



Separating From Practice Checklist

A dentist may separate from practice for one of many reasons. A dentist may retire, leave a group to go into solo practice (or vice versa), sell the practice, or relocate. Likewise, a dentist's family may close or sell a practice because the dentist has died or become permanently disabled.

Use this checklist as a guide. This list offers general information and does not take the place of legal advice. This list is not exhaustive and each item may not be applicable to every situation.

Professional Advisors

- Consult your accountant, attorney and other professional advisors before and during transition. These professionals can assist, for example, in valuing the practice and its contents, prepare estate planning documents, inform you of tax and other legal responsibilities, draft agreements to ensure confidentiality of information during buy/sell negotiations and help overall to ensure a smooth transition.
- Notify local dental society.
- Notify mutual aid organization, if applicable.

Collections and Dental Benefit Plans

- Review your contracts and provider handbooks for information on what you need to do to withdraw from participation in dental benefit plans and government benefit programs. Many contracts require a 30- to 90-day notice to terminate. Each plan has its own requirements.
- Inform plans of your new mailing address to ensure you receive important tax documents.
- Be sure the last day of practice coincides with the last day of plan participation in order to minimize claims-related issues.
- Contracts are non-transferable to a new practice owner.
- Review accounts receivable and move to collect from or provide refunds to patients (or plans).

If an associate is brought into the practice for purposes of transitioning ownership, notify plans of addition.

Notifying Patients and Patient Records

To avoid patient claims of abandonment, a dentist who is separating from practice (or the family or estate of a deceased or permanently disabled dentist) has the responsibility of notifying patients in writing of the separation and giving them a reasonable amount of time to find another dentist.

- In the time before closing a practice, only begin treatment that can be completed before the practice closes. It is not practical or prudent to leave a practice with patients in the middle of treatment. Doing so opens possibilities for criticism, accusations and malpractice suits.
- Identify all patients who need to be notified of the change. All active patients seen within the last two years should be told of your withdrawal from practice.
- Provide written notice to patients of your departure from practice in a time adequate to allow for completion of treatment or for patients to find another dentist to provide continuing care. Sixty days notice to patients is recommended.

- In cases involving the unexpected death or permanent disability of a dentist, when 60 days notice is not possible patients can be seen in the office by a temporary replacement for up to one year as long as specific requirements are met. Please refer to “[Unexpected Death of a Dentist Checklist](#)” on [cda.org/practicesupport](#).
- The written notice should fulfill the following objectives:
 - Advise patients of the importance of continued care, especially in instances of treatment in the temporary or provisional stages.
 - Assist patients in finding alternative care by referring them to at least two dentists and/or the local dental society for a referral. Phone numbers should be given. In the case of a sale, the buyer should review the notification letter for compliance with the terms of their sales contract. If the buyer is the one to notify patients, you should ensure you are to provide written approval of the letter before it is disseminated.
 - State the dentist’s termination date – the last day he or she will be available for emergency care.
 - Give the name, address and phone number where copies of dental records can be obtained after the termination date.
- Include a separate authorization form (“[Patient Request to Access Records Form and Q&A](#)” on [cda.org/practicesupport](#)) for the patient to have a copy of his or her records released to another dentist.
- A copy of the letter should be placed in each patient’s chart.
- As a second notification, but not in place of the personal letter, you can also add notices to invoices and post signs in the office. To reach all other patients, put an ad in the local newspaper for at least two consecutive weeks. Include information about how and where patients can obtain copies of their dental records.
- Practice Closure and Patient Records.** State law requires patient records be retained for seven (7) years after a practice closes or seven (7) years after a minor reaches the age of majority in the case of minor patients. Ensure the privacy and security of stored records as state and federal privacy laws remain applicable to you. After the retention period has passed, destroy the records so the information contained therein is unreadable. Patient records may not be sold without the sale of a practice unless patient authorization is obtained.
- Practice Sale and Patient Records, Retreatment and Disputes.** Although the HIPAA Privacy Rule allows the use and transfer of patient information to relevant parties who need that information for health care operations, which includes practice sales, state law does not include the same provision. In the transfer, sale, merger or consolidation of a dental practice, it is therefore prudent for the selling dentist to obtain written patient authorization prior to allowing a potential buyer or partner to view charts. The absent provision in state law also means that a new practice owner should stay on the safe side of the state’s privacy laws and obtain written patient authorization before using a patient record. If a patient sets an appointment to be seen by the new owner, this action is viewed as an implied authorization that allows the dentist to view the record before the patient presents.

