

## Checklist for Closing Your Practice

*Whether you are relocating, making a career change, taking a new position, or winding down and retiring, closing a practice brings with it a variety of clinical, ethical, legal and business obligations. Advance planning can help make the process smooth and minimize the likelihood of unforeseen difficulties.*



The items listed below serve as a basic checklist of actions and considerations.



### Getting Started

- Talk to your accountant and attorney about your plans.<sup>1</sup>
- Contact your psychology licensing board regarding compliance with state-specific ethical, legal and professional obligations. If you are a member of your state, provincial or territorial psychological association (SPTA), contact the SPTA as well for this information.
- Start a list of tasks. Begin with this list and add/delete items to fit your practice.
- Set a time frame that balances your needs with those of your clients and staff.
- Stop taking new cases or referrals that would require services beyond the time when you intend to close your practice.
- Contact the APA Practice Organization and the APA Ethics Office with other questions as they arise.



### Clients and Their Records

- Inform your current clients, being sure to leave adequate time for termination or referral. Your attorney may be helpful for advising you when to notify your clients and what to include (and not include) in a written notice.
- Talk to the psychologists to whom you will refer clients who need ongoing treatment. Find out about their avail-

ability, insurance accepted, location, office hours and areas of expertise.

- Ensure continuity of care by providing referrals for clients who require ongoing services and helping them with the transition.
- After obtaining informed consent from your clients, transfer a copy of their records to the new practitioners.
- Inform other health care professionals with whom you collaborate and keep them up-to-date on the status of closing your practice.
- Attempt to notify your past clients. There are a number of approaches you might take, including sending a letter and/or placing a notice in the local papers of the area you serve, on your Web site and in other community forums. Be sure to include information about how to contact you or access client records.
- Make arrangements for secure storage of client records for an adequate amount of time. Record keeping requirements vary by state, so check with your SPTA and/or licensing board to ensure you will be in compliance. Also see Guidelines 7 (“Retention of Records”) and 13 (“Disposition of Records”) in APA Record Keeping Guidelines (2007) available at [www.apa.org/practice/recordkeeping.pdf](http://www.apa.org/practice/recordkeeping.pdf). If control of your client records will be handled by another psychologist, be sure to obtain adequate patient consent to transfer the records to the other psychologist.



- After securely storing the records you are required to maintain, clear any electronic protected health information off computers, PDAs, and cell phones. See information about the Health Insurance Portability and Accountability Act (HIPAA) Security Rule for requirements regarding record storage and destruction.<sup>2</sup> Also see APA Record Keeping Guideline 13 on “Disposition of Records.”
- Create or update your professional will.

### Finances

- Talk to your attorney and accountant to determine whether selling your practice is a viable and worthwhile option. Also be aware of ethical issues related to selling your practice, and seek appropriate consultation as necessary.
- If selling your practice, decide whether to work with a



broker to help you navigate this potentially complicated process that requires a sophisticated understanding of local and state laws, business valuation, marketing strategy, tax implications and contracts.

- Collect any accounts receivable.
- Pay off any outstanding debts.
- Work with your accountant to organize your financials records (for example, financial reports, tax documentation, contracts).
- Talk to your accountant and/or tax professional about the tax implications of closing or selling your practice and strategies to reduce your tax liabilities.
- Once all of your finances have been reconciled, close bank accounts associated with your practice.



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Need help getting started with HIPAA's Privacy and Security Rules?

We've got useful guides and tools to get you on track fast.

Visit [APApractice.org](http://APApractice.org) today for the latest HIPAA information and two indispensable resources: the **Privacy Rule Compliance Course** and the **Security Rule Online Workbook**. Both include customizable forms, policies and procedures developed especially for psychologists.

Just another way that the APA Practice Organization is *working for you*.

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### Business Issues

- Discuss business, legal, financial and ownership issues with your partners. If selling or transferring your ownership to your partner(s), be sure to work closely with your attorney to protect all parties involved.
- Inform your office staff far in advance.
- Notify all of your referral sources.
- Inform other professional contacts and relevant entities, including the licensing board in your jurisdiction, professional organizations, insurance panels and other parties with which you contract, your billing and answering services and other practice consultants.
- Talk to your attorney and accountant about the business aspects of closing a practice with your particular legal structure — for example, corporation, limited liability company (LLC) or sole proprietorship.
- If you rent office space, give notice to terminate your lease in the manner and time frame that your leasing contract requires. If you own, take steps to sell or rent your office.
- Sell, donate or dispose of office equipment, such as photocopiers, fax machines and furniture. Remember that if any of this equipment contains electronic patient records, that information must be deleted in line with HIPAA Security Rule requirements.<sup>2</sup> Also see APA Record Keeping Guideline 13 on “Disposition of Records.”
- Use up any remaining office inventory.
- Contact the issuers of any business licenses and permits you hold.
- Cancel any utilities (for example, electric, gas, water, phone, internet) you pay for your office.
- Submit a change of address form with the post office. Depending upon your privacy concerns and where you want your professional mail delivered, you may want to consider obtaining a post office box for a period of time to make sure you do not miss any important correspondence.



- Cancel or forward any publications or subscriptions you receive at your office.
- Forward your office telephone number or keep your answering service for a period of time. Place an outgoing message informing callers of your closure and giving instructions for contacting you or accessing their records.

### Take Care of Yourself

- With all of the issues to contend with and while focusing on the needs of your clients, it is easy to forget how closing a practice affects you as a psychologist. Be sure to acknowledge and address your own emotional issues related to closing your practice and to take the time to focus on self-care. Additional information about self-care for psychologists is available in the “Professional Development” section online at [APApractice.org](http://APApractice.org).
- Talk to your accountant or financial planner to ensure you are taking the steps to address your personal financial needs following your practice’s closing.
- Call your professional liability insurance carrier. Make sure you are covered for complaints filed after you close your practice. If your current policy does not cover this type of complaint, find out about purchasing a “tail” to your policy.
- Review or create a retirement plan to ensure a sound financial future and enjoy the next chapter of your life, wherever it may take you. 📌



<sup>1</sup> The information in this document is for informational purposes only and does not constitute legal advice. Every practice is unique and will have specific issues that need to be addressed. Psychologists thinking about closing a practice should talk to an attorney, accountant and other practice consultants, as appropriate.

<sup>2</sup> Information about the HIPAA Security Rule is available online in the “HIPAA Compliance” section at [APApractice.org](http://APApractice.org).