

Practice Management: Closing, Leaving, or Merging a Practice

What's the Risk?

More than merely a risk management concern, the act of closing, leaving, or merging a practice also involves a number of business, legal, and ethical issues. The practitioner who does not take the time to properly plan, prepare, and address these issues may experience long-lasting problems.

Some examples: Failure to give patients adequate notice could lead to an allegation of abandonment. Failure to remove protected health information (PHI) from electronic equipment prior to returning or disposing of it may cause a security breach. Taking the names and/or addresses of patients or business contacts when leaving a group may trigger a claim alleging misappropriation of corporate property and/or intentional interference with contractual relationships.

Without an attorney's guidance, a practitioner could face a legal predicament.

When Is This Risk an Issue?

Retirement, illness, or a change in one's personal circumstances are only three of the reasons why a practitioner might close a practice or leave a group. Sometimes a practitioner might choose to leave one practice simply to join another. At other times, an illness, serious injury, or unexpected death can occur. Whether or not the change is of the practitioner's choosing, having a process in place facilitates a smooth transition for patients and respects the rights of all involved.

Retirement

Planning for retirement, if not done carefully and within an appropriate time frame, can result in problems related to transitioning patient care responsibilities and terminating business responsibilities. The pace of the closing process is determined in large measure by the planned retirement date. Contractual obligations, employer responsibilities, patient notification, and medical record storage are among the unique risks to the practitioner.

COPYRIGHTED

1

This manual is a publication of Coverys' Risk management Department. This information is intended to provide general guidelines for risk management. It is not intended and should not be construed as legal or medical advice. The contents may be used within your organization with your staff and physicians. These documents may not be reproduced or transmitted in any form or by any means, outside of your organization, without the written permission of Coverys.

Any links included in this document are being provided as a convenience and for informational purposes only; they are not intended and should not be construed as legal or medical advice. Coverys Risk Management bears no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. Contact the external site for answers to questions regarding its content.

Updated: March 2020

Practice Management: Closing, Leaving, or Merging a Practice

Contractual Obligations

When planning for retirement, it is important to review and understand formal contracts and agreements. These include leasing and utility agreements, service and insurance contracts, and personal service agreements, such as medical directorships. Many contracts and agreements have termination clauses with specific steps and time frames. Consulting an attorney may be necessary to ensure that all language and requirements are clearly understood.¹

Maintaining Medical License

Renewing your medical license can take up to six months or more if you let it lapse. Many physicians maintain their license for two to five years and keep board certifications current.

Employer Responsibilities

Other considerations before retiring and closing a practice are determining employee compensation for unused sick and vacation time and determining employer obligations regarding healthcare, retirement, and pension plans, including 401(k) plans. It is important that employees be the first people to learn of the proposed closing from the practitioner, not from patients, vendors, or friends. Some employees may begin searching for other employment immediately. One way to deal with such a possibility is to offer a bonus to employees who remain until the office closes.

Patient Notification

Timely notification of active patients is important, as it may take them some time to find a new healthcare provider. Defining active patients is an important step in this process, and the definition may vary by specialty. Some practices may define an active patient as someone seen in the last two or three years, or one with chronic or complicated conditions.² Other practices, such as gastroenterology, could define an active patient as someone seen within the past five to 10 years. While the practitioner may have a contract in place with an employer, it still is the practitioner's responsibility to notify patients in order to avoid an abandonment claim.

Medical Record Ownership, Storage, and Retention

The practice and the patient jointly own medical records. The paper or electronic medical record is usually considered the practice's property. The medical information contained in the record, however, is considered the patient's property. For this reason, obtain patient consent before transferring any medical record information to another practitioner.

Federal and state regulations mandate how long a medical record must be retained and often specify storage and patient access requirements. There may also be statute of limitations requirements for how long a record needs to be retained in the event of a legal claim or lawsuit.

Practice Management: Closing, Leaving, or Merging a Practice

A retiring practitioner remains responsible for arranging for safe and secure storage as well as record access in order to comply with all regulations and requirements.¹ For more information on medical record retention, see [Medical Records: Definition, Retention, & Completion](#).

Medications and Supplies

Supplies and medications that are not properly disposed of can cause harm, especially if accessed by unauthorized individuals.