In the transfer, sale, merger or consolidation of a dental practice, the new owner may agree to have custody of patient records (the alternative is that the former owner retains the records). As the custodian of records, the owner is legally responsible for ensuring the contents are secure and, if the records are to be destroyed, ensuring the contents are unreadable.

The original and new owners of the practice should come to an agreement regarding the disposition of inactive patient records. They should agree on terms for providing the original owner access to the records if there arises a patient claim or dispute regarding treatment. Also, they should agree upon terms relative to retreatment of patients treated by the original owner. The original owner should retain a list of patients whose charts are acquired by the new owner, but shall not utilize the list for any purpose in violation of the sales agreement.

Employees and Employee Records

Provide employees with a firm date for when you will separate from practice. How much notice to give employees depends on circumstances—whether closure occurs in phases or right away or if the practice will transition to a new owner.

- Practice Closure.** If closure is to occur in phases, expect that some employees may leave before you are ready to let them go.
- Practice Sale.** Even if the practice buyer plans to retain employees, you are responsible for finalizing employee termination, final pay requirements, submitting final forms and tax payments to the state Employment Development Department and to the IRS.
- Submit final forms and tax payments to the state Employment Development Department (EDD) within 10 days of separating from practice. See this EDD website for more information, edd.ca.gov/Payroll_Taxes/File_and_Pay.htm. Federal taxes also must be paid. Consult the IRS checklist for closing a business, irs.gov/businesses/small-businesses-self-employed/closing-a-business-checklist.
- Employee Medical Records.** Employee medical records must be retained for 30 years per Cal/OSHA requirements. After that period, destroy the records so the information contained therein is unreadable.
- Employee Records.** Certain employee records must be retained for a period of time, dependent on the type of records. Review “[Records and Documents Retention Guidelines](#)” on cda.org/practicesupport for specific timelines.

Permits, Registrations and Licenses

- Air Compressor Tank Permit.** Notify Cal/OSHA Pressure Vessel Unit of practice closure or change in practice ownership, dir.ca.gov/dosh/pressure.html.
- Business License.** In most jurisdictions, the sale of a business requires the new owner obtain a new business license. Contact the appropriate city or county business license office for specific local requirements.
- Dental Board License and Permits.** Notify the Dental Board within one month of selling or closing the practice. Dental Board-issued permits, such as fictitious name permits, are not transferable to the new owner. Return any Dental Board-issued permits with a completed Cancellation of Permit form, dbc.ca.gov/formspubs/app_cancel.pdf. If you intend to use the permits at a new location, notify the Dental Board. The Dental Board may require a new application and evaluation, depending on the type of permit.
- Drug Enforcement Agency (DEA) registration numbers** cannot be transferred. Notify the DEA of practice closure or of a new practice addresses. Send a written notification of practice closure, the DEA Certificate of Registration and any unused Official Order Forms (DEA Form-222) to the nearest DEA field office. A link to a list of DEA field offices is below.
- Employer Identification Number (EIN).** Once assigned, an EIN cannot be cancelled or transferred. If a business closes, or never gets off the ground, the IRS can close the business account associated with the EIN. If you are merely relocating a practice, a new EIN may not be necessary. See this IRS website for additional information, irs.gov/businesses/small-businesses-self-employed/employer-id-numbers, and consult with your accountant.
- EPA Identification Number and hazardous waste.** Properly dispose of any hazardous waste. Notify the state Department of Toxic Substances Control of discontinued use of California EPA ID number. The EPA ID number is site-specific.

