

# American Academy of Pediatrics

DEDICATED TO THE HEALTH OF ALL CHILDREN™



**(from the AAP Section on Practice and Ambulatory Medicine Practice Manual)**

## **Section 1: Transitioning From Full-time Practice**

Pediatricians make many difficult decisions throughout their careers. One of the most difficult is deciding when to cut back or retire from practice. Although this decision is almost never considered when we enter practice, it should be. The specifics of cutting back or leaving practice should be spelled out in the initial employment agreement, but rarely is it even considered. It is important to have a partnership agreement in writing at the onset of employment. If an arrangement is agreed to in advance, preparing for retirement can happen more smoothly.

In the following sections we will consider ways to decide when to cut back or retire, planning the transition, and various options available.

### **Making the Decision to Transition**

This decision may be the most difficult of all. When should I consider cutting back my practice? Should I consider just not accepting new patients, removing myself from the night call schedule, changing to just an office practice without hospital responsibilities, or going into an administrative position?

The time to transition will depend on many factors, including age, health status, and financial situation. Some practices insist on retirement at a certain age (usually 65—which is often a waste of talent and experience); some automatically take the pediatrician off night call at a certain age; and some encourage working less hours and taking more time off. Every practice is different and should have a policy addressing these matters. Solo practitioners make these decisions on their own or with the help of family or professional advice. The “right” thing to do and the “right” time to do it varies for everyone.

(Revised: July 2008)

## **Planning the Transition**

The most important decision when planning the transition is timing. The decision to transition must be made with plenty of time to notify patients, associates, and colleagues. If health matters do not make the time to transition urgent, 6 to 12 months should be enough time to properly plan and execute the transition. Completely retiring from solo practice is the most difficult transition. Arrangements must be made for ongoing patient care, record transfer, and removing oneself from call schedules. In group practices, decisions must be made whether to add another practitioner and how to recruit or divide the workload after the transition is complete. Cooperation between remaining associates and colleagues should be sought and is essential for a smooth transition. It is also important to check with your malpractice carrier to insure that tail coverage exists for the transitioning partner. You may also find that if the number of hours in the office is significantly decreased, the medical liability premiums may also decrease.

## **Transition Options**

Total retirement is not the only option. Other options include cutting back time in the office, no longer accepting new patients, terminating hospital responsibilities (including newborns), discontinuing night call or weekend duties, cutting back on clinical duties, and assuming more administrative or teaching responsibility. These options must be agreed on by all practitioners and should be written into a contract that is agreeable to all parties. This can be very difficult, specially when considering the financial consequences to the practitioners and the practice. For all of these reasons, a policy should be established well before anyone transitions out of the practice. It should be in written form, preferably in or with the employment agreement.

## **Other Options**

Additional options include voluntary opportunities and consideration of alternate career choices, perhaps using the skills you have developed in practice. For example, some pediatricians change their career to be more involved in administration, public health, or medicolegal consultation. Some pediatricians choose to opt for careers seemingly removed from medicine, like teaching, school administration, and the ministry. Health policy, health politics, health research, limited consultant practice, and other medically

based fields are substantively attractive to those transitioning from full-time practice.

Before retiring from full-time practice, it is important to have a plan about what to do with one's life and the accumulated years of experience, knowledge, and commitment to promoting child health, unless there are personal or family health issues or other mitigating circumstances. In other words, retire from practice to something else.

## **Section 2: Decreasing Responsibilities and Options**

### **Cold Turkey Versus Step-down**

When facing the need to step away from your practice, several factors come to bear. How soon do you need to be out of the practice? Do you need to quickly turn over because of new job or health issues, or can you take a more gradual approach? What is your practice setting—solo with night call coverage, partnership, a large pediatric group, or a university teaching setting? What are your financial needs— would you be better off trying to sell your practice to a young pediatrician or larger group? Are there opportunities to assume different responsibilities or no longer provide clinical duties but do research or administrative functions? Are your partners or department chair willing to consider a gradual withdrawal and if so, what financial arrangements need to be agreed on?