Electronic Equipment

PHI often resides in computers, copiers, and other electronic devices. To avoid a privacy breach, the practitioner is responsible for removing all ePHI from computers and other electronic devices before handing them over to anyone. For more information on sanitizing electronic equipment, see [HIPAA Security](#).

Leaving a Group

Practitioners who leave groups have unique risks, including some related to noncompete clauses, medical records, and patient notification.

Noncompete Clause

The names and telephone (or fax) numbers of any business or referral sources are the property of the practice. Group practices typically have a noncompete clause in their employment or other contracts that prohibits practitioners from taking this information when they leave the group.

Patient Notification

The letter notifying patients of a practitioner's planned departure from a group practice may be signed by the practitioner, a representative of the group, or both. The choice will depend largely upon the decision of the group and the relationship between the departing practitioner and the other group members.

The group practice that notifies patients of a practitioner's proposed or actual termination of service is under no obligation to disclose the departing practitioner's new practice location. However, the practice must be available to see the practitioner's patients. Failure to make provisions for seeing those patients may lead to a charge of abandonment.

Medical Records

When a practitioner moves to another practice, the first practice owns and must retain the original records, including those in paper format, in accordance with statutory record retention

Practice Management: Closing, Leaving, or Merging a Practice

requirements which vary from state to state. Access to patient records may be necessary in the event of a future claim or lawsuit. For more information, see [Medical Records: Definition, Retention & Completion](#).

Legal and Financial Matters

Business, financial, and legal matters can be varied and complex when closing or leaving a practice. Consultation with an attorney is highly recommended to ensure all matters are fully and appropriately addressed.

Unexpected Illness or Death

In the event of unexpected death or sudden incapacitating illness, the practitioner's spouse or other family member(s) are often faced with immediate decisions regarding personal, business, and patient-related matters. It is important to plan for the unexpected with the assistance of legal guidance to determine the disposition of personal and business affairs.

Merging Practices

As healthcare continues to evolve, it has become more common for a practice to merge with a larger practice or health system. Large practices can realize economies of scale and other advantages that are unavailable to smaller ones. There are, however, considerations related to operations, compensation, governance, and other issues that need to be addressed to ensure a successful merger.³ Additionally, merging practices that use different documentation systems can risk the loss of important health-related patient information.

How Can I Reduce Risk?

Closing or leaving a practice requires careful and detailed planning. Specific risk recommendations include the following:

Plan the Closing

Identify date

- Check your state's laws and the state medical board for guidelines on when to notify various parties of your retirement.
- Begin planning for retirement at least two years ahead of time. Decide the closing date at the earliest possible time, ideally at least six months in advance.

COPYRIGHTED

This manual is a publication of Coverys' Risk management Department. This information is intended to provide general guidelines for risk management. It is not intended and should not be construed as legal or medical advice. The contents may be used within your organization with your staff and physicians. These documents may not be reproduced or transmitted in any form or by any means, outside of your organization, without the written permission of Coverys.

Any links included in this document are being provided as a convenience and for informational purposes only; they are not intended and should not be construed as legal or medical advice. Coverys Risk Management bears no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. Contact the external site for answers to questions regarding its content.

Updated: March 2020

Plan the Closing

- | | |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review business agreements | <ul style="list-style-type: none">• Consult an attorney to review various business agreements and determine the steps necessary to terminate them properly. |
| Advise practice accountant | <ul style="list-style-type: none">• Contact your accountant at least a year in advance of retirement to discuss tax planning and other aspects. |
| Notify agencies, businesses, and healthcare entities | <ul style="list-style-type: none">• Notify the following in writing:<ul style="list-style-type: none">○ Employees and patients.○ State licensing boards and state and local medical societies.○ Drug Enforcement Association (DEA) and other federal and state agencies regulating the prescribing of controlled substances.○ Facilities where you have privileges or professional affiliations.○ Labs, diagnostic imaging, and other entities within your referral network.○ Professional associations.○ Medicare, Medicaid, workers' compensation carriers, major commercial insurance carriers, and contracted managed care organizations.○ Landlords (as applicable) in accordance with the terms of your lease.○ Lenders, vendors, and creditors.○ Social Security Administration (if retiring).○ Insurers covering the practice, the employees, and the physical facility. |
| Follow insurance carrier rules | <ul style="list-style-type: none">• Check with all affiliated insurance carriers to determine how best to meet their requirements. |
| Ensure malpractice coverage | <ul style="list-style-type: none">• If retiring from active practice but retaining an active medical license, notify your insurance agent or |

COPYRIGHTED

This manual is a publication of Coverys' Risk management Department. This information is intended to provide general guidelines for risk management. It is not intended and should not be construed as legal or medical advice. The contents may be used within your organization with your staff and physicians. These documents may not be reproduced or transmitted in any form or by any means, outside of your organization, without the written permission of Coverys.