- Fictitious Business Name.** Complete and file a “Letter of Disassociation for a Fictitious Name Permit” form, available on the Dental Board website, dbc.ca.gov/formspubs/app_fnpdiss.pdf. Also file a statement of abandonment of the fictitious name with the county clerk and publish the statement in a local newspaper. A dentist who separates from a general partnership using a fictitious name must file a letter of disassociation with the Dental Board and file a notice with the county clerk.
- Medical Waste.** Properly dispose of any medical waste. Notify the local enforcement agency or California Department of Public Health, cdph.ca.gov/Programs/CEH/DRSEM/Pages/EMB/MedicalWaste/MedicalWaste.aspx, of practice closure or change of ownership.
- National Provider Identification.** Notification of dental benefit plans and government benefit programs of your with drawal from practice is sufficient. If you intend to continue practicing dentistry as an employee or volunteer, you should retain your individual NPI number.
- Radiation Machine Registration.** Notify Department of Public Health Radiologic Health Branch of the practice ownership change and disposition of X-ray machines, cdph.ca.gov/Programs/CEH/DRSEM/Pages/RHB-X-ray/Registration.aspx.
- Sellers Permit/Use Tax Registration.** Notify California Department of Tax and Fee Administration of practice sale or closure by using the Update Registration Information/ Notice of Business Change form posted at cdtfa.ca.gov/taxes-and-fees/sutprograms.htm.
- Wastewater Discharge Permit.** If in possession of a local wastewater discharge permit, notify the local sanitation district in writing of the practice’s sale or closure.

Controlled Substances & Secured Prescription Forms

- Use an authorized “reverse distributor” to dispose of controlled substances; the drugs may not be transferred to another practitioner. Contact the local office of the U.S. Drug Enforcement Agency (link is listed below) to obtain a list of reverse distributors. Maintain documentation of the transfer/disposal of the controlled substances.
- Return unused secured prescription pads to the state Department of Justice (oag.ca.gov/cures) with written notification of practice closure.

Contracts, Services, Insurance

- Review all existing contracts with service providers, equipment lease agreements and others to initiate termination clause or transfer. If you are selling the practice, confer with the buyer on those contracts that can be transferred. An exhibit to the sales agreement should list all of the contracts that the buyer will assume pursuant to the purchase of the practice.
- Notify utility companies of effective date of closure or ownership change and where to send final bills. If you are selling the practice, ensure that there is no interruption to utility services.
- Notify landlord or tenants as applicable and per terms of any agreement.
- Notify malpractice, business and other insurance companies where you have coverage. Retiring dentists should consider maintaining malpractice coverage or obtaining a tail policy providing coverage for all prior acts, which may be a requirement of the purchase agreement.
- Notify suppliers and service providers (dental labs, bookkeepers, janitorial, waste haulers, etc.).

Equipment and Property

- Equipment and Furniture.** A list of equipment and furniture should be included in the sale or transfer documents. Equipment maintenance records are beneficial to the new owner. Supplies at a customary level of thirty (30) days for the practice should also be included in the sales agreement. Any excluded items should be included in an exhibit to the sales agreement.
- Hazardous and Medical Waste.** Ensure proper disposal of the waste. Notify local enforcement agency of practice closure or sale.

Resources on cda.org/practicesupport

- Sample Withdrawal Letter: Dentist Retiring or Relocating/Terminating the Doctor / Patient Relationship
- Sample Withdrawal Letter: Dentist's Practice Closing Due to Death / Notification to Patient and Referral to New Practitioner
- Patient Request to Access Records Form and Q&A
- Change in Relationship Notice
- Employee Termination Checklist

Resources on the Internet

- Dental Board of California
dbc.ca.gov
- IRS – closing a business
irs.gov/Businesses/Small-Businesses-&Self-Employed/Closing-a-Business-Checklist
- U.S. Drug Enforcement Agency – locate local field offices
apps.deadiversion.usdoj.gov/contactDea/spring/main?execution=e1s1