Risk Control Recommendations: Closing a Practice

The following checklist is designed to serve as a starting point for healthcare business owners for discussion and consultation in regard to the process of closing or selling a practice. For additional risk control tools and information, visit the websites of CNA, NSO and HPSO.

ACTIONS 60-90 DAYS PRIOR TO CLOSING	STATUS	COMMENTS
STAFFING-RELATED RECOMMENDATIONS		
Personally notify staff about the upcoming closing.		
Review staffing contracts and seek legal advice if severance will be offered.		
Prepare to hire temporary staff if current employees leave prior to closing date.		
PATIENTS/CLIENTS		
Notify patients/clients (hereafter, "patients") of the closing date and the reason for the closing. Use multiple forms of communication, including: - Personal letters - Office postings - Email		
Retain a dated copy of the notification sent to patients in their healthcare information record.		
Include an authorization form for patients to request transfer of healthcare information records.		
If the practice has a website or social media account, post the office closing date and additional relevant information.		
Post a notice in the local newspaper regarding the closing.		
PRACTITIONERS		
Notify state licensing boards of the closing date, as well as credentialing organizations and professional associations.		
Inform the Drug Enforcement Agency, if applicable, of the date of impending retirement, indicating whether registration will be continued or surrendered at this time.		
Advise all health plans and other contracted payers of the practice termination and provide them with a forwarding address for payments made after the office closes its doors.		
If there are treatment privileges at hospitals or clinics, notify these facilities of the retirement or practice closing date.		
Contact ancillary services (e.g., laboratories and radiology facilities) to which patients are referred and inform them of the retirement or closing date.		
UTILITIES		
Notify utilities and vendors of when the following services or subscriptions (among others) should be discontinued: - Water - Electricity - Gas - Telephone - Internet - Answering service - Housekeeping - Hazardous waste disposal - Laundry service - Collection agencies - Magazines		
Request that utilities and vendors submit final statements prior to the closing date, in order to settle accounts.		

ACTIONS 30-60 DAYS PRIOR TO CLOSING	STATUS	COMMENTS
PATIENT SCHEDULING		
Cease accepting new patients once the closing date has been announced.		
Begin limiting non-emergent appointments, explaining the reason to patients.		
Refer patients who require follow-up care to other practitioners, personally calling these providers to facilitate the handoff.		
PATIENT HEALTH RECORDS AND CLINIC DOCUMENTS		
Determine how long health records must be stored according to state law.		
Arrange for safe paper or electronic healthcare information record storage, selecting a storage facility that has experience with federal and state privacy requirements.		
Notify the state board of patient record storage location(s).		
Obtain a mailing address or post office box for patient record requests sent after the office closes.		
Arrange for proper storage of clinic documents, such as financial records, patient education materials, and policies and procedures, as required by state and federal law.		
MEDICATIONS		
Destroy all prescription pads, using a paper shredder.		
Dispose of in-office medications in accordance with federal, state and local guidelines.		
DEBTS AND FINANCES		
Review accounts receivable and accounts payable records in order to resolve any outstanding debts.		
If appropriate, hire a collection agency to reconcile accounts after the practice has closed.		
INSURANCE (PRACTITIONER AND STAFF)		
Obtain extended reporting (i.e., tail) coverage, if a claims-made policy is in effect.		
Review health, life, disability and workers compensation insurance contracts for policy cancellation requirements.		
OFFICE EQUIPMENT		
Decide how to dispose of office and medical equipment, and obtain legal advice before entering into any sales or leasing contracts.		
MAIL SERVICE		
Make mail forwarding arrangements with the U.S. Postal Service.		

Sample Form: Patient/Client Authorization to Transfer Health Records

I, (*Patient/client or guardian name*) (*please print*) _____,
hereby request and authorize

(*Practice or practitioner name*) (*please print*) _____,
to transmit my healthcare information records to

(*Practice or practitioner name*) (*please print*) _____,

or to forward a copy to my new practitioner, whom I have indicated below. I understand, in the absence of an alternative designation,

that my records will be transferred to (*Location*) _____ on (*Date*) _____.

By authorizing this transfer, I understand that I am not impairing the transferring practitioner's right of access to my records, when necessary, during the period in which I am under his/her care.

(*Name of new practitioner, specialist, consultant,*
patient/client, attorney, insurer, etc.) (*please print*) _____

Street address: _____

City: _____ State: _____ Zip: _____

Telephone number: _____

Patient/client or guardian signature: _____ Date: _____

This sample form is for illustrative purposes only. Your form's content and layout may be different. We encourage you to modify this form to suit your individual practice and patient/client needs. As each practice presents unique situations and statutes may vary by state, we recommend that you consult with your attorney prior to use of this or similar forms in your practice.

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Healthcare Perspective is a limited-edition publication for healthcare business owners. This series explores a range of relevant risk management concepts and offers strategies to detect and mitigate risks.

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