Any links included in this document are being provided as a convenience and for informational purposes only; they are not intended and should not be construed as legal or medical advice. Coverys Risk Management bears no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. Contact the external site for answers to questions regarding its content.

Updated: March 2020

Plan the Closing

Dispose of supplies, forms, medications, and prescription pads

medical professional liability carrier, as they may offer special coverage.

- Destroy all unused prescription pads and preprinted forms that identify you or the practice, preferably by shredding.
- Dispose of supplies, controlled substances, drug samples, and other medications appropriately (many pharmacies will accept drugs for appropriate disposal). The Food and Drug Administration (FDA) offers guidance to determine appropriate disposal methods at <https://www.fda.gov/drugs/ensuring-safe-use-medicine/safe-disposal-medicines>.

Sell, donate, or dispose of equipment

- Decide what you will do with your equipment. You may choose to sell it yourself or through a broker, or you may decide to donate it. If you sell or donate equipment, draft a document stating the equipment is being sold or donated “as is” and without express or implied warranties. You may wish to consult an attorney in this regard.
- Remove all ePHI from equipment, including laptops, computers, and clinical monitoring devices in accordance with HIPAA requirements. For more information on sanitizing equipment containing ePHI, see [HIPAA Security](#).

Address other responsibilities

- Remember to address other responsibilities, including:
 - Terminating leases, including written notification to your landlord (as applicable), in accordance with the terms of your lease.
 - Canceling insurance policies, utilities, contracted services, subscriptions, etc.
 - Requesting final statements from vendors and other creditors.

COPYRIGHTED

This manual is a publication of Coverys' Risk management Department. This information is intended to provide general guidelines for risk management. It is not intended and should not be construed as legal or medical advice. The contents may be used within your organization with your staff and physicians. These documents may not be reproduced or transmitted in any form or by any means, outside of your organization, without the written permission of Coverys.

Any links included in this document are being provided as a convenience and for informational purposes only; they are not intended and should not be construed as legal or medical advice. Coverys Risk Management bears no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. Contact the external site for answers to questions regarding its content.

Updated: March 2020

Plan the Closing

- Submitting a change of address form to the post office.
- Maintaining a business checking account for at least three months following closing.
- Forwarding the office phone number or continuing to use an answering service for up to one year.

Determine Management of Medical Records and Health Information

Follow regulations

- Adhere to medical record release rules and recommendations. See [Medical Records: Release](#) for detailed information.
- Adhere to medical record rules and regulations for retention, storage, and destruction. See [Medical Records: Definition, Retention, and Completion](#).

Release, store, or destroy records

- Release copies of medical records to other practitioners when patients have authorized you to do so. Consider waiving the copying fee or charge a reasonable fee if you decide to charge patients.
- Store medical records in one site agreed upon by all group members, as applicable. Ensure all members have access for as long as the records are retained.
- Store the records of patients who have not yet authorized you to forward them to another provider.
- Consult with your state medical board to determine which medical records you should keep in storage and for how long.
- Consider utilizing a commercial storage company that specializes in handling medical records and other sensitive documents. The medical records can be stored in a variety of forms, including paper and a vast array of electronic or photographic media.

Determine Management of Medical Records and Health Information

- Require an authorized signature to remove medical records from storage. Ensure that the storage company knows who has authorization to remove a record.
- Consider notifying your medical malpractice carrier, state medical board, or health department in the state where the records are located, as these agencies may be helpful to patients who want future access to their records.
- Retain records indefinitely for patients with unexpected or adverse outcomes, as they may be needed if a claim is filed against you or your estate.²
- Destroy the records of patients who have remained inactive for a period exceeding the minimum retention time established by the state and/or other regulatory agencies.²
- Consider including the purchase of medical records if selling the practice.
- Designate a medical records custodian to assume legal responsibility for medical records. Ensure that both you and the medical records custodian sign a contract that addresses at least the following:
 - A statement concerning how long to retain the records.
 - Directions concerning how you and patients may access records.
 - List of active patients at the time of the practice closing.
 - Confidentiality agreement.
 - Agreement to grant access to you for as long as the records may be needed, at least 10 years from the date of closing or retirement.⁴

