
Closing Your Practice



American Medical Association
Department of Practice Development Resources

RETIRING/CLOSING/RELOCATING A PRACTICE

The 1997 Legislature revised the requirements that must be followed when a physician retires, closes his office or relocates his practice. The Legislature developed the concept of a "records owner." A "records owner" may or may not be a physician. A "records owner" means any health care practitioner who generates a medical record after making a physical or mental examination of, or administering treatment or dispensing legend drugs to, any person; any health care practitioner to whom records are transferred by a previous records owner; or any health care practitioner's employer, including, but not limited to, group practices and staff-model health maintenance organizations, provided the employment contract or agreement between the employer and the health care practitioner designates the employer as the records owner. Section 456.057(2), Florida Statutes. The statute now requires the "records owner" to notify patients of the retirement, closing or relocation of a physician. When the records owner retires, terminates a practice, or is no longer available to patients, Section 456.057(11), Florida Statutes, requires the records owner to notify the patients of the termination, relocation or unavailability in the following manner:

1. Publish in a local newspaper a notice containing the date of termination or relocation and include an address where the records may be obtained from the physician terminating practice or another licensed physician), **OR**
2. Notify patients in writing of the date of termination or relocation and include an address where the records may be obtained from the physician terminating practice or another licensed physician), **AND**
3. Both notices must advise patients of their opportunity to obtain a copy of their records.

In addition, Section 456.057(12), Florida Statutes, requires that the records owner notify the Florida Board of Medicine and advise the Board who the new record owner is, and where the physician's medical records can be found. The records owner should also review all managed care contracts to determine if any notification provisions must be complied with.

This change will primarily affect employed physicians whose employment agreement designates the employer as the records owner. It will have little effect on other physicians, especially those physicians in independent practice. In that case, the physician who generated the record after treating the patient will be considered to be the "records owner," and, therefore, the requirements discussed above will fall upon the physician. In the case of an employed physician whose employment agreement designates the employer as the records owner, this responsibility is placed upon the employer.

It is important to note that the Board of Medicine has adopted a rule that imposes certain requirements on physicians who relocate or terminate their practices and are no longer available to patients. Rule 64B8-10.002(4), Florida Administrative Code, requires physicians to publish a notice once a week for four consecutive weeks in a local newspaper of greatest circulation. The notice must contain the date of termination or relocation and include an address where the records may be obtained from the physician terminating practice or another licensed physician. A copy of the notice must be submitted to the Board within one month from the termination or relocation. The rule also gives physicians the option of either placing a sign in a conspicuous location in or on the façade of the physician's office or notifying physicians by letter of the termination, sale or relocation of the practice. The sign or letter must notify patients of their opportunity to transfer or receive their records. The requirements set forth in the Board's rule are separate and apart from the requirements set forth in Section 456.057, Florida Statutes, and must be followed by all licensed physicians.

Concomitantly, a physician is responsible for ensuring that these records will be available to his former patients for a period of five (5) years from their last visit. A physician thus must make arrangements to either have another physician become the new records owner, have a medical records service store copies of the medical records and provide copies upon request to former patients, or himself be available to provide copies.

This article is presented for educational purposes only and should not be taken as a substitute for legal advice, which should be obtained from personal legal counsel. Nevertheless, the FMA hopes that the information provided here and in its other publications continues to assist physicians in answering many of their most common legal questions allowing them to treat patients, instead of addressing legal concerns.

Sample

AZMITIA & LUBIN, M.D.s, P.A.
Announces the retirement of
EFRAIN C. AZMITIA, M.D.
from the Practice of Medicine
effective June 30, 1991 *6/14/91*
All patient records will remain at the office
of Azmitia & Lubin, M.D.s, P.A., 2416 Cleveland St
Tampa, Florida 33609, 258-3164

FINANCIAL RESPONSIBILITY Do you need tail coverage?

Rule 64B8-12.006, Florida Administrative Code, requires a licensee who elects to carry medical malpractice insurance to have coverage for events that occur during the previous two-year period. The rule provides that:

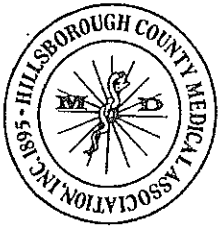
If a licensee, pursuant to the provisions of Section 458 320, F.S., renews or activates a license based on obtaining or maintaining professional liability insurance, the licensee must carry insurance which covers events which occurred during the biennium for which the license renewal or reactivation was obtained. This can be accomplished by the licensee carrying insurance at the time of licensure renewal or reactivation which covers events that occurred during the period at issue (occurrence coverage) or by carrying a claims made insurance policy with a two year retroactive date (prior acts coverage). In any event, the licensee who claims for purposes of licensure to be insured must have insurance coverage in effect which provides for claims occurring from the previous biennium effective date to the renewal or reactivation date and coverage must also be in effect for claims made during the period of renewal or reactivation.

Of note are the two phrases which state that this rule applies only to the physician who "renews or activates a license based on obtaining or maintaining professional liability insurance..." and "the licensee who claims for purposes of licensure to be insured". Therefore, the law does not apply to those physicians who self-insure, and such doctors need not obtain tail coverage.

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STATUTE OF LIMITATIONS FOR MEDICAL MALPRACTICE

An action for medical malpractice must begin within 2 years from the time the incident giving rise to the action occurred, or within 2 years the incident is discovered or should have been discovered with the exercise of due diligence. In no event, however, may the action be commenced later than 4 years from the date of the incident or occurrence out of which the cause of action arose. Nevertheless, in an action in which it can be shown that fraud, concealment, or intentional misrepresentation of fact prevented the discovery of the injury within the 4-year period, the period of limitations is extended forward 2 years from the time the injury is discovered or should have been discovered with the exercise of due diligence, up to a maximum period of time of 7 years from the date of incident giving rise to the injury occurred. Section 95.11(4)(b), Florida Statutes. The four and seven year periods of repose, however, do not bar actions brought on behalf of a minor on or before the child's eighth birthday.



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CLOSING/RELOCATING A PRACTICE

When a physician terminates or relocates a practice, or is no longer available to patients, the physician is required to notify the patients of termination, relocation or unavailability in the following manner:

- * 1. Publish in the newspaper of the greatest general circulation, in each county where the physician practices or practiced, a notice containing the date of termination or relocation and an address where the records may be obtained from the physician terminating practice or another licensed physician.
- * 2. At least 30 days prior to termination or relocation of practice, the physician must place in a conspicuous location in or on the facade of the physician's office a sign announcing the termination or relocation of the practice, and
3. Both the notice and the sign must advise patients of their opportunity to transfer or receive copies of their records.

