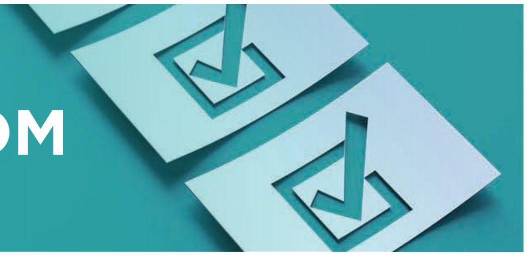
CHECKLIST FOR PHYSICIANS RETIRING FROM A MEDICAL PRACTICE



The decision to retire from practicing medicine often involves mixed feelings. Once the decision is made, it's important to address business and regulatory aspects so you can enjoy your well-deserved retirement.

Every practice closure and physician retirement situation is different; however, each retiring provider should consider the following prior to closing a practice upon retirement.

- ✓ The needs and wishes of patients
- ✓ State laws regarding record retention and disposal, historic record protection, and statutes of limitation
- ✓ State licensing standards, regulations, and guidance
- ✓ Medicare and Medicaid requirements
- ✓ Guidelines issued by professional organizations such as Health Information Management (HIM) associations, medical societies, and hospital associations
- ✓ The needs of physicians, other providers, and public health organizations for follow-up and research
- ✓ Current organizational policies

Consult an experienced health care law lawyer in your area for help navigating the issues unique to your state and practice location.

NOTIFICATIONS CHECKLIST

PATIENTS

Patients seen within two years of the provider's retirement should receive notice a minimum of 30 days and ideally, 60-90 days prior to discontinuing practice. The notice letter should inform patients of the specific date of retirement and the closure of the practice, if applicable. It should also notify the patient to immediately seek a new health care provider. Direct them to their health insurer or the local medical association for names of other providers, and advise them how to have a copy of their records transferred to a new provider. For patients who will need continuing care, you may want to refer them to a specific provider. For records that are not transferred, advise patients how to access the records and for how long the records will be available. Under HIPAA, an authorization (release of records form) is not necessary for continuity of care purposes (HIPAA treatment exception). Nevertheless, a written instruction is preferable for tracking purposes. You may want to set up a P.O. Box for future medical record requests if you are going to store the records yourself. In addition to sending the notice by mail, post the notice at your practice location, perhaps near where patients check in. Provide notice on your website and on your practice's social media. Some states may require that you also provide notice in the local newspapers.

INSURANCE CARRIERS

Advise your professional liability carrier of the practice's closing date or the date the physician will stop practicing. If you have a claims-made policy, arrange for tail coverage for any claims that are brought after the date you cease practicing. If you are fully retiring, you may qualify for tail coverage at no charge (contact your COPIC underwriter for more details). Business interruption, general liability, employment practices liability, and any other insurance carriers for your business will also need to be notified. If you offer insurance to your employees, notify any health, disability, life, and long-term care insurers and terminate those policies.

STATE MEDICAL BOARD OR LICENSING AGENCY

Some states have retired or inactive license categories that may save you money should you wish to renew your license after retirement. You may also need to update your contact information if the board has your business address and phone number on file.

HEALTH INSURANCE CARRIERS & OTHER PAYORS

Review the provider contract termination provisions. Often 90 days' advance notice is required to terminate agreements with private payors. Medicare, Medicaid, TRICARE, and workers' compensation payors must also be notified of your practice closure.

CONTINUED ON PAGE 7

CHECKLIST FOR RETIRING PHYSICIANS (FROM PAGE 6)

DRUG ENFORCEMENT AGENCY (DEA)

A DEA number may be kept active after retirement and be needed if you plan to do volunteer medical services. Caveat: Prescribing or treating friends and family is a bad idea when actively practicing; it is more perilous after retirement. When the DEA number is no longer needed, the DEA must be notified in writing and informed that you do not have any schedule 2 or controlled substances in your possession. The letter must be signed by the retiring physician and the DEA certificate returned with the letter. You will also need to properly dispose of, transfer, or donate prescription drugs or drug samples that may be on hand in accordance with DEA requirements. Shred any prescription pads upon the closure of the practice. Check **www.dea.gov** for more details on requirements.

FACILITIES

Advise any hospitals, ambulatory surgery centers, or other facilities that have granted privileges.

EMPLOYEES

Employees will need to know about the practice closure early in the process. You want to give your employees enough time to find alternate employment but can request they stay long enough for the practice to continue operations until retirement.

LANDLORDS & EQUIPMENT LEASING COMPANIES

Review your leases to determine how much notice must be given to terminate the lease and return any equipment upon practice closure. If you own equipment, plan to sell or appropriately dispose of medical and office equipment in accordance with state requirements, if applicable.

BUSINESS ASSOCIATES

Contact the post office, utility companies, phone providers, medical suppliers, office suppliers, collection agencies, hazardous waste disposal and other services, subscriptions, etc. Request final statements from these vendors, and close your accounts.

MEDICAL RECORDS CHECKLIST

Arrange for secure medical record storage and access. Many states have medical record retention requirements that do not cease when a physician retires. Medicare and Medicaid also have requirements. HIPAA privacy and security rules continue to apply after you close your practice. COPIC recommends you retain the medical records for 10 years after the date of last treatment or 10 years after a minor patient reaches the age of majority. If the practice is sold to another physician, physician group, or hospital system, medical records can be included in the purchase as an asset. However, the retiring physician will need to include in the contract the buyer's obligation to secure the records, ensure patients have access, and that the retiring physician will have access in the event of a lawsuit or audit. If the practice is not sold, consider arranging for another physician or organization to securely store your records and provide timely access for patient requests. Record management companies can provide these services for a cost. Remember that you may need to execute a HIPAA business associate agreement with the party storing your records (unless transferred as part of a sale of the practice).

Arrange for storage of other records. HIPAA requires that you retain a variety of records (other than medical records) for six years. This includes authorization forms, business associate agreements, notice of privacy practices, responses to requests to amend a record, any patient statements of disagreement, and complaint information. Employment records relating to wages and hours must be kept for three years. Other employment records, such as documentation on hiring, firing, promotion, pay increases, must be maintained for one year after the employment action occurred. Tax records must be retained for at least four years. Employee benefits or pension plan records must be retained for six years. Check for any state imposed record-keeping requirements that may differ.

Plan for the (eventual) destruction of records. Any records that do not have to be retained under the law that have passed the recommended retention period may be destroyed. Plan to periodically (yearly or biannually) destroy additional records which have passed the required retention periods. If the records contain medical or financial information, the records should be securely shredded. A HIPAA business associate agreement with the file destruction company is required.

OTHER CONSIDERATIONS

- ✓ **Contact medical societies** and other professional organizations for additional information that may be helpful in successfully closing a practice upon retirement.
- ✓ **Collect any outstanding accounts receivables.** It will become much more difficult to collect after your practice is closed, so plan to collect as much as possible before shutting down the practice.
- ✓ **Dissolve the company and pay your taxes.** Once the practice is closed, you will need to dissolve the practice entity by filing articles of dissolution or a similar document with your state's Secretary of State or similar agency. Pay your creditors and file your final business taxes. Consult your accounting and legal advisers early in the process.
- ✓ **Plan your retirement.** Adjusting to more free time will take some planning to avoid restlessness or boredom. There are many ways you can use your newly discovered "free time" such as accomplishing bucket list items, pursuing hobbies, starting a second career, volunteering, and spending more time with family and friends. Plan for it and you can have a fulfilling retirement.