Appoint medical records custodian

COPYRIGHTED

This manual is a publication of Coverys' Risk management Department. This information is intended to provide general guidelines for risk management. It is not intended and should not be construed as legal or medical advice. The contents may be used within your organization with your staff and physicians. These documents may not be reproduced or transmitted in any form or by any means, outside of your organization, without the written permission of Coverys.

Any links included in this document are being provided as a convenience and for informational purposes only; they are not intended and should not be construed as legal or medical advice. Coverys Risk Management bears no responsibility for the accuracy, legality or content of the external site or for that of subsequent links. Contact the external site for answers to questions regarding its content.

Notify Employees and Colleagues

- | | |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resign, if applicable | <ul style="list-style-type: none">• Resign from the medical staff of all hospitals with which you are affiliated. |
| Inform employees and colleagues | <ul style="list-style-type: none">• Inform your employees, colleagues, and the physicians to whom you commonly refer patients and from whom you commonly receive referrals. |
| Provide a 90-day notice | <ul style="list-style-type: none">• Provide your employees with sufficient notice to find a new position, preferably at least 90 days. |
| Discuss interim staffing | <ul style="list-style-type: none">• Plan for interim staffing as needed. |
| Offer key personnel an incentive to stay | <ul style="list-style-type: none">• Consider offering key personnel a bonus to stay until the practice closes. |

Meet Employer Responsibilities

- | | |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determine responsibilities | <ul style="list-style-type: none">• Determine employee compensation for unused sick and vacation time. Determine employer obligations regarding healthcare, retirement, and pension plans, including 401(k) plans. In the case of a 401(k), a discussion with the plan administrator may be advisable. Consider severance pay to ease the transition for employees. |
| Cancel policies | <ul style="list-style-type: none">• Cancel employee benefit and workers' compensation policies. Inform employees about obtaining continued coverage (COBRA) until they find other employment. |
| Contact employment attorney | <ul style="list-style-type: none">• Discuss questions related to employer responsibilities with an attorney who is familiar with labor and employment law. |
| Keep personnel records | <ul style="list-style-type: none">• Retain personnel records for as long as federal and state laws dictate, but ideally no less than 10 years.• Retain records pertaining to employee training in procedures related to patient care for as long as the practice's medical records are kept, unless federal or state law requires otherwise. |

Notify Patients

Provide timely notice

- Provide timely notice to patients:
 - Notify most medical patients at least three months ahead of time.
 - Notify psychiatric patients up to six months ahead of time.
 - Decide your retirement date well in advance so you can see obstetrical patients through the postpartum period. For example, if you are retiring in December, accept your last obstetrical patients in January of the same year.

Send letter to active patients

- Send all active patients a formal written notice of a practice's closing or your planned departure from the practice. Include the following in the letter:
 - Reason for closing, e.g., retirement, health, relocation, or personal reasons.
 - Planned closing date.
 - Name of the practitioner who will be taking over the practice, as applicable.
 - Process for obtaining a copy of the medical record. Inform patients that requests for medical records must be in writing. See the sample Retirement from Practice Letter. Enclose an authorization for record release. See [Permission Form to Release Medical Records](#).
 - Name and phone number of the healthcare facility/clinic/physician who will maintain patient medical records after the closing.
 - Length of time the records will be retained. Know the state requirements for medical record retention.
 - Mailing address where record requests may be sent after the practice has closed.

Notify Patients

- Directions for obtaining acute, critical, or emergency care until a new practitioner is chosen.
- Phone number of your local medical society.
- Information on how patients may identify/select another physician.
- Options for finding continuing medical care, including:
 - Selecting a practitioner in another practice. Consider directing the patient to a resource and NOT to a specific practitioner.
 - Remaining with the practitioner who is taking over the practice, as applicable.
- Encourage patients to contact their health insurance carrier or the local medical society to obtain the names and locations of other physicians to meet their care needs.²

Determine method for sending letter

- Notify high-risk patients (for example, those patients who require follow up for a serious, chronic, or complicated problem) by certified mail, return receipt requested. Stress the importance of the patient finding a new practitioner to provide uninterrupted medical care.
- Send the letter via regular mail for patients who are not high-risk.