In addition, the Florida Board of Medicine must be notified, and all managed care contracts should be reviewed to determine if any notification provisions must be complied with.

Deceased Physician: The executor, administrator, personal representative or survivor of the deceased physician must retain medical records for at least two years from the physician's death. Within one month of the physician's death, such a person must publish, in the newspaper of greatest general circulation in the county where the physician resided, a notice indicating to the deceased physician's patients that their medical records are available from a specific person at a specific location.

After 22 months from the date of the physician's death, such person must publish once during each week for four consecutive weeks in the newspaper with the largest general circulation in the county where the physician resided a notice indicating to the patients of the deceased physician that the patient's medical records will be disposed of or destroyed one month from the last day of the fourth week of publishing the notice.

BOARD OF MEDICINE ACCEPTS TWO FMA PROPOSALS

* The Board of Medicine met last weekend in Orlando, and voted to accept two FMA proposals that should make it easier for physicians to comply with the law. The first will clarify for physicians exactly who they may release medical records to by putting into a rule a definition of patient's "legal representative". The second decision by the Board drops the requirement that a physician post a sign when he/she closes or moves his/her practice. Some physicians were having trouble getting their former offices to allow them to comply with this requirement. The new rule will allow a physician to EITHER post a sign or advertise the move in the paper, instead of the current requirement that the physician do both. The Board will begin rulemaking on both of these FMA proposals. For more information on these changes contact Francie Plendl at fplendl@medone.org.

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For additional info:
FMA Legal Dept

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Table of Contents 850/224-6496

Introduction 5

1. Notifying Your Employees 6

2. Notifying Your Patients 7

3. Collecting Accounts Receivable 12

4. Record Retention 29

5. Agencies To Notify 33

Closing Checklist I 35

Closing Checklist II 36

DON'T FORGET TO NOTIFY
YOUR COUNTY MEDICAL ASSN.



Introduction

There are several possible reasons for closing your practice. You may be relocating across the street or across the country. Perhaps you're retiring, going into teaching, or joining a group. Whatever your reason, you know it's not as simple as turning out the lights and locking the door behind you.

Closing a practice takes planning. It requires a series of steps that take time to complete. There are practical, legal, and medical factors to consider.

The goal of this book is to get the process of closing your practice started.

The topics covered are:

- what to do first
- who to notify
- how to notify them
- when to notify them
- how long it will take (and when you should start)
- how to handle medical records

Additionally, this book provides sample letters to your patients regarding medical record transfer and medical collections. There are also checklists to help guarantee that you take all the necessary steps.

With planning, you can close your office efficiently, without leaving any loose ends. Then, just remember to turn off the lights and lock the door behind you.

Notifying Your Employees

The first step in closing your practice is to notify your employees. In the best of all worlds you find a buyer who wants your employees to stay on and everyone lives happily ever after. But there is always the possibility that you won't find a buyer or that, if you do, the new physician will want to bring on his or her own staff.

In any case, you'll have to give your employees sufficient notice that you plan to retire. How much notice is a problem. You don't want an empty office by the time you are ready to leave. Still, you owe them fair warning. Keep in mind that you'll need their help and cooperation in closing out or transferring your operation.

To make sure that you aren't left alone the last weeks to cover the telephones and make out insurance forms, it is a good idea to give at least one employee an incentive to stay on for a designated amount of time after you actually stop seeing patients to finish the final closing details. There are a number of loose ends to be tied together before you can consider your practice closed. A list is found at the end of this book.

Don't be surprised if some of your employees are not overjoyed about your decision to close. They may feel betrayed and rejected by you, particularly if there are no immediate job prospects for them. More than one physician has been sued by a loyal employee who decided to see the wage board about all that overtime she put in over the years and for which she never received payment.

You can help allay their fears by letting them know that you will do all you can to find them new jobs. When you write to your colleagues to notify them of your plans, send along the résumés of your staff. Let pharmaceutical and supply sales persons know that you have some good people looking for new jobs. Sales people are generally well informed about openings in the area and can get the word around about your staff.

LETTER FOR
PHYSICIANS
DISCONTINUING
PRACTICE

Dear Mr./Mrs./Ms. _____ .

Please be advised that because of (my retirement, health reasons, etc.) I am discontinuing the practice of medicine on _____, 19____. I shall not be able to attend you professionally after that 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 (local) Medical Society.

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 you my best wishes for your future health and happiness.

Yours very truly,

_____, M.D.

Notifying Your Patients

The next step is notifying your patients. To avoid charges of abandonment, you'll need to send a letter to "active" patients. Active isn't always easy to define and in the end it is your decision. At a minimum, you should notify all patients seen within the past two years.

Certainly patients who have chronic or complicated conditions must be contacted so you can help them arrange for their future treatment. Send the letter registered mail for your high risk patients.

If you are in group practice, a letter may not be necessary if there will be continuing care of your patients by your colleagues in the partnership or corporation. But check with your local medical society and get their opinion on how the situation is handled in your area. Your patients have the option of changing physicians, and it is your obligation to notify them of your planned departure.

Look at our sample patient notification letters on the following pages. They can be modified as you wish to meet your needs and to make them personal. Do, however, include the essential information found in the example:

- the reason you are closing the practice
- your date of closing
- the need for written authorization to transfer medical records
- sources for patients to find a new doctor

It is a good idea to send out the letter three months before you plan to stop practicing.

**AUTHORIZATION
TO TRANSFER
RECORDS**

Date: _____

To: _____, M.D.

I hereby authorize you to transfer or make available to

_____ (name), M.D.

_____ (address)

all the records and reports relating to my case.

Signed _____

September 1, 19__

Dear Patients:

I am writing this letter to you with mixed emotions. I am now announcing my retirement from active practice effective January 1, 19__ . This has not been an easy decision for me to make. Caring for my patients has been a great source of satisfaction and pleasure these past years.

I am anxious that all of you will continue to receive quality medical care. I'm pleased to announce that as of the first of the year, Dr. John M. Smith will be taking over my practice. Dr. Smith is a graduate of Middle University Medical School. He served his internship at Central Memorial Hospital in Centerville, Maryland, and completed his residency in Internal Medicine at Southern University. It's reassuring to me to be able to leave my patients in the hands of such a well-trained physician. Of course, you're free to seek care elsewhere if you wish; if so, I hope you begin looking for another doctor as soon as possible. If you don't know where to begin, I suggest you contact Ms. Jane Cummins at the Central County Medical Society. She can give you the names of doctors in the area that are accepting new patients.

