

CLOSING A DENTAL PRACTICE: A Guide for the Retiring Dentist or Surviving Spouse



Managing patient records • dismissing staff • disposing of equipment and supplies • necessary notifications. Contains sample letters and tips on ways to close a dental practice at retirement or in the event of a dentist's long-term illness or death.

The Mission Statement of the Council on Dental Practice:

The mission of the Council on Dental Practice is to recommend policies and provide resources to empower our members to continue development of the dental practice, and to enhance their personal and professional lives for the betterment of the dental team and the patients they serve.

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This guide from the Council on Dental Practice of the American Dental Association is intended to provide general background information on a selected practice management topic. It is not intended or offered as legal or professional advice. Readers must consult with their attorney and/or other professional advisors for such advice, including with respect to applicable state and local laws.

The ADA is ONLINE at <http://www.ada.org>

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Introduction

The ADA estimates that nearly 1,000 dentists retire each year. Over 1,300 die. This publication contains useful information to help carry a retiring dentist up until the last day. Some of the information may even be useful to a dentist closing a practice due to a bankruptcy. Or it could be a valuable resource to the surviving spouse who has no prior dental administrative experience and who is suddenly left with the daunting task of selling or closing a practice. In any case, this publication contains information about informing patients & authorities, dismissing staff, deciding the fate of equipment and instruments and about how to deal with patient records issues including storage, transfer or destruction. Some states have specific record retention and patient & employee notification requirements that apply whenever a dentist decides to retire or closes a practice (i.e. Florida's Administrative Rule 59Q-17.001 *Required Availability of Dental Records Upon Relocation or Termination of Practice, or Death of Practitioner*). Check with your state or local dental society for specific information and with an attorney who knows about the requirements in your state.

Seek Competent Professional Advice

Dentists and others faced with closing a practice should first consider seeking professional advice. Advisors can include an attorney, accountant or dental practice valuator. (For free information to help you better select advisors see Appendix B). Keep in mind, whenever one closes an established practice that inherent value can be lost if the dentist's practice is closed, but not sold. In general, the proceeds from a practice's sale could be important for a dentist's estate or for funding a retirement. Hence, a dental practice owner, a surviving spouse or another agent acting on behalf of the dentist and who is NOT offering the practice for sale, could be missing out on an important financial opportunity.

Announcing the Closing

Closing a practice should be handled in accordance with applicable laws. If possible, the dentist who is planning to close a practice should notify patients well in advance that the practice is closing. In most states, letters (See Sample Letters in Appendix A) to patients of record or an announcement in a community newspaper are ways in which a dentist might give advance notice of a closing. Generally, notice of 30 - 60 days is sufficient for most patients.

It is generally advisable if a closing is planned, that a dentist only commence treatments that can reasonably be completed before the practice closes. However, if for some reason, a dental practice must be closed rapidly, a dentist may need to help patients undergoing extensive treatment find a new dentist who is willing and able to take the case to completion. Helping a patient locate and continue treatment with another dentist could avert an allegation of patient abandonment or other charge. Doing so may also be viewed by patients as a compassionate, thoughtful way to discontinue a professional relationship.

With the patient's permission, the dentist should release treatment information or a copy of the patient's record to the dentist accepting the case. For the transfer, chose a dentist with adequate skills. Ask that dentist to let you know whether the patient received the treatment. Information of this kind could be useful to the transferring dentist should there later be litigation about a treatment outcome.

A proper patient transfer from a retiring dentist in the midst of a course of treatment with a patient, may have at least these four requirements: 1) identifying a skilled practitioner who will accept the unfinished case; 2) providing that dentist with necessary clinical information so that he/she knows enough about the patient to continue or alter treatment, if necessary; 3) the patient agreeing to the referral; and 4) the patient actually submitting to the treatment in a cooperative fashion. Short of achieving all four, a dentist could still have trouble defending against an abandonment allegation, depending on applicable law.

Retiring dentists making a transfer, should consider doing more than just writing the name of a specialist and leaving it to the patient to initiate the contact and make the appointment. With the patient's consent, they should have the office send a copy of the record and call and make the patient's appointment at the specialist or other dentist. Call the other dentist again to find out if the patient kept the appointment and is cooperating. Before original records are stored, record comments that you get from the dentist who accepted the case.

Evaluating Patient Records

Patient records must be handled in accordance with applicable laws. However, in most states, a dentist is usually allowed to charge a patient a reasonable fee for duplicating and transferring records to another practice. Under a circumstance of retirement, many dentists provide this service free of charge. They should not refuse to release needed patient treatment information due to the payment delinquency of the patient. Failure (or refusal) to release necessary information to another dentist for a patient's continuing care may be illegal and may be viewed as an unethical practice by your professional association.

Your states' laws actually govern whether a dentist must send originals, however, in most cases, the practice should only send copies of a patient's record to another dentist, and only with the patient's or the patient's representative's (e.g. a legal guardian) permission. Make a note of where copied records are sent. Unless your state laws direct otherwise, original records should remain with the retiring dentist (or with the surviving spouse or his/her legal representative, since a dentist's estate can be sued years after a dentist's death) in accordance with a state's record retention laws. Indiana, Mississippi and Tennessee are three states that will archive the medical/dental records of closed healthcare facilities.

Remember of course, that record retention is a matter of state law and risk management. Although, in general, records may be destroyed for inactive adult patients who have not been seen in seven years (longer in some localities) or at the expiration of the statute of limitation on malpractice. The oral health record of inactive minors generally should NOT be destroyed until seven years after a child reaches majority (21 years plus 7 years, or 28 years of age in some localities). Records should be stored in a moisture and fire resistant container.

Check with your attorney or state dental association to learn what is the record retention requirement in your state and with your insurance carrier for risk management ideas.

