

CLOSING OR RELOCATING A PRACTICE

What notice should be given to patients when a physician terminates or relocates his or her practice?

Washington law contains no specific statutory or regulatory requirements for notice of the closure or relocation of a practice. Taking the following measures, however, will help to provide prompt notification to patients:

- Provide patients with at least 30 days (preferably 90 days if possible) advance written notice of the planned office closure so that patients will have sufficient time to obtain other physicians. With the advance written notice, consider enclosing an authorization form for the patient to complete and sign that authorizes the patient's records to be sent to another physician of the patient's choice. For current patients, the written notice and authorization form can be enclosed with the patients' monthly statement or billing. The written notice to other patients will need to be mailed separately.
- Retain a copy of the advance written notice and a list of all patients to whom the written notice was sent.
- Publish a notice of closure or relocation in a newspaper of general circulation in each area where the physician practices.
- At least 30 days prior to closure or relocation of the practice, conspicuously post an announcement in the physician's office.
- Review all managed care contracts for, and comply with, any notification provisions they contain.

The notices and the posted announcement should state the date the physician's practice will close or relocate and should advise patients as to what they need to do to obtain or transfer their medical records either at that time or after the date of closure or relocation.

How long should patients' medical records be retained?

Because a patient's medical records are often a physician's chief source of defense in the event a lawsuit is filed, medical records--including case histories, treatment records, x-rays, laboratory reports, and correspondence with physicians and others--should not be destroyed until the statute of limitations has expired with regard to each patient. See **RETENTION OF RECORDS**; and **STATUTE OF LIMITATIONS**.

Must a patient be informed of the location of their medical records prior to closing or relocating?

Patients have a general right to know what is in their medical records¹ and thus physicians should let their patients know where and how they can obtain their records. Copies of records can be given to the patient or forwarded to another physician of the patient's choosing with the patient's written request or consent.²

How should accounts receivable be handled?

Not all patients will have paid their bills by the time a practice is closed. It is advisable to have someone available to accept, record, and deposit payments received after the official closing of the practice. After a suitable waiting period (three or four months), it may be desirable to turn over any invoices that are still unpaid to a reputable collection agency.

How long should income tax records be retained?

Copies of 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 years³; for returns in which gross income has been understated by 25% or more, it is six years⁴. Physicians are well advised to work closely with their attorneys, accountants, or business managers with respect to the tax aspects of closing their practices.

What happens to the physician's license upon retirement?

Upon retirement, a physician may:

- Allow the license to lapse for failure to submit the biennial⁵ renewal form and fee.
- Request a retired active license status. Retired active licenses are for individuals already licensed who wish to practice only in emergent or intermittent circumstances and without compensation.⁶ See **LICENSURE** for more information about retired active licenses.

What should a physician do about professional liability insurance when closing a practice?

Because medical malpractice claims can be brought years after the physician treated the patient, the physician should contact his or her professional liability insurance carrier, or insurance agent or broker, to arrange for post-practice continuation of professional liability insurance coverage. This "tail" coverage protects against acts or omissions that occurred prior to closure of the practice.

¹ [RCW 70.02.080.](#)

² [RCW 70.02.030.](#)

³ [26 U.S.C. § 6501\(a\).](#)

⁴ [26 U.S.C. § 6501\(e\).](#)

⁵ [WAC 246-919-421.](#)

⁶ [RCW 18.130.250; WAC 246-12-120; WAC 246-919-480.](#)

The physician should also contact his or her agent or broker or other insurance companies to arrange for continued insurance coverage for other types of claims.

What are some of the other issues a physician should consider in deciding to close or relocate his or her practice?

The physician should consider the effect of closure or relocation on any existing real property leases, equipment leases, contracts, employment agreements, partnership or shareholder agreements, and retirement and benefit plans the physician may have.