The contents of your medical chart are confidential and can be transferred to another doctor only with your permission. If you plan to see a physician other than Dr. Smith, please sign the authorization form and return it to my office as soon as possible. Your records will continue to be on file in my former office. If you elect to be treated by Dr. Smith, you should sign an authorization to release your records to his files on your next visit to the office.

I have valued my relationship with you, my patients, more than I can express in words. I thank you for your many years of loyalty and friendship. My wife, Mary, and I extend our best wishes for your future health and happiness.

Sincerely,

Harold M. Brown, M.D.

Date: _____

To: _____, M.D.

I hereby authorize you to transfer or make available to

_____ (name), M.D.

_____ (address)

all the records and reports relating to my case.

Signed _____

Collecting Accounts Receivable

Collection of long due bills is rarely easy and never pleasant. You have little recourse. You can't, for example, refuse to transfer the record of a slow-paying patient, nor can you include in the record any information about the patient's bill-paying habits. Still, there are some techniques to help you collect what is yours.

On the following pages are a number of aids to help you establish a system for collecting your overdue accounts, including a series of sample letters, guidelines for choosing a collection agency, telephone techniques, and tips on how to deal with slow-paying insurance companies.

One way to avoid collection problems is to ask your patients to pay at the time of service. It will help you cut down on the cost of billing and when you get ready to close out, the books will be clear.

How to start? First, make sure your patients are well informed of your credit policies. Then, have your staff ask for payment at the end of the visit and for payment on any overdue account. If the patient cannot pay in full, have your office business manager take him or her aside and work out a mutually agreeable plan for payment.

Letters are your next resort and they should become progressively tougher as the bill's age mounts. Note the sample letters provided on the next pages. Telephoning is the next step and, finally, turning the old accounts over to a collection agency.

If you are transferring your practice, you may be able to arrange with the new doctor to try to collect your outstanding accounts, giving him or her a percentage or fixed fee.

FIRST LETTER
SERIES A

Date: _____

Dear (Patient's Name),

There must be a reason why you haven't paid your bill of \$_____.

Won't you call us about your account today? Maybe we can help.

Sincerely,

Bookkeeper
(phone number)

FIRST LETTER
SERIES B

Date: _____

Dear (Patient's Name),

Does your statement contain an error? If so, give us a call so we can correct it.

Otherwise, why not send your check for \$_____ today so we can keep your account current.

Thank you.

Sincerely,

Financial Secretary
(phone number)

FIRST LETTER
SERIES C

Date: _____

Dear (Patient's Name): _____

It's so easy to lay aside a bill and realize later that you've forgotten to send your payment. We all do it from time to time.

Your check for \$_____ hasn't come in yet, so we thought this note might be a helpful reminder to you.

Sincerely,

Financial Secretary
(phone number)

SECOND LETTER
SERIES A

Date: _____

Dear (Patient's Name):

I'm sure there is a good reason why we have not heard from you about your past due bill of \$ _____.

Telephone me this week, because arrangements must be made to avoid collection action.

Sincerely,

Financial Secretary
(phone number)

SECOND LETTER -
SERIES B

Date: _____

Dear (Patient's Name):

Your past due account: \$ _____.

Apparently you have overlooked payment of your account, which is now several weeks past due.

It will only take a minute to slip a check into the enclosed envelope and bring your account up to date.

Sincerely,

Bookkeeper

A THANK YOU

A partial payment on your account shows a splendid spirit of cooperation!

Thank you!

TELEPHONE
COLLECTING AIDS
AND CHECKLIST

A. *First Telephone Call:*

1. Make sure you are talking to patient.
2. Identify yourself.
3. Ask for payment in full today. (Emphasize payment due exactly as scheduled.)
4. If patient says cannot, find out reason and offer solution to problem.
5. Motivate. (See "Motivations.")
6. On what date will payment reach you? Mail or personal delivery? Check, money order or cash? (If patient won't give a definite date, you set the date when payment must be made.)
7. Verify employer, spouse's employer, resident address.
8. Ask patient to write down your name, amount, and date payment will reach you.

B. *Broken Promise:*

1. Check previous promises and payment history.
2. Make sure you are talking to patient.
3. Identify yourself.
4. Verify employer, spouse's employer, resident address.
5. Why didn't patient let you know he couldn't keep promise?
6. Arrangements were made as a favor.
7. Ask for payment in full today.
8. Before agreeing to another promise, be sure patient understands this will be the last promise accepted, no more favors. Important that he or she make no more promises that he or she cannot fulfill.
9. Motivate. (See "Motivations.")
10. On what date will payment reach you? Mail or personal delivery? Check, money order, or cash? You set payment date if he or she won't. Watch out for distant promises!
11. Ask patient to write down your name, amount, and date payment will reach you.

C. Partial Payment:

1. Verify employer, spouse's employer, address.
2. Thank patient for payment.
3. Ask for payment in full today.
4. If says cannot, determine the problem and offer solutions. "How much are you short?"
5. Motivate. (See "Motivations.") Do not allow patient to motivate you to accept partial payments. You motivate patient to pay in full.
6. If necessary, make and accept best arrangements.
 - a. On what date each month will payment reach you?
 - b. Amount?
 - c. Mail or personal delivery?

D. Payment in the mail:

1. When was it sent? From where? Check, money order, or cash?
2. Amount? If not amount arranged, why not?
3. Why didn't patient pay on time?
4. Verify:
 - a. Employer.
 - b. Spouse's employer.
 - c. Resident address.
 - d. Next payment due date and amount.

E. Out of Work:

1. Where off work and why?
2. How long off work?
3. What are prospects for employment?
4. Why didn't patient let you know?
5. Can relative or friends assist?
6. Is spouse still working? (Where?)
7. Unemployment compensation?
8. Emphasize that they keep in touch with you at specified dates.

F. Motivations:

1. Show appreciation. You needed and appreciated the care. Show us by paying NOW.
2. Honesty and reputation for fair play. We believe you are honest and will pay us. Square shooter! We know you want to do the right thing.
3. Freedom from worry. You can relieve your mind of worry.
4. Save money and embarrassment. Legal action would be expensive for both of us. Pay now and save.
5. Avoid trouble. If you don't pay, we will have no alternative than to give your account to a professional collection agency.*

G. Illness

1. Who is ill (patient, spouse, children)?
2. Why didn't patient let you know?
3. Is patient really affected by the illness?
 - a. How long patient off work? From where?
 - b. How long will patient be off work?
 - c. Does patient receive sick pay? Or disability insurance?
4. Is this really the cause of the delinquency or a stall?
5. Impress patient that he or she must keep you advised.
6. Try to get promise of payment.