Document notice

- Document all attempts to notify patients, including telephone contacts. Keep a copy of the letter in the patient's medical record.

Cover critical patients

- Make arrangements with a covering practitioner for the ongoing care of patients in need of acute or critical care.

Practice Management: Closing, Leaving, or Merging a Practice

Notify Patients

- | | |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensure follow-up | <ul style="list-style-type: none">• Follow up on laboratory and imaging studies that are outstanding at the time of closing. |
| Leave telephone message | <ul style="list-style-type: none">• Record a voicemail greeting and set an automatic email reply (as applicable) informing patients of your retirement or departure, how they may obtain a copy of their record, and what to do in case of an emergency. Keep the message and/or automated reply accessible to patients for a minimum of one year. |

Announce Closing or Departure

- | | |
|-------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Announce practice closing or departure | <ul style="list-style-type: none">• Place a notice in a local newspaper or other local media outlet for at least 30 days to alert patients of the practice closing date or your departure date.²• Be familiar with your state's requirements, as some states specify the size and content of a practice closure notice.• Provide information on how patients may obtain copies of their medical records or have them forwarded to another practitioner. |
| Post a notice in your office and electronic communications | <ul style="list-style-type: none">• Place a notice in the reception area to inform your patients of the closing date. Consider placing a note on the front door regarding the impending closure.²• Place a notice on the practice's website, in the patient portal, and in any email communications. |

Manage Outstanding Receivables

- | | |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Request payment up front | <ul style="list-style-type: none">• Request payment for services at the time of the patient's visit. Seek payment on any overdue accounts. |
| Establish a payment plan, if necessary | <ul style="list-style-type: none">• If a patient is unable to pay what is owed in full, consider establishing a payment plan. If payments |

Manage Outstanding Receivables

are not forthcoming, send a collection letter and follow up with a phone call.

Identify a collection agency

- Identify the collection agency you will use to collect payments from patients who have an outstanding balance.

Obtain attorney assistance

- Obtain an attorney's assistance to review any proposed contracts with a collection agency.

Maintain accounts

- Keep your business bank accounts open until patient payments and other pertinent financial matters are concluded.

Consider Contractual Obligations When Leaving a Group

Know contract terms

- Review any contract or employment/partnership agreement that exists between you and the employer/group/partnership before changing the terms of your affiliation with a group. Meet the specified obligations with respect to:
 - Employment termination, with such specifics as method of and time required for notification.
 - Patient notification.
 - Ownership of and access to medical records.
 - Malpractice insurance coverage.⁴

Write resignation letter

- Submit a written resignation letter that addresses not only your resignation from the practice, organization, or partnership, but also your resignation from any positions held within the practice, organization, or partnership.

Satisfy financial obligations

- Determine your possible financial obligations to the partnership, group, or practice, as applicable. Obligations may include rental agreements, outstanding loans, and business debts. Consider

Consider Contractual Obligations When Leaving a Group

Maintain access to patient records

- consulting an attorney about the possible release from such obligations.
- Obtain a written agreement with the practice you are leaving that provides for the following:
 - Access to patient records for at least 10 years after departure from the practice.
 - Opportunity to obtain either the original or the copy of any record the practice intends to destroy or transfer within the 10-year period.
- Seek legal counsel if you are considering taking original records to a new practice.

Consider Existing Patients When Leaving a Group

Determine who notifies patients

- Consider personally sending a letter to patients if the practice chooses not to send one. Seek permission from the practice before sending the letter. If the practice denies permission, consider placing a notice in the local newspaper.
- Seek the advice of an attorney if the practice refuses permission to send a targeted letter to your patients about your departure. The attorney can advise regarding the ethical and legal issues and obligations regarding such a notice.

Provide options

- Do NOT make continuing under your care the only option offered to patients. Include the following options for finding continuing medical care:
 - Choosing another practitioner in the group from which you are departing.
 - Selecting a practitioner in another practice. Direct the patient to a resource, but not to a specific practitioner.
- Remaining with you if you are relocating and a noncompete clause is not at issue.

