CLOSING A MEDICAL PRACTICE

Jerald L. Zarin, MD, MBA, FAAP
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Section for Senior Members
Disclosure Statement

I have the following financial relationships with the manufacturer(s) of any commercial product(s) and/or provider(s) of commercial services discussed in this CME activity:

- I am an employee of Blue Cross and Blue Shield of Texas, a division of Health Care Service Corporation

I do not intend to discuss an unapproved/investigative use of a commercial product/device in my presentation.
Closing Your Practice Handbook

- Handbook Committee (SOSM, SOAPM and Practice Management Online EAB) - 2008
  - Lucy Crain
  - Anne Francis
  - Alan “Buz” Harlor*
  - Michael O’Halloran
  - Bob Mendelson
  - Stanford Singer
  - Jerry Zarin
  - AAP Staff: Jackie Burke, Trish Calabrese, Heather Fitzpatrick, Jeff Mahoney

- Retirement Checklist (revised May 2013)
  - Michael O’Halloran
  - Jerold Aronson
  - Avrom Katcher*

*deceased
Overview and Objectives

1. Transitioning From Full Time Practice
2. Decreasing Responsibilities and Options
3. Communicating the Change
4. Preretirement Checklist
Transitioning From Full Time Practice

- **Plan Ahead**
  - Policy should be made before anyone retires
  - Even include when first employed
    - Negotiating an employment agreement
  - Include in partnership agreement

- **Making the Decision to Transition**
  - How: no new patients, no night call, no inpatient, part time
  - Why/When: age (mandatory 65?), health, financial status, desire to work
Transitioning From Full Time Practice

Planning the Transition

- Timing – 6-12 months ideal for notification of patients and colleagues
- If retire completely – continued patient care, record transfer, night call
  - Group practice – replacement of retiring physician
  - Group practice – buy out of partner’s share
  - Assessing a practice value
    - https://www.aap.org/en-us/professional-resources/practice-support/Closing-a-Practice/Pages/Private/Assessing-the-Value-of-a-Group-Practice.aspx?
    - Malpractice insurance tail coverage
Transitioning From Full Time Practice

- Transition Options
  - Total retirement
  - Cutting time in office – part time practice
  - Needs to be agreed by all in practice; contract, policy in place
    - No new patients
    - No hospital work including newborns
    - No night call/weekend call
    - Decrease clinical work
    - Increase administrative
    - Increase teaching
Transitioning From Full Time Practice

• Other options – alternative career choices
  • Volunteer opportunities
  • Administration
  • Public health
  • Medico-legal consulting
  • Practice management consulting
  • Not medically related careers

• Before retiring know what you will do

• Retire from practice to something else
Decreasing Responsibilities and Options

Cold Turkey versus Step Down

- Quick – new job, health issue
- Gradual – practice setting – solo with night call, small/large group, academic
- Financial needs – sell practice
- Change responsibilities – part time; no clinical duties, administration, research
Decreasing Responsibilities and Options

- **Step Down**
  - **Group Practice**
    - Slowly taper practice
      - Stop seeing new patients
      - Decrease hours/part time
      - Share patients with a newly hired pediatrician
      - Increase vacation time
  - **Solo/small group**
    - Slowly taper practice
      - Consider overhead – rent, staff, telephone, answering service
Decreasing Responsibilities and Options

- Step Down
  - Drop night, weekend call
  - May allow a delay in retirement by working less
  - If group practice
    - Trade for less “onerous” work – evening hours, hospital rounds
    - Adjust pay
    - Decreasing Work Hours

https://www.aap.org/en-us/professional-resources/practice-support/Closing-a-Practice/Pages/Decreasing-Work-Hours.aspx
Decreasing Responsibilities and Options

- **Step Down**
  - **Academic**
    - Decrease clinic time
    - Change to or increase/decrease administration, research, teaching
  - Part time
  - University of Rochester Senior Associate Program
    - Age 62 cut back and receive half pay; requires full retirement at age 70
Decreasing Responsibilities and Options

- Niche Practice
  - “Specialty practice” within general pediatrics
    - Behavioral health, adolescent, hospitalist
- Concierge practice
  - Limit practice size
  - Retainer payments
Decreasing Responsibilities and Options

- Practicing After Practice
  - Clinics for uninsured – paid or volunteer
  - Teaching
  - School or group home
  - Change to an employee instead of partner
- Transitioning to a Nonclinical Health Care Career
  [https://www.aap.org/en-us/professional-resources/Pediatrics-as-a-Profession/Pages/Private/Negotiating-Change.aspx](https://www.aap.org/en-us/professional-resources/Pediatrics-as-a-Profession/Pages/Private/Negotiating-Change.aspx)
Decreasing Responsibilities and Options

- Selling Your Practice
  - May be able to do quickly
  - “Cut the cord” – leave practice all at once
    - No cutting back
  - Another method of transition – sell to hospital/large group
    - Decrease administrative responsibilities
    - Help to hire a replacement
    - Office staff retains employment
  - Check with local hospital systems, other pediatric practices
- Valuing a practice

[https://www.aap.org/en-us/professional-resources/practice-support/Closing-a-Practice/Pages/Private/Assessing-the-Value-of-a-Group-Practice.aspx](https://www.aap.org/en-us/professional-resources/practice-support/Closing-a-Practice/Pages/Private/Assessing-the-Value-of-a-Group-Practice.aspx)
Decreasing Responsibilities and Options

**Cautions**

- No waffling – once make decision, stick to it
- Income vs. practice expenses
  - Most fixed expenses remain but practice income decreases
    - Rent, telephone, staff, malpractice insurance
    - Net take home decreases and may reach a point where not worth continuing to practice
- Maintain medical license, malpractice insurance and certification
Communicating the Change

- Alert office staff and those you work with directly
- Alerting colleagues and organizations
  - If employed – notify manager and HR. They will obtain replacement as needed
  - Small group – group will decide on transition
  - Solo practice – replacement/who will take over patients/close practice
    - If new physician – introduce to referral sources
    - Accountant, attorney
Communicating the Change

- **Medical records**
  - Retention varies by state law. Texas – 7 years or majority plus two years, whichever is later
  - Distribution to patients
    - Easiest if in group practice or academics, or if sell practice. Also can give records away in exchange for distributing them to patients
    - If close practice, keep employee(s) for awhile
    - Check with malpractice carrier if need to retain originals
    - Electronic records – print or provide CD or DVD
Communicating the Change

- Notifying patients
  - Good-bye letter -- so no abandonment and announce replacement or alternative practice
    - I have enjoyed the opportunity of being INSERT NAME OF CHILD's pediatrician. As some of my patient’s families already know, I have decided to retire from clinical practice on INSERT DATE. INSERT NAME OF PRACTITIONER(S) have agreed to assume care of my patients on my retirement, if you wish to continue to bring your child to our practice. If you prefer to transfer care to another group, our staff will be able to assist you in transferring medical records to your new physician, with your consent. I wish you the very best of health and good fortune in the future and will always be grateful for your allowing me, as a pediatrician, to have been part of your child’s and family’s lives.
  - Ad in local newspaper

- Hospitals and insurance companies

- Office lease, telephone numbers, answering service
Pre-Retirement Checklist

- Personal Information Template

- Insurance
  - Health insurance
    - Employer continues or COBRA
    - Medicare
    - If < 65 – Individual or ACA Exchange
  - Dental
  - Life insurance
  - Long Term Disability – may no longer be necessary
Pre-Retirement Checklist

- Malpractice insurance
  - Tail coverage – if have claims made coverage
    - Check for reduced rate or no charge if had policy for a long time
  - Part time coverage
  - Volunteer coverage
    - Agency pays coverage
    - State and federal exemptions or programs
Pre-Retirement Checklist

- **Retirement Plans, IRAs**
  - IRA – Required Minimum Distribution (RMD) age 70.5
    - Other distribution methods before RMD. No penalty at 59.5
  - Contact carrier
  - Healthcare Spending Account (HSA)
  - Social Security – when to start? 62? Age at “full” retirement, 70? Spouse?
  - Medicare – enroll at 65. If still employed enroll in Part A
Pre-Retirement Checklist

• Organizational issues
  • If solo or small group practice
    • Lease, tax-filings, A/R collection, telephone and answering service, office insurance
  • If employed
    • Notify your supervisor, department head
    • Advance notice will help replacement recruiting, staff changes
    • Human Resources
  • Mail, telephone, email changes
  • Hospital Medical Staff office -- notify
  • Retirement benefits
  • Retirement social group
Pre-Retirement Checklist

- Personal Issues
  - Personal medical needs – physical exam
    - Before commercial insurance lapses
  - Financial and estate planning advice
  - Legal needs
    - How assets held – Joint Tenancy, Tenants-in-Common
    - Beneficiary designations – IRAs, 401K, insurance
    - Will, Durable Powers of Attorney
    - Living Will, Advanced Directive
      - Copies to family, PCP, in car?, carry in wallet the location of advance directive
Pre-Retirement Checklist

- Personal Issues
  - Consider becoming an organ donor
  - Professional and academic organizations – notify about retirement and cancel membership or change status
  - AAP – Senior membership after age 70, or age 65 and no income from professional employment (must request status change)
    - Stay active. Join the Section for Senior Members (SOSM)
    - [www.aap.org/seniors](http://www.aap.org/seniors)
  - Get information about Social Security and Medicare
    - [www.medicare.gov](http://www.medicare.gov)
Pre-Retirement Checklist

• Personal Issues
  • Web site help:
    • www.nolo.com,
    • www.ama-assn.org/ama/pub/about-ama/our-people/member-groups-sections/senior-physicians-section.page
    • www.aarp.org

• Activities
  • Volunteer – medical expertise, child advocacy
  • Volunteer in organizations
  • Attend classes
Pre-Retirement Checklist

• Personal Issues
  • Document or letter to heirs (Personal Information Template)
  • Vital personal information
    • Social Security
    • Location of assets -- banks, trusts, insurance, safe deposit box
    • List of advisors
    • Location and list of important documents
    • Funeral preferences
    • Inventory
    • Distribution of material goods such as jewelry, art work
References

- Closing a Practice Handbook introductory page

- Closing a Practice Handbook – PDF

- Preretirement Checklist (updated May, 2013)
  https://www.aap.org/en-us/professional-resources/practice-support/Closing-a-Practice/Pages/Preretirement-Checklist.aspx

- Personal Information Template (updated May, 2013)
  https://www.aap.org/en-us/about-the-aap/Committees-Councils-Sections/Section-on-Senior-Members/Pages/Personal-Information-Template.aspx
References

- Practice Transformation (AAP Practice Management site)
  https://www.aap.org/en-us/professional-resources/practice-support/Pages/Practice-Support.aspx

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  PEDIATRICS Vol. 125 No. 1 January 1, 2010
  pp. 158 -164 http://pediatrics.aappublications.org/content/125/1/158.full.pdf+html

- Physician Re-Entry
  http://physician-reentry.org
Questions?