Oral health records may be preserved on microfilm in many jurisdictions. The great benefit of storing records on microfilm is that they take up less storage space than paper records. However, prior to completely converting to microfilmed records, a dentist should consult with his/her own attorney about the appropriateness of that decision.

Radiographs (x-rays) and the dental laboratory prescriptions of patients may be retained or destroyed in accordance with state law. In many states, the plaster study models of dentists can be destroyed pending risk management considerations.

Dental Equipment, Supplies & Medicaments

An estimation of the dental equipment's salvage value can vary depending on the appraiser or on unique circumstances. Age, serviceability, difficulty of removal, and compatibility with existing systems can be principal determinants of the dollar value of salvaged dental equipment. In many cases, a professional dental equipment appraiser or a reputable supplier can provide independent estimations about the worth of particular equipment.

The ADA's Council on Dental Practice distributes an annually updated *Directory of Dental Practice Appraisers and Valuers*. This publication contains the names, locations, description of services and other background information on nearly 200 professional valuers. (Note: *The descriptive information in the Directory is supplied by those who are listed. None of the information is independently verified for accuracy or correctness by the Council. Individuals and companies named in the publication have paid a small fee to the ADA to be included. The publication is offered as a service to members. A listing in the Directory should not be viewed as representing an endorsement by the Association. Members may obtain a free copy of the publication by telephoning the Council on Dental Practice office. Non-member dentists and others may be charged for the publication.*)

There is demand for used dental equipment in "excellent" condition. Typical purchasers usually include new dentists who are setting up their first practice; established dentists adding a treatment room; or dental supply companies maintaining an inventory of used equipment.

Used dental equipment of minimal value, but that is in “good” working order, can sometimes be donated to a local organization providing limited dental services to children, the homeless or to the poor. A dentist or his/her estate could receive a tax credit for donating dental equipment for charitable use. Consult your accountant who will likely advise you to have the equipment properly appraised before taking a tax credit.

Dental equipment that is very old or that is in “poor” working condition may be of no use to anyone. A scrap metal dealer might be interested if the recycle value of the metal or other components exceeds the cost to him of disconnecting and hauling away the old equipment.

Caution should be exercised before selling or donating dental supplies, especially chemicals and medicaments. Many supplies, most likely, will have reached or are nearly at the end of their shelf life and could be unsafe or ineffective if used. These expired, opened bottles and containers or packages often have uncertain content and should not be considered for donating. However, if unopened, some supplies might be returnable for a credit or refund. Check with your supplier.

Environmental laws in your area may apply to the disposal of various solvents and disinfecting agents that can sometimes be found in a dental office. Again, check with your attorney and/or state society for the requirements in your area.

It may be against the law, for example, to discard particular chemicals into a sink or toilet, or to pour them over a field or into a sewer. Straight alcohols, ethers, and peroxides, for example, are considered flammable and should NOT be sewerred because of the possibility of explosion.

Additionally, many communities have implemented programs concerning the appropriate disposal of chemical wastes that may even include recommendations about silver, mercury and dental amalgam particles.

In some cases, disposing of large quantities of hazardous chemicals can require the services of a licensed hazardous waste hauler. Read the label on containers carefully and observe the precautions and instructions. The local office of the Environmental Protection Agency

or your city or state government may be able to give you additional disposal information.

Material Safety Data Sheet File Specific information about the chemicals, medicaments, or disinfecting agents deemed to be hazardous and present in a particular dentist's office, is available in a file which OSHA (Occupational Safety, Health Administration, a regulatory agency of government) requires dentists and other users to maintain, called the Material Safety Data Sheet (MSDS) file.

The MSDS file gives information about a chemical's characteristics, uses, routes of exposure, handling, first aid measures, spill and leak procedures, storage requirements and safety precautions. An MSDS sheet may contain instructions about how to properly discard expired, or partially used chemicals. Furthermore, the manufacturer's business telephone number generally appears. Customers can call the company if there are questions. (note: A recent directive from OSHA now allows a dentist, under certain conditions, to maintain this file electronically such as through use of computers with printers, microfiche machines, the Internet, CD-ROMs and fax machines. A spouse, etc. may need a trained employee's help in order to obtain specific MSDS information kept in electronic formats.)

Undistributed Medications An unsafe or illegal practice for non-dentists could be for them to sell certain undistributed medications in the office, such as sample drugs; or to take these items home for personal use.

Medicaments for direct patient usage (pills and powders) are sometimes stored in a dentist's practice. And while most are mouthwashes or simple analgesics for pain, some may be controlled substances—often narcotics—that are stored in a locked cabinet or in a safe. You should know that there are strict reporting laws governing the distribution and/or possession of controlled substances. The Drug Enforcement Agency (DEA) in Washington, DC has enforcement responsibility for these substances.

In order to change a dentist's address or update other information that is kept on file, the DEA should be contacted whenever a dentist moves to a new location, ceases practicing or dies. The agency should also

be contacted prior to a non-dentist removing or discarding suspicious pills or powders which are believed to be controlled substances.

Disinfecting Dental Equipment Dental instruments (the hand tools a dentist uses on patients), environmental surfaces such as counter tops, and some equipment should be evaluated for disinfecting or sterilizing before they are donated, sold or destroyed. Proper disinfecting however, requires specific training. A surviving spouse or family member is generally unfamiliar with proper disinfecting techniques and should not undertake this task.

If the practice's dental assistants are still available, they could help sanitize the office and equipment. Otherwise, a colleague and his/her dental assistants might agree to come over and do this job for you.

Hazardous Wastes Sharps may include needles, scalpels, dental broaches, drills & reamers. There is the danger of puncture wounds from these items if placed into the garbage. Even if sterilized, these items should only be discarded into a puncture-proof container that is properly labeled.