Consider Existing Patients When Leaving a Group

- | | |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ensure continuing care | <ul style="list-style-type: none">• Ensure that a practitioner in the group you are leaving is available to provide continuing patient care after your departure. |
| Consider verbal notice | <ul style="list-style-type: none">• When leaving a practice in less than three months and the contract with the practice does NOT restrict direct patient contact, consider telephoning to let them know how they may obtain a copy of their record and what to do if they need emergency care before they find a new practitioner. |
| Arrange coverage for critical patients | <ul style="list-style-type: none">• Make arrangements with a practitioner in the practice you are leaving or one whom the patient chooses for those patients in need of acute or critical ongoing care. |
| Use caution if subject to a noncompete clause | <ul style="list-style-type: none">• Seek legal counsel for advice regarding:<ul style="list-style-type: none">○ Placement of separate newspaper notices to announce departing one practice and joining another.○ Taking any lists of patients and their contact information for use after leaving the practice, unless the practice has agreed to it in writing. |
| Ensure follow-up | <ul style="list-style-type: none">• Prior to your departure, follow up on all outstanding laboratory and imaging studies. |

Check Medical Professional Liability Coverage When Leaving a Group

- | | |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Understand coverage | <ul style="list-style-type: none">• Know what medical professional liability coverage you had as an individual or as part of a group, the expiration date of the current policy, and the steps you need to take to ensure uninterrupted coverage during the transition period. |
| Purchase tail coverage, as needed | <ul style="list-style-type: none">• Purchase a reporting extension endorsement (or “tail” coverage) if you have a claims-made policy to |

Check Medical Professional Liability Coverage When Leaving a Group

cover claims arising from incidents that occurred while you were employed at the practice.

Investigate possible premium refund

- Consult with your liability insurance agent to determine if a refund of premium is possible.(2)

Address Additional Concerns When Leaving a Group

Investigate need for provider numbers

- Investigate whether you will need to obtain new provider numbers from each of the insurance companies that provide health insurance for your patients.

Medical license status

- Determine whether you will need to maintain your medical license.

Announce new practice

- Consider making a public announcement regarding your opening or joining a new practice. Make the announcement after you have left your previous practice. Do NOT refer to the practice you left and do NOT solicit patients from your previous practice.

Develop Plan for Sudden Death or Illness

Develop written plan

- Develop a written plan to cover the necessary steps in the event of your unexpected death or incapacitating illness.
- Involve another person (for example, your spouse, attorney, trusted friend, or colleague) who will be able to implement the plan if it becomes necessary to do so. Include this person in the planning and give them a copy of the written plan.
- Include a will that names a special administrator to manage and/or close the practice if necessary.
- Outline your wishes for the continuance or dissolution of the practice. Include a written, step-by-step business plan to implement in the event of an

Develop Plan for Sudden Death or Illness

incapacitating accident or death. Address the need for the following:

- Notify the other physicians, office manager, and office staff. At least one employee should remain at the practice to handle the mail, inquiries, and collection duties.
- Arrange for the care of those with urgent needs. If possible, ask a colleague who has previously provided patient care to handle immediate patient care.
- Post a sign on the front door with the information contact number.
- Place a death notice on the practice website or patient portal.
- Notify active patients. Include how they may obtain a copy of their medical record.
- Send a death notice to the local newspaper.
- Notify the practice attorney and accountant.
- Notify all hospitals and other facilities where the physician had privileges.
- Notify local pharmacies so no one uses your name to illegally obtain drugs
- Notify HMOs, PPOs, or any other organization where you were employed.
- Notify the insurance agent who sold your physician liability, disability, health, or other insurance coverage.
- Release, retainment, and storage of medical records.
- Collect receivables.
- Manage the administrative aspects of closing the practice.²

Develop Plan for Sudden Death or Illness

Provide access to important documents

- Give your family immediate access to important business documents. Choose a location other than a safety deposit box, as it could be sealed after your death. These documents include the following:
 - Burial and anatomical gift instructions (living wills).
 - Last will and any appended codicils.
 - Life insurance policies.
 - Stock certificates and bonds.
 - Deeds and mortgages.
 - Banking documents and certificates of deposit.
 - Investment partnership agreements.
 - Income tax returns for past three years.
 - Financial inventories or appraisals.
 - Promissory notes or IOUs.
 - Birth, marriage, and divorce certificates or decrees.
 - Military service (VA) papers.
 - Family social security numbers.
 - Vehicle and watercraft registrations and certificates of title.
 - Accident and illness, disability income, and vehicle insurance policies.
 - Homeowner, tenant, personal articles, and general liability insurance policies.
 - List of outstanding debts, including bills and expenses.
 - Pension, Keogh, and IRA documents.

