

SOME CONSIDERATIONS IN THE CLOSING OF A PHYSICIAN'S PRACTICE

"While there are no formally slated rules for closing a medical practice, there are several important items which should be considered and planned in advance. The list given below is not complete, but the Washington State Medical Association believes it will be helpful.

1. NOTIFICATION OF PATIENTS

Patients should be given adequate notice—a minimum of 30 days is suggested—in writing that you plan to close your office and on what date so that they will have sufficient time to obtain another physician. It is also suggested that, in the letter of notice to the patients, you enclose a form for the patient to sign authorizing the release of records should they wish to request that a copy of their records be sent to the new physicians of their choice. A list of all patients notified should be retained in your files.

You can save postage, in the case of current patients, by inserting the letter with a monthly statement or billing; letters to other patients will have to be mailed separately.

You also may wish to place an announcement in one or more of the local newspapers.

2. RETENTION OF MEDICAL RECORDS

- (a) Medical records, including case histories, treatment records, x-rays, laboratory reports, correspondence with physicians and others, should not be destroyed until the statute of limitations has expired with regard to each patient. This is because the physician's record and liability insurance policies could be your chief source of defense in a future law suit.

The Statute of Limitations in Washington allows actions involving adults to be initiated within three years of the occurrence or one year from discovery of the injury, but not later than eight years from the occurrence. The Statute of Limitations does not begin to toll for minors until they reach the age of majority (18 years of age).

You are required to retain records on patients for whom you have dispensed Schedule II through V drugs, for two years. While there are no other specific statutory requirements pertaining to the preservation of medical records, physicians are advised to retain their records for at least 5 years following the death of a patient 10 years after the most recent discharge of a patient or 15 years after the most recent discharge of a minor patient.

- (b) The patient has a general right to know what is in his medical records and thus you should make it known where such records can be obtained. Copies of records can be given to the patient or forwarded to another physician of the patient's choice with the consent and at the request of the patient, in writing.

3. DISPOSAL OF DRUG STOCKS

The Regional Administrator of the Drug Enforcement Administration, Seattle, Washington, has jurisdiction over the State of Washington with regard to disposal of unused controlled substances. The following procedure has been approved as a guide to physicians:

The physician's DEA number (Controlled Substances Registration Certificate), unused Government order forms and controlled drugs should be disposed of as soon as possible. The registration certificate and unused Government order forms (DEA-222c) should be returned to the Drug Enforcement Administration. Procedures for destruction of controlled substances may be obtained by calling the Seattle Divisional Office.

Forms and additional information may be obtained from the Drug Enforcement Administration, Seattle Divisional Office, 220 W. Mercer, Suite 300, Seattle, Washington 98121, (206) 442-5443.

4. SALE OF MEDICAL PRACTICE

- (a) If you are selling your practice, you should make certain that the buyer is a physician licensed, or eligible to be licensed, in Washington. This information can be obtained from the State Medical Society or the Washington Department of Licensing.
- (b) Records relating to patients should not be sold. However, the sale may include, as one of its terms, unlimited access to the records of those patients who seek the services of the purchasing physician.

5. KEEPING YOUR LICENSE IN FORCE

You may wish to keep your license in force and register each year in the event that you wish to do some consultation work or are called upon to perform some act of medical practice in an emergency. If you elect to keep your license in force, you will be required to continue to meet the continuing medical education requirements: 150 hours over three years.

6. MALPRACTICE INSURANCE

Your policy should be examined to determine whether it is written on an **OCCURRENCE** or a **CLAIMS MADE** basis. Consult your insurance agent. If the policy is written on a **CLAIMS MADE** basis, only those claims made while the policy is in force will be covered and you should either continue your coverage or purchase coverage extension to protect you until all statutes of limitation have run.

7. ACCOUNTS RECEIVABLE

Not all of your patients will have paid their bills by the time your practice is closed. It will be necessary to have someone available to accept, record, and deposit payments received after the official closing of your practice. You may wish, after a suitable waiting period of three or four months, to turn those accounts still unpaid over to a reputable collection agency.

8. CONTINUATION OF WSMA MEMBERSHIP

We hope that you will continue to be active in organized medicine. The Washington State Medical Association urges all physicians who are retired or will be retiring to advise their county or state society of their present or future status so that an appropriate change in classification can be arranged. Also, retired physicians may wish to join the Association of Senior Physicians of Washington. Information can be obtained from the Washington State Medical Association.

9. INCOME TAXES

Copies of your income tax returns and all supporting documentation, including ledgers and accounting records, should be preserved until the Internal Revenue Service can no longer assess additional tax. For Federal returns filed on time and containing all correct and pertinent data, this is usually three years; for returns where gross income has been understated by 20 percent or more, it is six years.

10. PAYROLL TAXES

Final returns and payments of all Federal and Social Security taxes must be made after the last employee has been terminated and the last payroll paid.

Finally, it is recommended that you work closely with your attorney or business manager particularly on the tax aspects of closing your practice.

LETTER FOR PHYSICIANS DISCONTINUING PRACTICE

Dear Patient:

Please be advised that because of _____
(my retirement, other reasons)

I am discontinuing the practice of medicine on _____. I shall not be able to attend
to you professionally after that date. *(date)*

I suggest that you arrange to place yourself under the care of another physician. If you are not
acquainted with another physician, I suggest that you contact the _____ Medical
Society. *(local)*

I shall make my records of your case available to the physician you designate. Since the records
of your case are confidential, I shall require your written authorization to make them available to
another physician. For this reason, I am including at the end of this letter an authorization form.
Please complete the form and return it to me.

I am sorry that I cannot continue as your physician. I extend to your my best wishes for your
future health and happiness.

Yours very truly,

_____, MD

AUTHORIZATION TO TRANSFER RECORDS

Date: _____

To: _____, MD

I hereby authorize you to transfer or make available to _____, MD,
at _____, all the records and reports relating to my case.
(address)

Signed: _____