Cordell Hull Building  
425 Fifth Avenue North  
Nashville, TN 37247-1010  
1-888-310-4650 or (615) 532-3202

E. DEA License

1. Call the DEA at 1-800-771-9539 for instructions or how to change your address.

F. Professional Organizations

1. Local and State Medical Society
2. American Medical Association
3. Specialty Society – board certification

**V. After Final Patient is Seen**

- A. Destroy remaining prescription pads
- B. Keep narcotics ledger for a minimum of 2 years
- C. Drug disposal

## **SAMPLE LETTER**

Dear (Patient Name):

At this time I would like to inform you that I will no longer be able to attend to you as your physician because (reason).

- I am retiring/moving out of area (effective date).
- I am closing my practice (effective date).
- You have not followed through with your assurances to pay the balance due on your account.
- We have philosophical differences on your treatment and care.

This letter is to advise you that I will no longer provide medical services to you after (date – usually 30 days after date of letter to give the patient time to find another physician.) I will continue to treat you and provide medical services to you until (above date.) I have enclosed an authorization to release medical records for you to complete so that you can have your records forwarded to your new physician.

Please choose a new physician promptly and place yourself under his/her care. [If patient has a condition that necessitates follow up also state: Your current condition requires follow up and I encourage you to find a new physician promptly to continue this care.]

Sincerely,

Physician Name