Arrange for available cash to cover expenses

- Ensure there is sufficient cash available for family members to cover expenses.

Develop Plan for Sudden Death or Illness

Document the process

- Recognize that there are many steps involved when practitioners, close, leave, or merge a medical/dental practice.
- Keep precise and thorough records of the entire process, as questions or concerns may later arise, and the documentation of such may prove valuable.

Determine Premerger Issues

Establish one system

- Determine how, in the premerger period, the involved practices will handle certain key administrative issues. Include, but do NOT limit, the need to adopt a single system for:
 - Leadership of the new practice.
 - Health insurance plans that will be accepted.
 - Medicare participation.
 - Reimbursement.
 - Practitioner compensation.
 - Personnel policies.
 - Retirement plans.
 - Equipment, staff, and space needs.
 - Malpractice insurance coverage.

Determine other issues

- Ensure that other issues are addressed, including:
 - Management of each practice's assets and liabilities (financial and tangible).
 - Termination and buy-out agreements.

Notify Patients of a Merger

Notify in writing

- Notify current patients in writing at least 30 days prior to the effective date of the merger of the two practices. Explain to patients how the merger will affect their relationship with the practitioner and what professional and administrative changes will occur.

Notify Patients of a Merger

Give them the option of seeing another practitioner if they will be (a) unable to continue seeing their practitioners or (b) required to see a group of practitioners.

Post notice in office

- Post a notice in the office waiting room at least 30 days before the effective date of the merger informing patients of the planned merger and the date on which it will become effective.

Place notice in newspaper

- Place a shared merger announcement from the merging practices in the local newspaper.

Address Administrative Merger Concerns

Determine leadership roles

- Ensure that the merged office has a single leader. Define titles, roles, and responsibilities if leaders of each of the two merged offices join the new practice.
- Share an organizational chart of the new office structure with staff members and ensure the reporting lines are made clear.

Include staff

- Include staff members of the two merging practices in planning administrative functions of the new entity.

Educate staff

- Educate all staff members about the new practice's administrative and professional systems, leadership, staff member expectations, and chain of command.
- Present this information with openness to comments, criticisms, and suggestions for change.

Merge policies and procedures

- Create and implement one set of policies and procedures, protocols, and clinical guidelines representing both merged practices.
- Ensure that the final policies and procedures are acceptable to the practitioners in the combined practice.

Address Administrative Merger Concerns

Use one medical record documentation system

- Use only one medical record documentation system, both for administrative consistency and patient safety.
- Ensure that all members of the merged practices use the system.

References

1. Seak, Inc. *The Biggest Legal Mistakes Physicians Make — And How to Avoid Them*. Babitsky S, Mangraviti JJ, ed. Falmouth, MA: 2005. <https://www.seak.com/wp-content/uploads/2014/09/LegalMistakesFinal.pdf>.
2. Illinois State Medical Society. A Physician's Guide for Departing or Closing a Medical Practice. Published 2014. Accessed August 2019.
3. Rice, KH. Physician practice mergers: the importance of due diligence and mutual trust for all involved. <https://www.mgma.com/MGMA/media/files/fellowship%20papers/2018%20Fellows%20Papers/Physician-Practice-Mergers.pdf?ext=.pdf>. Published August 8, 2018. Accessed August 2019.
4. 4 must-dos before physicians retire. American Medical Association website. <https://www.ama-assn.org/practice-management/career-development/4-must-dos-physicians-retire>. Accessed August 2019.

Additional Coverys Resources

- [Retirement from Practice Letter: Practice Assumed by Multiple Providers](#)
- [Retirement from Practice Letter: Practice Assumed by One Provider](#)
- [Retirement from Practice Letter: Practice is Closing](#)
- [Closing A Practice Checklist](#)
- [Leaving A Practice Checklist](#)
- [Merging A Practice Checklist](#)
- [Unexpected Departure Due to Illness or Death Letter](#)