Bloody Wastes: It is unlikely that a spouse closing a practice will need to deal with discarding dripping bloody patient dressings, swabs, etc. However, if you do, please note that the disposal of infectious medical wastes needs special training. A community sanitary district garbage telephone Hotline, if one exists, or calling the local dental society, may be helpful when confronted with what to do with bloody wastes.

Professional Notifications

Dentists may be required by state law to inform the dental board or other professional regulators about an incapacitating condition affecting their practice of dentistry.

The insurance representative, accountant and attorney should be informed about the closing. These professionals are valuable sources of information and guidance about common business situations and decisions connected with closing a practice.

If advance notice of the closing can be given, it may be useful to inform the landlord about the pending vacancy so that he/she can

review the lease with the dentist and decide related matters such as whether or when to disconnect the gas or electric service, etc.

The local dental society should be notified as well about an incapacitated or deceased dentist. See a listing of constituent dental societies in Appendix # D of this book. Some societies have information that can help you locate temporary professionals during an emergency.

Hiring a temporary dentist following the death of the dentist can be an excellent way to keep the practice active until a sale occurs. An active practice generally has a higher resale value than an inactive one. Keep in mind that state law may limit non-dentist ownership even in such circumstances.

A common question is, Can the hygienist continue seeing patients before a replacement dentist is in the office? You should know that most states do not allow for the independent practice of dental hygiene in the absence of a licensed dentist. Consequently, a dental hygienist in these states must cancel hygiene appointments until such time as there is either a temporary or a permanent dentist on hand to provide supervision. Or a colleague might be available to fulfill a mutual aid promise, if one exists.

What Is A Mutual Aid Agreement? A "mutual aid agreement" is a formal contract with colleagues whereby in the event of the sudden illness or death of a dentist-signer to such an agreement, the other signers promise to temporarily cover for the stricken colleague until either his/her recovery, or up until the time when a deceased dentist's practice is sold. The ADA Council on Dental Practice has free information about how a dentist can organize a mutual aid group. The Council may be contacted by calling 312-440-2895.

A non-paid volunteer dentist working temporarily in the office of a recently deceased dentist as a courtesy in order to complete cases needing only a single visit (e.g. cementing a completed crown, or delivering a finished denture or partial) if asked by the patient, should sign a claim form for a billable insurance service using his/her own name and information, but include a letter of explanation that payment for the billed service should be sent to the dentist's estate. The letter and a copy of the dentist's death certificate, might go a long way

toward helping an adjuster at the insurance end understand what is being requested, and why.

Other notifications about closing the practice could be made to the dentist(s) who have routinely accepted emergencies from the practice during the dentist's absence. Similarly, dental laboratories and certain suppliers may need to be included in any general notification about the closing of the office or of the demise of the dentist.

Revising Your Insurance Portfolio

Upon cessation of practice, a dentist should also review all insurance policies with the help of an insurance advisor and terminate those that are practice- and/or income-related. Disability income, disability overhead expense, professional liability insurance and practice interruption insurance should be terminated effective with the date of retirement. You may also wish to reconsider the amount of any term life insurance you are still maintaining. Many financial experts believe that it is not necessary to carry term life insurance beyond retirement.

Policies covering workers compensation and employee benefits should be terminated as of the last day of work for your employees unless applicable law or the terms of employment dictate otherwise. Policies covering the contents and equipment of the dental office as well as business liability exposures should be terminated when the office is sold and/or closed (such as when a lease is lost).

In most, if not all cases, if you have paid premiums for periods extending beyond the date the policies are terminated, your insurance company will refund the unearned premium. To cancel your policies, it is generally necessary for you to submit your cancellation request in writing.

Special Considerations for Professional Liability Insurance Policies

Even after retirement, you will continue to be exposed to the risk of a professional liability allegation. Depending upon the state in which you were practicing, the statute of limitations for the filing of professional liability lawsuits may continue for many years. The

statute may be even longer for treatments provided to patients who were minors.

While your professional liability insurance policy should be canceled effective with the date of your retirement, subject to applicable law, you should carefully retain your policy with your important records so that it is easily accessible. In the event that you learn a former patient is accusing you of malpractice, you will need to refer to your policy so that you can notify your insurer and seek its assistance in defending you from the patient's claim. Since it is also possible for a dentist to be sued for malpractice posthumously, make sure that the executor of your estate can easily locate your policy. You may also wish to include the address and telephone numbers of your insurer and insurance agent among your estate documents and to update this information periodically.

Occurrence Policies: If you have been insured under a professional liability insurance policy written on the occurrence form, you need take no action upon retirement other than to notify your insurer and request a refund of unearned premium. You and your estate will be protected up to the limits of the policy for any claims brought against you after your retirement no matter when they are reported.

Claims-made Policies: If you have been insured under a claims-made professional liability insurance policy, it is essential that you secure an extended reporting endorsement, which is commonly called "tail coverage." This endorsement will provide you with continuing protection if you are sued in future years for a treatment rendered while the claims-made policy was in-force. In many cases, insurers issue this endorsement at no cost when retirement is due to a permanent disability or when it occurs after a specified age (e.g., 59) and/or providing that you were insured under the policy for a specified period of time (e.g., five years).

In the event of the death of a dentist who was insured under a claims-made policy, it is also advisable that a dentist's heirs consider securing an extending reporting endorsement as an estate may be vulnerable if the dentist is sued posthumously for malpractice. Most insurers provide the endorsement for no cost upon the dentist's death.

Whether the extended reporting endorsement is secured upon retirement or the dentist's death, it must generally be requested within a limited period of time, such as 30-days, following the date on which the claims-made policy was terminated. After this period of time, it will probably not be possible to purchase the coverage either from your former insurer or from any other company.

Depending upon the insurance company, it may be possible to purchase higher limits of liability on your extended reporting endorsement than were carried on the policy itself. If you carried relatively low limits (e.g., less than \$1million/\$3 million) you might consider purchasing additional protection. A modest one-time premium expenditure may give you additional peace-of-mind during retirement.