H. Separation or Divorce

1. Date of legal separation.
2. Attorneys' names.
3. Employer.
4. Tell patient you will hold him or her responsible for bill until proven otherwise.
5. Ask for payment.
6. Set future date for patient to contact you.

*The person calling may not say that he or she is going to take any action which he or she doesn't intend to take—or would take as a normal course of events in the office.

I. Patient or Spouse of Patient Not Home:

1. Establish to whom you are talking.
2. If not patient or spouse of patient:
 - a. When will patient be home?
 - b. Where is patient working? (Possible to call on job?)
 - c. Stress urgency of call.
 - d. Leave name and telephone number.

J. Deceased Patient

1. Date and place of death.
2. Ask for payment.
3. Name and address of administrator of estate, if any.
4. Name and address of attorney.

K. Abbreviations:

BLC	Belligerent
EOM	End of Month
EOW	End of Week
FN	Final Notice
H	He (or husband)
HHCO	Have Husband Call Office
HTO	He Telephoned Office
LB	Line Busy
LD	Long Distance
LMCO	Left Message, Call Office
NA	No Answer
NF/A	No Forwarding Address
NI	Not In
NR	No Record
NLE	No Longer Employed
NSF	Not Sufficient Funds Check
NSN	No Such Number
OOT	Out of Town
OOW	Out of Work
PH/DSC	Phone Disconnected
POW	Payment on Way
PP	Promise to Pay
S	She (or wife)
SEP	Separated
SK	Skip or Skipped
SOS	Same Old Story
STO	She Telephoned Office
T	Telephoned
TB	Telephoned Business
TR	Telephoned Residence
U/EMP	Unemployed
Vfd/I	Verified Insurance
Vfd/E	Verified Employment

**ACCOUNTS
RECEIVABLE
AGING RECORD**

What is an Accounts Receivable Aging Record? It is a periodic record of your accounts receivable. It shows you exactly how many dollars you have in accounts that are thirty, sixty, ninety, and more days past due. Just like a thermometer which tells you if your patients' temperatures are in proper range, the age analysis tells you if your patients' accounts are being paid in the proper time.

When Should I Do the Accounts Receivable Aging Record?

If you are on a manual system, e.g., pegboard, day book, it must be done on a quarterly basis. A monthly basis is much better if time permits.

If you are on a computer, the report is normally generated on a monthly basis.

How Do I Prepare the Accounts Receivable Aging Record?

1. Each quarter, take all the ledger cards that have a balance and spread the balance due on each account in the appropriate columns, e.g., sixty days past due, ninety days past due, etc. Please note options below on accounts that have a current balance (i.e., accounts less than thirty days old).

2. Add each column to determine the total amount receivable in each age category.

3. Figure the percentage of each age category to the total accounts receivable balance.

Do I Have to List by Name Each Account With a Current Balance?

No. How you use the column of current accounts is up to you. We suggest:

A. List by name only those persons who have a current balance and an outstanding balance, or who simply have an outstanding balance.

ACCOUNTS RECEIVABLE AGING RECORD

Enter Credits in Parentheses () and subtract when totaling columns and page

Physician Name John J. Smith, M.D.		Date 9/30/88		Prepared by DP		Page 2 of 2 Pages		
No.	Account Name	Current 1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Four to six months	Six months & older	Present Balance
	Amounts brought forward from previous page		50.00	120.00	75.00	50.00	20.00	
1	Brown, Ralph			5.00		50.00		55.00
2	Shelton, Louis		20.00					20.00
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
Totals		_____						
(Percent; put on last page only)		_____						

B. Do not list by name those persons who have only a current balance. Instead, run an adding machine tape of the sums of all accounts with only a current balance, then enter this figure on the "Totals" line at the bottom of the current accounts column.

By only listing every account that has an outstanding balance, you'll probably cut in half the time it takes you to prepare the Accounts Receivable Aging Record.

Why Do It?

It is the best collection tool to isolate delinquent or soon to be delinquent accounts. Now you have information on which accounts you must take collection action on.

LETTER TO SLOW PAY
INSURANCE COMPANY

Dear _____: (Address to Supervisor of Claims Department by Name)

RE: (Patient and Subscriber No. here)

On (date), Dr. _____ (Include MD's address and pertinent I.D. numbers here), who is my physician, submitted an insurance claim for me in the amount of \$_____ for my medical treatment. (Number) weeks have passed and payment hasn't been received by me or my physician.

Please check your records and contact me or Dr. _____'s office immediately regarding this claim. I am anxious to settle this matter.

Yours truly,

Patient's Name
Address
Phone Number

How and When to Use This Letter:

1. Retype this form letter and have the patient fill it out. You should provide the names of claims department supervisors for them and a correctly addressed envelope as well. A photocopy of the claim form should also be included.
2. Indicate at the bottom of the letter that a copy has been sent to the state Insurance Commissioner's Office.
3. Some states have statutes providing that insurance companies must respond to a claim within a specific number of days. Find out if your state has such a regulation and, if so, mention the regulation in the letter.
4. If you are a participating physician who is accepting assignment, you can adapt this letter for your use and have the company respond directly to your request.

**COLLECTION
TIMETABLE—
120 DAY
SCHEDULE**

PROCEDURE	TIME	EXAMPLE	STEP
Send Patient Statement	Month service is rendered	January	Billing
Send patient statement with first letter reminding him or her this is a second statement.	Month after	February	Billing "Reminder" First Letter
Problem-solving call to patient. Goal to secure commitment of payment; arrange payment plan; determine if patient has a hardship or is dissatisfied with care.	Prior to mailing of third month	Mid-March	Phone call "Education"
If you did not reach patient by phone or have not received promised payment, send one of second letters.	Third month after service	March	Billing Second Letter
Phone patient and ask for a definite dollar amount and date. Render problem-solving assistance if necessary OR you may have to deal with a "broken promise to pay."	Prior to mailing of fourth	Mid-April	Phone call "Persuasion/ Information"
Send patient statement and last letter. You may wish to phone the patient several days after mailing this letter; some offices do.	Fourth month after service	April	Billing Final Letter
By May 7th if payment hasn't been received and you are certain the patient is not dissatisfied with the medical care, send the account to a collection agency.	Fifth month after service	May	Turn account over

This timetable is based on a monthly billing cycle, with statements being sent between the 23rd and 30th of the month. You can, if necessary, adapt this basic system to your schedule.

