

Closing a Medical Practice

Closing a medical practice is a huge undertaking that requires strategic planning and attention to detail. To start the process, the physician should first notify staff, who deserve to know as soon as possible that the practice will be closing. The physician can aid his/her employees in finding future employment by writing letters of reference. Employers should also consider severance packages, unemployment insurance, payment for unused sick and vacation time, and COBRA obligations. Maintaining the functionality of the office is critical and appreciative employees are more likely to remain to the end.

The next group the physician should notify is the patients. The notification should be in writing, ideally at least 3 months ahead of the planned closure date, and should include a records release form with instructions for obtaining copies of medical records or transferring their records to another provider. The physician should either provide a permanent mailing address or post office box number for future records requests or transfer the records to another medical practice. Offering patients the opportunity to contact the office for possible referrals is also suggested. Keep a copy of the written notice in each patient's medical record.

The physician may want to send notification to any health plan in which the physician participates, hospitals, insurance carriers, and any licensing agencies or professional associations. There may also be a state or county legal requirement to post public notification of practice closure.

More practically, do not forget to inform the phone company, utilities companies and lease provider. Physical assets of the practice, including equipment, medications, and supplies, will also need to be disposed of. Always communicate any cancellations or contract revocations in writing, request acknowledgement, and keep all communication for future reference.

You will need to make arrangements for preserving or transferring patient medical records. Each state has its own medical record retention laws that all healthcare providers must abide by, irrespective of whether the physician's practice is active or inactive. The physician should consult with a lawyer for recommendations on this important issue. Throughout the length of retention, records will need to be stored in a location that is secure, moisture and fire resistant, and accessible so that patients can gain access to their records in the future. You may consider hiring a document management company to handle this aspect of the closing.

In the final months, the physician should tie up any loose operational ends. This includes collecting accounts receivable, settling accounts payable, and sending accounts to collection. This process, however, will likely continue for months after the practice closes. You may choose to hire an outside service to attend to these tasks. During this time, the physician may still be seeing patients and following up with patients who have made referral and/or records requests.



Orderly closure is vital to protecting the physician from future liability, and ensuring the continuity of care for your patients. The above is an overview of topics you should consider when closing the doors of a medical practice.

This publication has been prepared by Hinshaw & Culbertson LLP to provide information on recent legal developments of interest to our readers. It is not intended to provide legal advice for a specific situation or to create an attorney-client relationship.



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