Contacting the Social Security Administration

A dentist at retirement age or one who is disabled may be able to apply for Medicare coverage or be entitled to benefits from the Social Security Administration. You should telephone the social security office in your state for information.

Keeping Your Association Informed

As stated previously, call your state or local dental society regarding 1) plans to retire and close the practice; 2) whenever a long-term illness occurs affecting a dentist's ability to practice; or, 3) following the death of a dentist.

Deciding Staff Size and Taking Charge

Retiring dentists should retain adequate staff even as they decrease their workload in anticipation of retiring. If you are the retiring dentist, you may want to tell the staff about the closing 90 or more days in advance. Earlier if necessary or if required by law. Offer incentives that encourage them to stay until the last day. However, since some valuable staff members may still leave beforehand, a retiring dentist needs to ensure that essential personnel will remain with the practice up to the day of closing, even if it means hiring temporary employees.

In many towns, there are temporary employment agencies, which may be able to quickly send over support staff. Some of these agencies may even be able to help you find temporary professional help, including trained dental assistants, hygienists or dentists. Consult your telephone directory for a temporary help listing or ask the nearest dental society or a colleague to recommend an agency.

Your normal manner of following up inquiries from insurers and patients concerning payments can continue when there is an adequate number of staff members on hand to make these calls. In fact, a collection effort that is interrupted because of a lack of staff, could mean the loss of thousands of dollars from a dentist's retirement fund. For those planning to retire, consider keeping the business checking account open for 90-days following the closing in order to process late transactions.

Another reason for having staff on hand up to the closing date is that the dentist will have more time to organize the transition and suffer less stress. The dentist will be able to provide the same level of high quality service, even on the last day, if other details are handled by the staff.

If appropriate, thoughtful expressions of appreciation such as thank you cards, flowers, candy, or modest gifts could be sent to those businesses that have supported the dental office over the years, regardless of the reason for the closing.

Staff members should be included in any expression of gratitude. Severance pay could help ease some of the financial stress that a dental team member might ordinarily experience before finding another job. The amount of the pay could be based on the number of years of service. Gifts, letters of appreciation or a reference are other ways to convey your appreciation.

Be sure that the staff understands about pay and benefits prior to the last day, as a dentist may have responsibilities for staff retirement or health insurance plans.

Long before it may be needed, it can be prudent for a spouse (or trusted business associate or advisor) to be given check writing authority (a signed card on file with the practice's bank) and access to

the safe deposit box of the practice. If the dentist dies unexpectedly or suffers a serious injury or illness that will create a long-term (or permanent) business interruption, then the spouse or agent of the dentist can pay bills while making preparation for closing or selling the practice.

If the practice indeed must be closed, a spouse or agent could begin the closing process by first evaluating office security. Consider whether to change the external door locks and entry security code or the computer password. For a while, it might even be necessary for the spouse to open and close the office each day. Protecting everyone's best interest, including perhaps your own if you are the surviving spouse, may be up to you. Be aware of the feelings of others, but don't allow old sentimentalities to interfere with good judgment.

Some staff members who are unknown to the spouse might take offense at suddenly having him/her take charge; however, that spouse, under the circumstances, will indeed need to assume responsibility for making at least some of the decisions. In a crisis, almost everyone is looking for leadership. With a little help from this guide, there is no reason why a spouse couldn't become a leader who successfully transitions a practice following an emergency.

Prescription pads, partially used or empty cylinders of anesthetic gases (nitrous oxide), backup computer files, casting gold, signature stamps, cash, business stationary, diplomas & professional licenses, and business and patient records should all be accounted for.

In most states, a non-dentist is prohibited from owing a dental practice. Following the death of the dentist, a dentist's surviving spouse or executor should immediately seek a buyer for the practice. Unless allowed by state law, the spouse should not begin releasing recently repaired or newly made dental partials and full dentures or crowns directly to patients. Delivering or returning dental appliances requires a valid dental license.

A better way to return or deliver these items is to ask patients to name a dentist to whom the appliance and appropriate records could be sent or as mentioned previously, seeking a volunteer dentist to come into the office for a few days to handle matters requiring a dentist. Ask the local dental society for help in locating a temporary dentist.

As soon as possible following the death or serious illness of the dentist, hold a staff meeting to make plans and assign responsibilities. Decide for instance, what will be said to patients about what has happened to the dentist or why the practice is closing. Find out if the practice has a protocol whereby emergency and/or scheduled patients are referred to particular dentists in the owner's absence.

Avoid making blanket promises to patients or staff, since as you begin to understand more about how the office works, you could come to regret making promises that you cannot keep.

In Appendix A: Sample Letters, there is a script to help a spouse or agent inform patients about the sudden illness or death of the dentist and how the practice, even in a crisis, is still well organized to help them deal with an unexpected dental emergency.

Collecting Outstanding Debts

It may be difficult to collect outstanding amounts from patients following the retirement, long-term illness or death of a dentist. Slow paying patients may view the dentist's changed situation as an opportunity for them to reduce their monthly payment amount or to stop paying their dental bill altogether. If it can be afforded, it may be advisable to simply write off all bad debts.

If that is not possible, a spouse or agent may need to evaluate whether to place large delinquent accounts with an outside collection agency. Ask yourself, for example whether a particular debt is significant. Check to see how well the practice documented the financial arrangements, previous communications and billing and payment history. Don't attempt to collect an old debt using a collection agency if you lack adequate reason and documentation. Consult your attorney, get professional collection advice and then proceed carefully.

Appendix A

Sample Letters

Sample Newspaper Announcement About Closing the Practice

The dental office of Dr. _____ located at _____ phone number _____ is closing on _____ (date) due to _____ (give a reason, if possible) _____. We thank you for your patronage. It has been our pleasure to serve your dental needs.