ASKING PATIENTS TO
PAY AT THE TIME OF
SERVICE

XYZ Medical Group
100 Blank Street
Anytown, U.S.A.

Date: _____

Dear Patient:

Price increases are a problem to everyone, including medical offices. Today we find ourselves confronted with ever-increasing costs for almost every supply and service we use in rendering professional care to you.

Rather than raise our fees now, which we may have to do from time-to-time, we are asking your help in a new cost-cutting plan. Beginning on (date two to three months in advance), we will ask you to pay for your office call at the time of your visit. By asking you to do this, we can significantly reduce the costs of billing and bookkeeping.

We understand that occasions may arise when it will be necessary for you to request a statement rather than paying at the time of service. We will also continue to recognize the need to set payment plans for patients who require extensive treatment.

We wanted to explain this new system to you well in advance because your understanding and cooperation are so important.

Please remember that if you have any questions about this or any other office policy or procedure we will be pleased to discuss it with you. We value you, our patient, and will continue to provide you with our best professional care.

Sincerely,

XYZ Medical Office

Record Retention

Whether you retire or sell your practice, you will want to start making arrangements for your medical records at least three months before you close. What are the rules for record retention after closing your office?

How Long Should I Keep Medical Records?

There are no hard and fast rules, says William Smith, AMA legal counsel. "Where there is no legal requirement, which is the case in most states," he says, "records should be kept for the period of the statute of limitations for professional liability (the length of time in which such a suit can be filed)."

That time period varies from state to state, but is usually under ten years. Contact your local or state medical society to be sure what the laws are where you practice.

Note, too, that the statute of limitations does not begin running for children until they reach the age of majority—usually eighteen. In many states, the statute of limitations is two years from the date of discovery. If your specialty is pediatrics or obstetrics, or you have otherwise treated children, you will need to count on retaining some records possibly a minimum of thirty years.

You may want to retain some records for a "reasonable amount of time" beyond the statute, Smith says. "Records should be available in the event that patients want or need them," he points out. "Sure, you might have only four or five patients in a couple of thousand who ever actually contact you for the record. But it may make a dramatic difference to that person if the record is available." Women whose mothers took DES during their pregnancy have been grateful to physicians who retained records containing the information.

How Do I Decide Which Records to Keep?

Unless you have unlimited storage space, you'll have to set some guidelines for which records to keep and which to purge. Generally, you can toss records of patients you saw only once for a routine checkup or procedure and of patients with uncomplicated problems whom you haven't seen in a number of years.

Deceased patients' records can be destroyed a few years after their death. Once the estate is closed, and any statute of limitations for wrongful death actions has run, no suits for professional liability can be brought.

You'll want to hang onto records of active patients—and there's the rub. How do you define active? Where is the cutoff in terms of the date of the last visit or the complexity of the case? Once again, the judgment call is yours to make.

Even if you are part of a group practice or partnership that will retain your patients' records after you leave, you may want to purge inactive records before you go. Don't let inactive files take up valuable space from your colleagues.

In What Form Should I Transfer a Medical Record?

Keep in mind that you own the original hard copy of the record. You should hold onto it. If your patient requests that you forward a file to a new doctor, you have two options. You can either photocopy the entire contents, letting the new physician decide what to retain. Or you can make a summary of the record. The summary is preferable if you have made notes in shorthand or if your handwriting is illegible.

What if Patient Owes on Account?

Am I Obligated to Transfer the Patient's Record If Requested?

You can't refuse to forward a record because a patient owes you money. Nor should such information be in the medical record. If it is, you can be in violation of state or federal consumer laws.

Should I Give a Copy of the Record to the Patient?

A number of states have passed laws granting patients the access to their medical records. Note, however, that you should provide a copy, not the original.

A case in point for retaining your hard copy is the experience of a Maryland physician we'll call Dr. Purge. When he retired he decided to dispose of his records by giving them to his patients. A sign went up in the waiting room: "Pick up your medical chart after your last visit." And away the patients went with their entire files tucked under their arms.

All was well until about a year after Dr. Purge had moved to Florida. One day the state medical society received a frantic call from his lawyer. It seems Dr. Purge was being sued by a former patient.

"What is the charge?" asked the medical society's legal counsel.

"We don't know," replied the lawyer. "We don't have the record."

Fortunately for Dr. Purge, the plaintiff's attorney was willing to share the document. And to Dr. Purge's amazement he found that the patient after reading the record had decided the doctor had been withholding information about his condition. How had he reached that conclusion? All the entries were in blue or black ink, save one, which was in red. The red ink must mean something, the patient had decided. Alas, it meant only that Dr. Purge had picked up a red pen that day to make chart notes.

The moral of the story is, don't hand over original records to patients. Instead, dictate, summarize, or photocopy the record if the patient insists on having it.

What Are the Options for Storing Medical Records?

If you are closing your practice you face the decision of where to store your records. You have several options:

1. Contact your local medical society. Some have storage centers or can direct you to others in the community.
2. Do you have room in your basement, attic, or garage? And do you intend to stay in that location? Are these places dry and safe?
3. Check out storage companies in your area and what they charge if you must retrieve a record.

What About Microfilm?

Microfilming records may or may not be the answer to your storage problems. The initial cost can be high, depending on the size and number of charts. The major cost is for labor to prepare the record for filming. You may want to select only certain material for filming, which will require review of each record. Then there is the removing of staples and paper clips and putting the papers in the proper sequence.

What Can I Do with X-ray Film?

According to Smith, if you retain the report on the x-ray, the information is probably sufficient. If, for any reason, you think the x-ray might be needed later, keep it.

You may be able to turn in the x-rays for their silver value. Call your medical society to find out who in your area might be interested in the films for their silver content.

How Do I Destroy Records?

You need to find a way in which they will not fall into the hands of someone outside who might use them. If you have a refuse service pick up the records, be sure they will be burned. Cut or tear them in half before disposing.

Agencies To Notify

Whether a physician retires, dies, or simply changes address or practice status, certain agencies must be notified as soon as possible. Some notifications are required by law, some are good public relations, others just make good sense.

State Boards of Medical Examiners want to know where their physician-licensees are living. The State Board should be advised of any change in residence or practice location.