### **Step-down**

If you are in a group practice and your partners are agreeable to a gradual withdrawal, this is the most attractive approach for someone who is ready to slow down but not discontinue patient care. Much of the actual details will depend on your practice and community demographics and your practice legal arrangement (eg, partnership agreement). If many of your patients are teens and you have limited newborns, you can have a natural attrition of patients and work just by discontinuing taking new patients and families. If you are in a partnership, bringing in a new pediatrician to pick up those families who are referred to you can be a win win for the practice and the new pediatrician. Sharing your families with this new pediatrician is another approach, especially if your availability in the office is limited. This allows the families to become

(Revised: July 2008)

familiar and begin to bond with a new pediatrician. Being forthright with your families about the arrangements is critical. The approach allows for working less in the office, perhaps in a graduated manner over 3 to 5 years, and also for taking more extended vacations and time away from the office. In university settings, you might be able to limit your clinical time or switch to a more teaching, research, or administrative function. Some medical schools and universities offer part time positions for teaching and clinical coverage to retired pediatricians.

### **One University's Program: The Senior Associates Program**

The University of Rochester offers a program to allow a transition for its senior tenure faculty. Beginning at age 62 years, and with the approval of the chair of the department and dean, a senior faculty member can discontinue her usual responsibilities and is able to continue to do whatever academic responsibilities she chooses while still receiving half pay and benefits. Faculty members may not earn more than they did before through extra activities. This allows a medical faculty member to drop clinical responsibilities or limit severely his responsibilities but enables him to pursue other avenues such as research, administrative, or teaching functions. The university benefits because the program ends at age 70 rather than the indefinite tenure for faculty.

For many pediatricians, night and weekend call are the onerous tasks that push one toward retirement. If you are in a group practice and your partners agree, you may be able to make an arrangement to not take call in return for less income or taking on other responsibilities like evening hours or more hospital rounding. If your practice pays separately for night call, you may actually be more profitable to the

practice if all your time is spent in productive time in the office. *Practice Management Online* (PMO) has information on determining a fair compensation for decreasing time in the office or night call. This article is available at <http://practice.aap.org/content.aspx?aid=2020>.

## **Niche Practice**

If you are in a larger pediatric group, another option for cutting back is to limit your practice scope to a particular interest. For example, behavioral health, adolescent medicine, hospitalist, or other specialty area may allow you to cut back but have an interesting practice life.

## **Practicing After Practice**

There are many volunteer and even paid positions available to the semiretired pediatrician. With the large number of uninsured children, there is an opportunity to help the community through medical clinics serving the uninsured. In many cases, these clinics are able to obtain malpractice coverage for you at no cost except for your time in service. Other options include teaching medical students and residents at a children's hospital or medical school, serving as a physician for a school or group home, or switching from a partner to an employee. PMO has an article titled "Transitioning to a Nonclinical Health Care Career" available at <http://practice.aap.org/content.aspx?aid=320>.

## **Selling Your Practice**

If you need to leave practice in a short time frame (1 year or less) or if you prefer to "cut the cord" quickly, selling your practice is an option. Finding a buyer will be the biggest obstacle, but checking with the local hospital systems or other pediatric practices in your area is a good first step. There is information on valuing a practice for sale on PMO at <http://practice.aap.org/content.aspx?aid=2632>.

## **No Waffling**

If you have decided to cut your hours, limit new patients, or transfer patients to a new associate, it is important to be certain that this is what you want. In today's economic environment, you will most likely need to live with your decision to limit or leave your practice. It is not fair to new associates if you don't uphold your end of the bargain.

## **Income and Practice Expenses**

If you are in solo or small group practice, the cost of maintaining an office and staff in addition to professional expenses such as malpractice insurance may complicate the timing of retiring versus slowing down. If you are in a larger pediatric practice with the option for new pediatricians to join the practice, perhaps even initially part time, you have much more flexibility. If you work 1 less day a week and take 4 weeks' more vacation, will you be able to cover your expenses and still have a take home income. If you are in a larger practice, recognize that your professional expenses will be a larger percentage of your practice income and that your take home pay will be need to be reduced appropriately. Malpractice insurance is very expensive and the cost does not drop significantly until less than 20 hours a week, in total, are worked.

## **Maintaining Licenses and Certification**

If you are interested in some practice as you approach or enter retirement, it will be important to maintain your license, malpractice insurance, and other certifications. Check with your local medical society to find out what the requirements are in your locality.

## **Section 3: Communicating the**

### **Change Alerting Your Colleagues/Organizations**

If you are part of or employed by a medical organization, there are often several colleagues to inform to make for a smooth retirement. First, contact your department chair, department supervisor, and medical director. This is especially important when your retirement will require recruiting a replacement or changes in support staff. In some organizations the actual retirement date is only established after considering the needs of the department, organization, and retiree.