At your request, copies of the pertinent information from your record can be made available to a dentist of your choosing. If you wish to make a request regarding your patient record, please contact the office before the permanent closing day, as we shall need your written authorization to make your records available to another dentist. After that day, you will have to direct your inquiry about the record to _____ (name of dentist or record custodian) _____, located at _____.

Sample Script Telling Patients About the Sudden Illness or Death of the Dentist

Telephone Caller: This is _____ (your name) _____ in Dr. _____'s office. Our records indicate that you have an appointment with the doctor. I am sorry, however the doctor will be unable to see you because _____ (give a short reason) _____. I am sorry that I cannot give you more information at this time. If you need emergency care, Dr. _____ at _____ (location) _____ has agreed to see patients from this practice. The telephone number there is _____. We may soon be contacting you with more information about our situation and instructions about your continuing care.

Thank you for your understanding.

Sample Letter to Patients About Closing a Practice

Dear _____ (Patient's Name)

Our records indicate that you are a patient of record at this dental office. Due to _____ (give a reason, if possible) this office will be closing on _____ (date) . It has been our pleasure to serve your dental needs and we thank you for your patronage. You should begin looking for another dentist. Oftentimes, the recommendation of friends and relatives or contacting the local dental society, are ways of locating another dentist. With your permission, copies of the pertinent information from your record can be made available to a dentist of your choosing. Please do not hesitate to telephone us during normal business hours before the last scheduled day, if you have questions.

After the closing date, all inquiries about the records or other matters should be directed to _____ (name of custodian) located at _____ .

Again, thank you for having been a part of this practice.

Sincerely,

DDS or agent of the dentist

Sample Letter to Patients about Selling a Practice to Another Dentist

Dear _____ (Patient's Name)

Our records indicate that you are a patient of record at this dental office. Due to _____ (give a reason, if possible) this practice will be closing on ____ (date)__. It has been our pleasure to serve your dental needs and we thank you for your patronage. Dr. _____ has purchased my practice. He/she is a ____ (year) graduate of _____ . I feel very comfortable about turning my practice over to this well-qualified dentist. Of course, you may desire to have your records sent to another dentist of your choosing. If so, please contact me by letter stating over your signature which dentist should receive a copy of the pertinent information from your record.

If you do not contact us with a request, after the close of the sale, Dr. _____ will be the custodian for all of my records. He/she may ask you to authorize release of the record to him/her for your continuing care in the office.

Again, I have valued our professional relationship.

Sincerely,

DDS

Sample Termination of Coverage Letter to Insurance Company

RE: (Policy/certificate) # _____

To Whom This May Concern:

Please cancel my coverage under the above policy/certificate effective (date of retirement). Please send a refund of the unearned premium to me at the above address.

Sincerely,

DDS

Sample Explanation Letter to Insurance Company

To whom this may concern:

I regret to inform you that Dr. _____ located at _____ died recently. The doctor's Soc.Sec. # or T.I.N. is _____.

The undersigned is a volunteer dentist temporarily completing billable services in memory of a colleague. Attached to this letter of explanation is a dental claim form. I will not accept payment for this courtesy. Please mail any payment in the doctor's name to the following address: (indicate an address).

If you have further questions, or need a copy of the official death certificate you may contact (give a name) _____ at (address) _____ whose relationship to the deceased is that of _____.

Thank you,

Name of volunteer:

ID Number:

Dentist License No.:

Mailing Address:

Telephone No.:

Appendix B

Suggested Publications from the Council on Dental Practice

1. ***Valuing a Practice: A Guide for Dentists***, item #J060; available only through ADA Salable Materials Department at 1-800-947-4746 for \$29.95 to members and at a higher cost to non-members. The publication discusses when you should to do a valuation; legal and tax implications of practice assets; valuation methods; and much more. Sixty-six pages.
2. ***Directory of Dental Practice Appraisers and Valuators***. The *Directory* lists professional dental practice appraisers and valuers. Includes useful information about background, training or education and services that each offers. A Free publication. For your copy, telephone or write to the Council on Dental Practice. Ask for publication by name.
3. ***Guidelines on Practice Management Consultants and Other Advisors***. Contains information about how to select a dental practice management consultant or other kind of advisor that can meet the needs and objectives of the dentist. A Free publication. For your copy, telephone or write to the Council on Dental Practice. Ask for publication by name.
4. ***Guidelines for the Development of Mutual Aid Agreements in Dentistry***, gives useful information about how a small group of dentists can formally agree to temporarily cover each other's practice in the event that a participant to the agreement is stricken with long-term illness or dies. A Free publication. For your copy, telephone or write to the Council on Dental Practice. Ask for publication by name.
5. ***Dentist Well-Being Directory***. To obtain wellness assistance information from the American Dental Association, telephone ADA's telephone toll-free number ext. 2622 or 1-312-440-2622.

6. For practice management information write, FAX or telephone the Council on Dental Practice.

**Council on Dental Practice
211 East Chicago Avenue
Chicago, IL 60611-2678**

**FAX 1-312-440-2822
TELEPHONE 1-312-440-2895**

Appendix C

Suggested Closing Checklist: Retirement

(*Timelines may need to vary according to state law.)

(Table 1)

90 Days

- **Contact personal attorney and accountant**
- **Set closing date and notify staff**
- **Inventory supplies and adjust future orders**
- **Appraise and decide fate of dental equipment**

60 days

- **Send closing announcement letter to patients**
- **Begin incentives in order to retain staff**
- **Restrict new non-emergency cases to those that can routinely be completed before the closing date or that could be done in phases**

30 Days

- **Telephone DEA, Board of Dentistry, State & Nat'l Dental Association to report planned office closing**
- **Sort patient records into ACTIVE, INACTIVE and MINORS. Discard or store records appropriately.**
- **Notify utilities**

Closing Checklist: Dentist's Long-Term Illness or Death (Table 2)

First Day	<ul style="list-style-type: none">• Assemble staff and relay what is known• Clarify what will be said to patients about the dentist's condition or situation• Cancel appointments for the day
First Week	<ul style="list-style-type: none">• Hold a staff meeting and make work assignments that ease the panic• Send non-essential staff home until needed• Control access to the office and to records• Telephone attorney and accountant• Arrange for colleagues to see emergency patients or for a temporary dentist to cover the practice until owner's recovery or until sale• Prepare a unified message for patients and others
First Month	<ul style="list-style-type: none">• Duplicate records for other dentists upon written request from patients• Evaluate staffing requirement• Monitor accounts receivable• Have the practice valued for a possible sale
Last Month	<ul style="list-style-type: none">• Sort patient records into ACTIVE, INACTIVE and MINORS. Discard or store records appropriately• Seek to identify potential buyers or set a closing date• Inform landlord about potential vacancy or sale• Announce who to contact for information about dental patient records that will be stored• Decide the fate of equipment• Offer incentives to keep staff
Last Week	<ul style="list-style-type: none">• Disinfect countertops, equipment and instruments prior to removal• Properly dispose of chemicals

Appendix D

List of Constituent Dental Societies

Alabama Dental Association

836 Washington Street
Montgomery, AL 36104-
Phone: (334) 265-1684
Fax: (334) 262-6218
Email: aldamtgy@aol.com

Alaska Dental Society

3305 Arctic Boulevard
Suite 102
Anchorage, AK 99503-4975
Phone: (907) 563-3003
Fax: (907) 563-3009
Email: akdental@alaska.net

Arizona Dental Association

4131 North 36th Street
Phoenix, AZ 85108-
Phone: (602) 957-4777
Fax: (602) 957-1342
Email: azda@azda.org

Arkansas State Dental Association

2501 Crestwood Drive
Suite 205
North Little Rock, AR 72116-
Phone: (501) 771-7650
Fax: (501) 771-1016
Email: asda@aristole.net

California Dental Association

P. O. Box 13749
1201 "K" Street
Sacramento, CA 95853-4749
Phone: (916) 443-0505
Fax: (916) 443-2943
Email: info@mail.cda.org

Colorado Dental Association

3690 South Yosemite
Suite 100
Denver, CO 80237-1808
Phone: (303) 740-6900
Fax: (303) 740-7989
Email: colodentist@worldnet.att.net

Connecticut State Dental Association

62 Russ Street
Hartford, CT 06106-
Phone: (860) 278-5550
Fax: (860) 244-8287
Email: exdir@ct1.nai.net

Delaware State Dental Society

1925 Lovering Avenue
Wilmington, DE 19806-
Phone: (302) 654-4335
Fax: (302) 427-9412
Email:

District of Columbia Dental Society

502 C Street, NE
Washington, DC 20002-5810
Phone: (202) 547-7613
Fax: (202) 546-1482
Email: washden@aol.com

Florida Dental Association

1111 East Tennessee Street
Suite 102
Tallahassee, FL 32308-6913
Phone: (850) 681-3629
Fax: (850) 561-0504
Email: fda@floridadental.org

Georgia Dental Association
2801 Buford Highway, NE
Suite T-60
Atlanta, GA 30329-2137
Phone: (404) 636-7553
Fax: (404) 633-3943
Email: gadental@mindspring.com

Hawaii Dental Association
1345 South Beretania Street
Suite 301
Honolulu, HI 96814-
Phone: (808) 593-7956
Fax: (808) 593-7636
Email: had@lava.net

Idaho State Dental Association
1220 West Hays Street
Boise, ID 83702-
Phone: (208) 343-7543
Fax: (208) 343-0775
Email: isda@micron.net

Illinois State Dental Association
P. O. Box 376
Springfield, IL 62705-
Phone: (217) 525-1406
Fax: (217) 525-8872
Email: ildent@isds.org

Indiana Dental Association
P. O. Box 2467
Indianapolis, IN 46206-
Phone: (317) 634-2610
Fax: (317) 634-2612
Email: indadmb@indy.net

Iowa Dental Association
505 5th Avenue
Suite 333
Des Moines, IA 50309-
Phone: (515) 282-7250
Fax: (515) 282-7256
Email:

Kansas Dental Association
5200 S.W. Huntoon Street
Topeka, KS 66604-2398
Phone: (913) 272-7360
Fax: (913) 272-2301
Email: kda@cjnetworks.com

Kentucky Dental Association
1940 Princeton Drive
Louisville, KY 40205-
Phone: (502) 459-5373
Fax: (502) 458-5915
Email:

Louisiana Dental Association
7833 Office Park Blvd.
Baton Rouge, LA 70809-
Phone: (504) 926-1986
Fax: (504) 926-1886
Email: ida@america.net

Maine Dental Association
P. O. Box 215
Manchester, ME 04351-0215
Phone: (207) 622-7900
Fax: (207) 622-6210
Email: medental@aol.com

Maryland State Dental Association
6450 Dobbin Road
Columbia, MD 21045-
Phone: (410) 964-2880
Fax: (410) 964-0583
Email: elza@msda.com

Massachusetts Dental Society
83 Speen Street
Natick, MA 01760-
Phone: (508) 651-7511
Fax: (508) 653-7115
Email: madental@massdental.org

Michigan Dental Association
230 Washington Square, N
Suite 208
Lansing, MI 48933-
Phone: (517) 372-9070
Fax: (517) 372-0008
Email: mda@michigandental.org

Minnesota Dental Association
2236 Marshall Avenue
Saint Paul, MN 55104-5748
Phone: (612) 646-7454
Fax: (612) 646-8246
Email: mndental@uswest.net

Mississippi Dental Association
2630 Ridgewood Road
Jackson, MS 39216-
Phone: (601) 982-0442
Fax: (601) 366-3050
Email: mda@netdoor.com

Missouri Dental Association
P. O. Box 1707
230 West McCarty
Jefferson City, MO 65102-1707
Phone: (573) 634-3436
Fax: (573) 635-0764
Email: modental@sockets.net

Montana Dental Association
P. O. Box 1154
Helena, MT 59624-
Phone: (406) 443-2061
Fax: (406) 443-1546
Email: mda@md.net

Nebraska Dental Association
3120 O Street
Lincoln, NE 68510-
Phone: (402) 476-1704
Fax: (402) 476-2641
Email: nda@binary.net

Nevada Dental Association
6889 West Charleston Boulevard
Suite B
Las Vegas, NV 89117-
Phone: (702) 255-4211
Fax: (702) 255-3302
Email:

New Hampshire Dental Society
P. O. Box 2229
Concord, NH 03302-
Phone: (603) 225-5961
Fax: (603) 226-4880
Email: nhds@chi.tdsnet.com

New Jersey Dental Association
One Dental Plaza
P. O. Box 6020
North Brunswick, NJ 08902-6020
Phone: (732) 821-9400
Fax: (732) 821-1082
Email: ddavis@njda.org

New Mexico Dental Association
3736 Eubank Boulevard, NE
Suite C1
Albuquerque, NM 87111-
Phone: (505) 294-1368
Fax: (505) 294-9958
Email: nmda@swcp.com

Dental Society of the State of New York
7 Elk Street
Albany, NY 12207-
Phone: (518) 465-0044
Fax: (518) 465-3219
Email: dssny@dssny.org

North Carolina Dental Society
P. O. Box 4099
Cary, NC 27519-
Phone: (919) 677-1396
Fax: (919) 677-1397
Email: ncds@mindspring.com

North Dakota Dental Association
P. O. Box 1332
Bismarck, ND 58502-
Phone: (701) 223-8870
Fax: (701) 223-0855

Ohio Dental Association
1370 Dublin Road
Columbus, OH 43215-
Phone: (614) 486-2700
Fax: (614) 486-0381
Email:
103244.3447@compuserve.com

Oklahoma Dental Association
629 West I-44 Service Road
Oklahoma City, OK 73118-
Phone: (405) 848-8873
Fax: (405) 848-8875
Email: bbery@okdental.org

Oregon Dental Association
17898 S.W. McEwan Road
Portland, OR 97224-7798
Phone: (503) 620-3230
Fax: (503) 620-4169
Email: oregon-dentalassn@msn.com

Panama Canal Dental Society
PSC 1, Box 978
APO, AA 34001-0978
Phone: (507) 284-4558
Fax: (507) 284-4465

Pennsylvania Dental Association
P. O. Box 3341
Harrisburg, PA 17105-
Phone: (717) 234-5941
Fax: (717) 232-7169
Email: pda@padental.org

Colegio de Cirujanos Dentistas de Puerto Rico
Avenida Domenech #200
Hato Rey, PR 00918-
Phone: (787) 764-1969
Fax: (787) 763-6335
Email:

Rhode Island Dental Association
200 Centerville Road
Warwick, RI 02886-
Phone: (401) 732-6833
Fax: (401) 732-9351
Email:

South Carolina Dental Association
120 Stonemark Lane
Columbia, SC 29210-
Phone: (803) 750-2277
Fax: (803) 750-1644
Email: scda@logicsouth.com

South Dakota Dental Association
P. O. Box 1194
330 South Poplar
Pierre, SD 57501-1194
Phone: (605) 224-9133
Fax: (605) 224-9168
Email: sddental@iw.net

Tennessee Dental Association
P. O. Box 120188
2104 Sunset Place
Nashville, TN 37212-
Phone: (615) 383-8962
Fax: (615) 383-0214
Email: tenndental@aol.com

Texas Dental Association
P. O. Box 3358
Austin, TX 78764-
Phone: (512) 443-3675
Fax: (512) 443-3031
Email: Executive Director

Utah Dental Association
1151 East, 3900 South
Suite B160
Salt Lake City, UT 84124-
Phone: (801) 261-5315
Fax: (801) 261-1235
Email: uda@uda.org

Vermont State Dental Society

100 Dorset Street
Suite 18
South Burlington, VT 05403-
Phone: (802) 864-0115
Fax: (802) 864-0116
Email: ptaylorvt@aol.com

Virginia Dental Association

P. O. Box 6906
Richmond, VA 23230-
Phone: (804) 358-4927
Fax: (804) 353-7342
Email: jungmann@vadental.org

Washington State Dental Association

2033 Sixth Avenue
Suite 333
Seattle, WA 98121-2514
Phone: (206) 448-1914
Fax: (206) 443-9266
Email: wsda@sprynet.com

West Virginia Dental Association

2003 Quarrier Street
Charleston, WV 25311-
Phone: (304) 344-5246
Fax: (304) 344-5316
Email:

Wisconsin Dental Association

111 East Wisconsin Avenue
Suite 1300
Milwaukee, WI 53202-
Phone: (414) 276-4520
Fax: (414) 276-8431
Email: wda@earth.execpc.com

Wyoming Dental Association

P. O. Box 1123
Cheyenne, WY 82003-
Phone: (307) 634-5878
Fax: (307) 634-6039
Email: wyodent@gateway.net

Appendix E

Tips At Retirement for Getting Top Dollar for Your Practice

- 1. Hire and keep ambitious associates. Today's dental associate(s) could be tomorrow's practice purchaser. After all, who other than yourself and the associate(s) knows more about the practice or wants more to secure its future. To learn more this business arrangement, see the ADA publication *Associateships: A Guide for Owners and Prospective Associates* (J045, telephone ADA Catalog Sales at 1-800-947-4746).**
- 2. Plan to sell and retire from the practice while practice growth and earnings are high.**
- 3. In the years leading up to retirement and sale of the practice, keep a good patient mix with higher incomes. Don't let your typical patient's profile grow old with the practice. Aim for twenty new patients each month. Take continuing education courses throughout your dental career and consider adding new technology and techniques.**
- 4. Excellent personal contacts and visibility within the community and profession can help to ensure a good image that later could translate into higher goodwill at a sale.**
- 5. Strive to keep costs down. This will distinguish your practice and boost the bottom line while increasing its attractiveness to potential buyers.**
- 6. Keep excellent patient records. They are among the first items that a potential buyer will look at.**
- 7. Gather information for potential buyers about the community, including population data, demographic trends and economic factors. You should be prepared, for example, to tell a potential buyer factual financial information about your town's leading employer. A public library may be able help you obtain information about public companies in town. Or you could look for information about some public companies on-line using a computer that is connected to the World Wide Web.**

- 8. How does your practice differ in the competitive environment of your community? Know what is special about your practice and patients.**
- 9. If you have had a long-term relationship with a bank, find out if it willing to provide financing for a dentist desiring to buy your practice? Telephone your banker and ask for an appointment.**
- 10. A modern appearance is important, however too much is usually made about the importance of new equipment. Demonstrate that your equipment is in good working order. Show receipts that document the repair history of key equipment or components. Warranty the equipment.**
- 11. The practice should appear clean and orderly. Prior to a sale consider painting, changing wallpaper or light fixtures, etc., but don't overspend. There is no guarantee of recovering excessive refurbishing costs.**
- 12. State your willingness to write a letter of introduction to patients about a competent buyer and/or to author a newspaper ad that endorses the new owner. Indicate your willingness to host a retirement party that invites all of the patients. Introduce the new practice owner at the party.**
- 13. Consider introducing a serious buyer to the staff.**
- 14. A protracted negotiation that fails could hamper getting a good or better deal with another buyer later on if many of your staff or patients leave out of insecurity.**
- 15. Obtain the services of an experienced dental practice broker. This individual will screen potential buyers, devise advertisements for dental journals and represent your interests during negotiations. Dental schools that are near you, professional societies, dental residency programs and dental suppliers can be good sources of potential buyers. However, blanketing your community with news of your practice's potential sale or closure if no buyer is found, could back fire with early patient losses and reduced income long before a decision is reached.**
- 16. Consider staying on as an associate for a short while.**

Appendix F

Useful Information and Documents Needed at the Time of a Sale

The following list of documents from a practice management viewpoint, are helpful when buying or selling a dental practice. You may also want to consult with your attorney or accountant about additional items that may be particular to your transaction.

Dental Equipment, Including

Description

Year Of Manufacture

Brand Name

Model Number Or Type

Capabilities/Capacity

Serial Numbers

Repair History/Maintenance Record

Warranty

Owner's Operating Manual

Inspection Record (License/Permit)

Business Office Equipment, Including

Computer, Printer And Copier

Service/Help(Support) Desk Number

Serial Number, Age

Warranty

Repair History/Maintenance Record

Capacity (Can System Be Upgraded Economically?)

Operating Manuals

Transfer Of Phone Number

Practice Numbers You Should Know

Number Of Active Patients

Dentist & Hygiene Production

Accounts Receivable

Number Of New Patients Per Month (And Referral Source)

Production Per Patient

Production Per Hour

Case Acceptance Rate

Collection Rate

Fee-For-Service Vs. Managed Care Patients

Total Number Of Hours Worked---Dentist, Hygienist

Valuation Documents, Including

Appraiser's Name, Address, Phone Number

Date and Purpose Of Valuation

Valuation Methodology and Determination

Other Documents

Mortgage Or Copy Of Lease Agreement

Copy Of Sales Agreement Or Contract Including Warranties

Covenant Not To Compete (Seller)

Federal Tax Return (Last Three Years, 1040 & 1120 And All Appropriate Schedules)

Balance Sheet

Accounts Receivable Aging Information

Fee Schedule

Legal Information About Any Outstanding Judgments Or Claims

Policy & Personnel Records

Office Personnel Policy Manual

Fee Schedule

Staff Member's:

Job Descriptions, Responsibilities, Payroll Records, Time Sheets, Injury And Safety Records, Worker's Compensation Records, Health/Insurance Participation, Retirement Plan, Medical Savings Account, Salary Information, Resume, Curriculum Vitae (CV), Certification Or License, Affiliations, Continuing Education & Training, Documentation Of Malpractice Coverage.

OSHA & Other Federal Compliance

Hazard Communication Program

List Of Hazardous Chemicals

MSDS Sheets

Emergency Action/Fire Prevention Plans (Eleven Or More Employees)

Occupational Injury Log (OSHA Form 101 Or An Equivalent and Form 200 From Previous 5 Years)

Medical Records For Employees Having Occupational Exposure

Exposure Control Plan

Partnership Agreement

Dental Laboratories Used

Installed Major Dental Equipment Supplier

Original Architect/Contractor-Builder

Mutual Aid Agreement With Colleagues

Anesthetic Gas Supplier

Badge Monitoring Service (Nitrous Oxide Or X-Ray)

Waste Hauler For Garbage And/Or Hazardous Wastes

Capitation Plan, PPO (Preferred Provider Organization Agreement), Or Dental Management Services Organization Agreement

Suggested Documents/Information Supplied by the Buyer:

Personal documentation, such as

Copy Of Dental License

Federal Tax Returns (Last 3 Years)

Line-Of-Credit

Business/Marketing Plan

Copy Of Purchase and Sales Agreement

Cash Flow Projection

Strategic Plan

Agreements

Agreement To Employ Seller