The Drug Enforcement Administration must be notified when a physician retires, dies, or changes the location of the practice. They will give instructions as to the disposition of any narcotics and/or drugs, as well as your certificate of registration, order forms, records, etc. In addition, you may need to contact your state agency, such as the State Commissioner of Narcotics and Dangerous Drugs.

Professional associations such as the American Medical Association, your specialty societies, and county and state medical societies should be notified as well. Note that the AMA maintains the national registry of all physicians. The address is 535 N. Dearborn, Chicago, IL 60610. Addresses for most state, county, and specialty societies can be obtained by writing the AMA.

The major insurance carriers should be advised of your change in status and address due to the long lag time between filing of claims and final payment. Be sure to notify:

- Medicare
- State Medicaid Program
- Local Blue Shield Plan
- Other major commercial carriers

All addresses should be available from your state Insurance Commissioner's Office.

The Social Security Administration Office should be another stop to make if you are approaching your 65th birthday. Apply for your benefits as well as Medicare coverage. Be sure to get a complete rundown of what Medicare covers (you probably know what it doesn't cover, from experience!) so you can evaluate supplemental coverage needs.

**CLOSING
CHECKLIST I
(ADVANCE
PLANNING)**

ITEM	RECOMMENDED TIME FRAME	STEPS TO TAKE
Lease	At the beginning of next lease term	Make arrangements for an "escape clause" to be written into your lease. Most landlords will agree to this with a six-month notice. If you cannot negotiate an escape clause, be sure you have the right to sublease your space.
Accounts Receivable	Two years before closing (or as soon as possible)	Consider asking for payment at the time of service charges. Begin aging your accounts receivable, if you do not presently. Develop a polished mail and telephone collection program. Tighten up procedures for insurance filing. Be sure you have a tickler file established to follow up slow claims.
Employees	Approximately three months before closing (perhaps a bit longer, depending on employees' circumstances and the local job market)	Notify employees of your plans. Assist them in finding employment, if possible. Arrange for key person(s) to remain as long as you'll need them. Line up potential temporaries in the event people leave before your close. Be square with staff regarding overtime pay, unused sick leave, and vacation. Review your policy manual. Discuss the amount of vesting employees may have in pension plans and how funds are to be transferred.
Patient Records	Approximately three months before closing (or longer, based on local circumstances)	Identify patients that are active. Draft a notice to them of your plans. Mail notice with an authorization to release records. Start processing transfers. Know your state regulations regarding patient access to records and retention requirements. Make arrangements for storage of remaining records, or microfilming. Draft a notice for the newspapers.
Equipment	Three months before closing	Explore sources available for sale and/or disposition of office equipment and furniture. Have equipment appraised; place ads in journals if you wish to sell. Consider donation if appraisals are low or you don't wish to bother trying to sell.

CLOSING
CHECKLIST II
(TO BE ATTENDED
TO AT OR PRIOR
TO CLOSING)

1. Insurance: Be Sure to Ask for Premium Refund!

- Office insurance, both personnel and contents, must be maintained until business is formally concluded. File final unemployment return, cancel worker's compensation, office contents, and liability policies when premises are totally vacated. Keep any accounts receivable coverage until accounts are paid or turned over to a collector.
- Professional liability may be cancelled only if you plan to cease practicing entirely. If you've been covered under a "claims made" policy, arrange for your "tail" coverage. Be sure to keep all old policies easily accessible.

2. Accounts Payable Items:

- Notify all suppliers and request final statements. You may be able to return some unopened containers for credit.
- Notify utilities, including telephone, of the date you wish service discontinued. (See note about your telephone exchange below.)
- Keep business checking account open for three months after closing. This should allow all bills to be paid. Deposits from patients and insurance payments may straggle in after that date, but can be deposited to your personal account, so long as a record is kept. Check with your accountant.

3. Items for Your Accountant:

- File necessary final tax forms.
- Notify Keogh or corporate retirement plan of your intentions and those of your employees.
- Make arrangements for retention of business and personnel records.

4. Discontinue Magazine Subscriptions and Ask for Refund, or Notify Publishers of Your New Address.

5. Write "Return to Sender" on All "Junk Mail."

6. Notify Personal and/or Professional Associations.

7. Leave a Forwarding Address with the Post Office.

8. Send Personal Letters of Appreciation to Individuals Who Have Helped You in Your Career.

9. *Donate Books, Journals to a Medical Library.*
10. *Dispose of Drugs According to DEA Instructions. Destroy All Unused Prescription Pads if You Are Discontinuing Practice.*
11. *Securely Store All Diplomas, Licenses, Indications of Medical Membership.*
12. *Give Some Thought to Keeping Your Answering Service Active for Anywhere Between Three Months to a Year, Depending Upon Local Circumstances, Your Specialty and/or Patient Population. Check with the Local Medical Society for an Advisory Opinion.*
13. *Be Sure to Advise Local Medical Society of the Location of Your Remaining Records.*

February 1, 1990

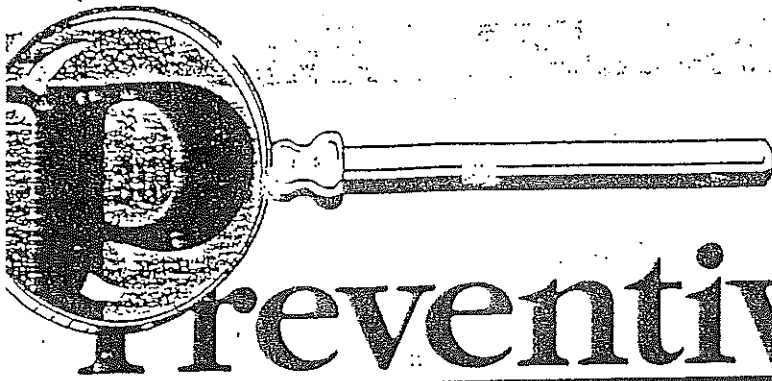
Every Thursday, Florida Medical Association weekly publication. A weekly update for County Medical Society and Specialty Group Executives from Donald C. Jones, FMA Executive Vice President.

MEDICAL RECORDS ON RETIREMENT

A physician is required to notify patients of his/her intention to retire. Two forms of notice are required by rule of the Board of Medicine. The first is placed in the physician's office at least 30 days prior to retirement. It gives the date of retirement and offers to transfer copies of records to another physician or to the patient. The second is placed in the newspaper of greatest circulation in all counties in which the physician practices. It gives the date of retirement and provides an address where patients may obtain their records. This notice must be published at least 30 days prior to retirement.