If retiring from a solo or small practice, it is important to make sure that arrangements for continued patient coverage are made. In a small group where there are physicians remaining in practice, the transition is easier and similar to that of a larger group. If you sold your solo practice, it's important to introduce your replacement to physicians who referred patients to you such as obstetricians and

(if you saw their patients in consultation) family physicians. Physicians to whom you referred patients should also be notified. If closing a solo practice, arrangements need to be made for continuing care for your patients. Hospital clinical departments need to know how to obtain care for your patients after you have left.

### **Medical Record Retention**

Charts can be passed on to another practice by sale of the practice, or they can be given with the idea that the “new” practice will make them available for transfer in exchange for the possibility that they will have an influx of new patients. Even giving them away will save you time and money. If you need to take care of the charts yourself, you can pay your employees for a period to stay on and process requests for charts to be sent to other physicians. When transfer activity becomes less, you can transfer them yourselves. Though it is probably best to transfer copies of charts, you should check with your attorney, the local medical society, or your malpractice insurance carrier to see if you should provide copies of charts and retain the originals or provide the originals in transfer. Any charts kept must be retained according to the laws of your state and then destroyed according to Health Insurance Portability and Accountability Act constraints. If you have electronic records, storage and transfer will be easier. Be sure to keep copies in more than one location. Records can be printed or shared in electronic format (eg, CD, DVD). For additional information on medical record retention, please visit <http://practice.aap.org/content.aspx?aid=2015>.

### **Alerting Patients**

Patients must be notified so there is no abandonment. A new physician, or the name of another practice if your practice is being transferred to another, can be noted in your good bye letter. If your practice will remain active after you retire, you can alert patients of other practitioners at the office. The letter should be sent to all your active patients—generally, those you have seen in the last 2 years. Ads can be placed in the local newspaper, which will serve to notify patients who you have not seen for awhile. See Appendix A for a sample letter.

It will also be important to contact the medical staff secretary of hospitals with which you are affiliated. If your group has an information systems department, you will want to contact the department director. Alert your financial services and payroll people, as well.

(Revised: July 2008)

## **Section 4: Preretirement Checklist**

This section provides an overview of various considerations associated with retirement. Many of the organizational issues listed herein will happen automatically; they are included because this list is partly generated from the experiences of already retired physicians who think a comprehensive list such as this would have helped them. This is not meant to substitute for discussions with your department chair, the institution medical director, or the human resources department.

There can be some complexity to this process, having to do in part with personal circumstances and federal guidelines. Therefore, this overview will necessarily deal in generalities.

Also included is a template for recording information that is personal and possibly important to a person's family on one's death.

This material was prepared by Michael O'Halloran, MD, FAAP, with revisions by Jerold M. Aronson, MD, FAAP, American Academy of Pediatrics (AAP) Section for Senior Members (SFSM) webmaster, and Av Katcher, MD, FAAP, AAP SFSM chairperson.

### **Insurance and Retirement Funds**

**Department of Human Resources (Employer):** If you are working where there is such a department, it is likely to be of considerable help with retirement plans and should be contacted.

**Health Insurance:** After retirement, clinics and organizations will sometimes continue to help pay for this. For example, premiums might be paid for you and possibly your spouse until death, subject to age and years of service rules. If you retire prior to eligibility for Medicare, ask about Consolidated Omnibus Budget Reconciliation Act (COBRA) insurance from your employer.

**Dental Insurance:** The same. Depending on your circumstances, if your coverage ends, you might consider COBRA depending on your circumstances.

**Life Insurance:** The same, but a conversion option may also be available.

**Long-term Disability Insurance:** The same, also with the possible availability of a conversion option.

**Retirement Plans, Individual Retirement Accounts (IRAs):** You will likely need to contact your pension carrier about this. Your plan may have special rules with which you will need to comply. Also, several distribution options are usually available. These areas of legal and financial planning may require consultation with specialists in elder law or estate planning. To learn more about elder law, view the information at public interest elder law groups such as the Connecticut Legal Services Elder Law Project (<http://www.ctelderlaw.org/>) or the Elder Law Center of the Coalition of Wisconsin Aging Groups (<http://cwag.org/>), or resources of the American Association of Retired Persons (AARP) <http://www.aarp.org/>.

**Health Care Spending Account:** If you have such an account, you should learn whether there are special retirement rules depending on such things as your organization's fiscal year and your actual date of retirement.

**Social Security:** If you are old enough to receive benefits, you'll need to check with your Social Security office. Contact the office at least 90 days prior to retirement to discuss the initiation of benefits. Consider and make arrangements via direct deposit for your bank to receive your Social Security income electronically.

**Medicare:** