Whether it is the beginning of a new phase or the completion of your professional career, making sure all the details are covered is imperative when opening or closing a practice. Either can be an exhilarating time of your life as well as unfamiliar territory. SVMIC’s Medical Practice Services department is here to assist with either of these scenarios.

Opening a new business can be risky. A few reasons for new practice failures are poor management, practice location, and inadequate capital. Ample planning and preparation improve the chances of building a successful practice. Reasons for opening a practice vary from completing residency, departing a hospital situation, or moving away from a group practice.

SVMIC’s start-up checklist (available to Policyholders at www.svmic.com) can assist you in this process by reviewing the necessary phases (such as organizational structure, billing services, EHR/medical records, human resources, facility, and vendors) that should be evaluated before opening a practice. It is also important to take into consideration the existence of non-compete clauses in prior contracts.

I have had the opportunity to work with several physicians who wanted to open a practice specifically to break away from another practice. One particular physician was in what she described as a “dysfunctional” group and was eager to venture out on her own. When we first met, we reviewed the start-up checklist thoroughly and prioritized the next steps. Together, we were able to develop a financial plan with estimated costs and credit needs. When she presented this plan to her financial institution, they were easily able to assess her specific requirements. She then established relationships with the various vendors needed for services for the new practice ranging from credentialing to janitorial services. She set a start date, and the process of opening the new practice began with established deadlines for each specific area. Now, several years later, the practice is thriving. This success was achieved by careful and detailed planning. A strong framework was developed before the practice could be built. Taking the time for detailed preparation and methodically setting priorities definitely paid off for this physician.

In contrast, a physician may be preparing to close a practice. This could be for reasons as diverse as retirement, relocation, disability, or death. No matter the reason for the change, it will be an emotional time for the physician as well as staff, patients and colleagues.

Recently I worked with the spouse of a solo physician who passed away unexpectedly. Because no planning had been done for this contingency, she had to consider options including selling or closing the practice. After careful consideration, she decided to shut down the practice. We met to discuss the numerous steps necessary to properly close the practice. Even while going through this very difficult time, she was resolute about making sure the closing was done correctly.

One of her concerns was establishing continuity of care for the practice’s patients. A major issue was ensuring that patients got copies of their medical records or that copies were transferred to another physician. In the case of retirement, disability or relocation, the physician should notify active patients by mail at least 3 months before closing the practice. The letter should provide the date of closure, a list of recommended physicians, an authorization to release or transfer medical records, and the location of record storage once the practice is closed. In addition to this medical record requirement, other items which need to be done include contacting the Board of Medical Examiners and the Drug Enforcement Agency, notification to carriers, collection of remaining accounts receivable, maintenance of administrative records, and termination of the office lease.

While I’ve only listed some of the complexities involved in opening and closing a practice, hopefully I have provided some insight into the processes and details required by either event. Opening or closing a practice is an adventure into the unknown. Be assured that our Medical Practice Services department can assist you with proper planning and preparation and achieving a successful result can be achieved.