Florida Medical Association

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Tallahassee, FL 32302
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850-224-6496



Preventive Action

Risk Management Newsletter for Policyholders of Florida Physicians Insurance Company

March 1992

Retirement and closing your practice requires careful planning

Retirement is your reward for years of hard work and should be a positive experience. Unfortunately, some physicians put off planning for retirement until the time actually arrives. However, with careful planning and a positive attitude, your retirement can be a pleasant experience.

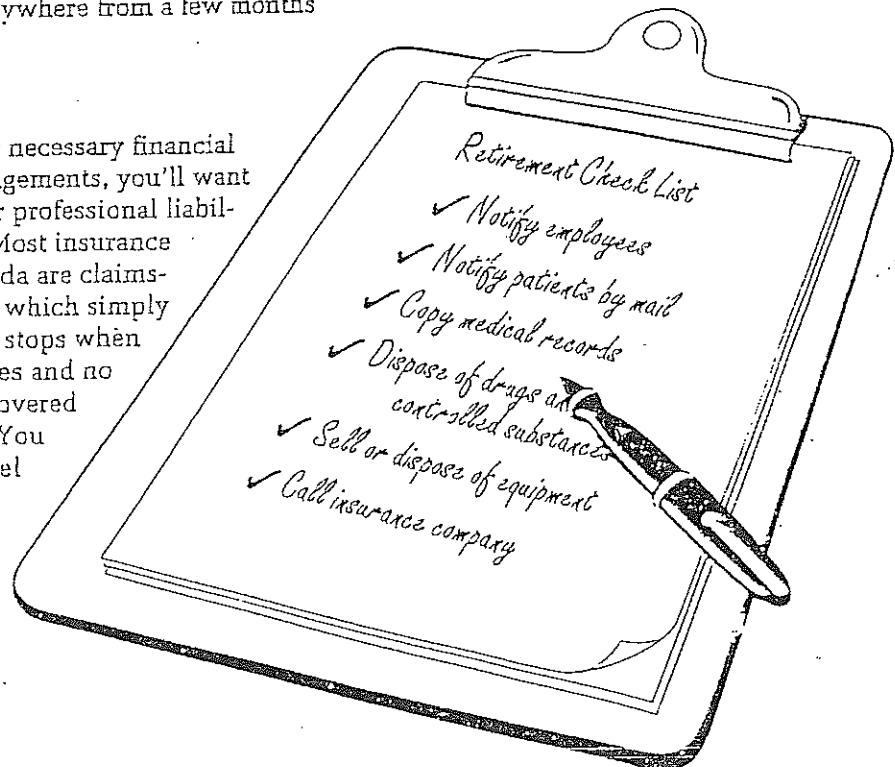
Planning ahead for the day you retire not only saves time, but can help eliminate some of the stress. The amount of time needed to plan for your retirement will depend on the circumstances surrounding your decision, ranging anywhere from a few months to several years.

For your protection and that of your family it is a good idea to place an extended reporting period endorsement on your last policy, commonly referred to as tail coverage. Tail coverage can normally be obtained in two ways. You may purchase coverage at 1.5 to 2 times your last year's premium. Also, some companies provide tail coverage at no charge if you meet certain retirement criteria. Most companies require a minimum of five years continuous coverage prior to retirement

See Practice on page 2

Tail Coverage

After making necessary financial retirement arrangements, you'll want to consider your professional liability insurance. Most insurance policies in Florida are claims-made contracts, which simply means coverage stops when the policy expires and no claims will be covered after that date. You should not cancel your liability insurance until you cease practicing completely.



Relate retirement plans to patients by mail

17. If you decide to slow your practice down before officially retiring, find out if your carrier has a part-time practice discount. FPIC offers part-time practice coverage that allows qualified physicians to receive discounts up to 50%. This protection has no age requirement and is available to a wide range of

physicians for permanent or long-term duration of at least one year, except for pregnancy. (Maternity leave will be for at least 3 months, not to exceed 12 months.) All applicants are subject to company approval, and practice time may not exceed 1,000 hours per year.

Sample letter for physicians closing a practice

Dear M _____:

Please be advised that because of my retirement I am discontinuing the practice of medicine on _____, 19___. I shall not be able to attend you professionally after that 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.

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 you my best wishes for your future health and happiness.

Yours very truly,

Date: _____

To: _____, M.D.

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

Signed: _____

Practice choices for retirement: sell or close

from page 1

before providing you with free tail coverage. FPIC provides free tail coverage upon retirement at age 55 or older if you have been an FPIC policyholder for five consecutive years immediately prior to retirement. It is to your advantage to call your carrier and find out its requirements.

What to do with your practice

Retiring physicians usually have the option of either selling or closing their practices. Selling your medical practice involves allowing another physician to take over your practice. If you decide to sell your practice you may wish to seek professional advice before proceeding with the sale. Your practice may be worth more than you realize.

Rather than find a buyer, you may choose to close your practice completely. Closing your medical practice is not as simple as it may sound as it involves taking care of many important details. For instance, you can't inform patients of your intention to retire by merely posting a notice on your office door. Certain formalities concerning your employees, patients, and office equipment need careful attention and consideration.

Guidelines for closing your practice follow, however for additional information, you may wish to contact the American Medical Association, Florida Medical Association or your local county medical society.

Guidelines to help you close your practice

1. Notify your employees of your plans well in advance. This allows them time to seek other employment. To help finish closing details, you may wish to give a few employees the incentive to stay on after you stop seeing patients.
2. Notify all active patients by mail of your intention three months prior to retirement. An active patient is someone seen in the last two years. For high risk patients, send the letter registered mail. A sample letter is included on page three.
3. Transfer copies of medical records to new physicians upon request. Do not send original records. Inform your local medical society of the location of remaining records.
4. Arrange for storage of patient records. The law requires you to retain records for two years. FPIC recommends records be held for seven years, which is currently the maximum period of time to bring a claim against you.
5. Begin collection of accounts receivable several months prior to your retirement. One way to avoid collection problems is to ask patients to pay at the time of service.
6. Consider keeping your business checking account open for an additional three months after you close your practice to allow payment of late bills.
7. Properly dispose of all drugs and controlled substances. Contact the appropriate regulating body for instructions.
8. Sell or dispose of your equipment.
9. Notify insurance companies who insure your office, cars, and employees of your intent to retire. You may need to change some of your coverage to individual rather than corporate.
10. If you lease your office space, arrange for cancellation at the beginning of the last term.

"The amount of time needed to plan for your retirement will range anywhere from a few months to several years."

Interpreting the abbreviation "D/C" to mean "discontinue" rather than "discharge"

A patient with gastrointestinal bleeding had been hospitalized for over a week. On day 11, the patient's doctor reviewed his chart and decided he could be discharged the next day. In preparation for discharge, the doctor charted:

D/C meds:
Tapnet 300mg po qch
Mecliz 30ml po prn
Keflex 250mg po qch

A nurse interpreted this order as "discontinue the medications listed," and did so immediately.

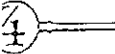
The nurse discovered an error the next day when the doctor came to the unit and handed her three prescriptions, explaining

they were for the patient's discharge medications. Confused, the nurse said, "I thought you discontinued all his meds." Pulling the doctor's order from the chart, she pointed to "D/C meds." The doctor explained that he used "D/C" in this order to mean "discharge."

This error illustrates how a little abbreviation can create a big problem. Usually, accompanying information will make the correct meaning obvious when an abbreviation has more than one meaning. Usually... but not always. To prevent such errors, be wary of any order in which "D/C" or other ambiguous abbreviations are used. And encourage doctors to double-check each order they write to make sure its meaning is clear.

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Florida Physicians Insurance Company (FPIC) publishes *Preventive Action* on a bi-monthly basis as a service to its policyholders. Information in this publication is not intended to be legal advice. The information and suggestions contained in this newsletter are generalized and may not apply to all practice situations. FPIC recommends you obtain legal advice from a qualified attorney for a specific application to your practice.



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FINANCIAL RESPONSIBILITY Do you need tail coverage?

Rule 64B8-12.006, Florida Administrative Code, requires a licensee who elects to carry medical malpractice insurance to have coverage for events that occur during the previous two-year period. The rule provides that:

If a licensee, pursuant to the provisions of Section 458 320, F.S., renews or activates a license based on obtaining or maintaining professional liability insurance, the licensee must carry insurance which covers events which occurred during the biennium for which the license renewal or reactivation was obtained. This can be accomplished by the licensee carrying insurance at the time of licensure renewal or reactivation which covers events that occurred during the period at issue (occurrence coverage) or by carrying a claims made insurance policy with a two year retroactive date (prior acts coverage). In any event, the licensee who claims for purposes of licensure to be insured must have insurance coverage in effect which provides for claims occurring from the previous biennium effective date to the renewal or reactivation date and coverage must also be in effect for claims made during the period of renewal or reactivation.

Of note are the two phrases which state that this rule applies only to the physician who "renews or activates a license based on obtaining or maintaining professional liability insurance..." and "the licensee who claims for purposes of licensure to be insured." Therefore, the law does not apply to those physicians who self-insure, and such doctors need not obtain tail coverage.

This article is presented for educational purposes only and should not be taken as a substitute for legal advice, which should be obtained from personal legal counsel. Nevertheless, the FMA hopes that the information provided here and in its other publications continues to assist physicians in answering many of their most common legal questions allowing them to treat patients, instead of addressing legal concerns.

RETIRING/CLOSING/RELOCATING A PRACTICE

The 1997 Legislature revised the requirements that must be followed when a physician retires, closes his office or relocates his practice. The Legislature developed the concept of a "records owner." A "records owner" may or may not be a physician. A "records owner" means any health care practitioner who generates a medical record after making a physical or mental examination of, or administering treatment or dispensing legend drugs to, any person; any health care practitioner to whom records are transferred by a previous records owner; or any health care practitioner's employer, including, but not limited to, group practices and staff-model health maintenance organizations, provided the employment contract or agreement between the employer and the health care practitioner designates the employer as the records owner. Section 456.057(2), Florida Statutes. The statute now requires the "records owner" to notify patients of the retirement, closing or relocation of a physician. When the records owner retires, terminates a practice, or is no longer available to patients, Section 456.057(11), Florida Statutes, requires the records owner to notify the patients of the termination, relocation or unavailability in the following manner:

1. Publish in a local newspaper a notice containing the date of termination or relocation and include an address where the records may be obtained from the physician terminating practice or another licensed physician), **OR**
2. Notify patients in writing of the date of termination or relocation and include an address where the records may be obtained from the physician terminating practice or another licensed physician), **AND**
3. Both notices must advise patients of their opportunity to obtain a copy of their records.

In addition, Section 456.057(12), Florida Statutes, requires that the records owner notify the Florida Board of Medicine and advise the Board who the new record owner is, and where the physician's medical records can be found. The records owner should also review all managed care contracts to determine if any notification provisions must be complied with.

This change will primarily affect employed physicians whose employment agreement designates the employer as the records owner. It will have little effect on other physicians, especially those physicians in independent practice. In that case, the physician who generated the record after treating the patient will be considered to be the "records owner," and, therefore, the requirements discussed above will fall upon the physician. In the case of an employed physician whose employment agreement designates the employer as the records owner), this responsibility is placed upon the employer.

It is important to note that the Board of Medicine has adopted a rule that imposes certain requirements on physicians who relocate or terminate their practices and are no longer available to patients. Rule 64B8-10.002(4), Florida Administrative Code, requires physicians to publish a notice once a week for four consecutive weeks in a local newspaper of greatest circulation. The notice must contain the date of termination or relocation and include an address where the records may be obtained from the physician terminating practice or another licensed physician. A copy of the notice must be submitted to the Board within one month from the termination or relocation. The rule also gives physicians the option of either placing a sign in a conspicuous location in or on the façade of the physician's office or notifying physicians by letter of the termination, sale or relocation of the practice. The sign or letter must notify patients their opportunity to transfer or receive their records. The requirements set forth in the Board's rule are separate and apart from the requirements set forth in Section 456.057, Florida Statutes, and must be followed by all licensed physicians.

Concomitantly, a physician is responsible for ensuring that these records will be available to his former patients for a period of five (5) years from their last visit. A physician thus must make arrangements to either have another physician become the new records owner, have a medical records service store copies of the medical records and provide copies on request to former patients, or himself be available to provide copies.

This article is presented for educational purposes only and should not be taken as a substitute for legal advice, which should be obtained from personal legal counsel. Nevertheless, the FMA hopes that the information provided here and in its other publications continues to assist physicians in answering many of their most common questions allowing them to treat patients, instead of addressing legal concerns.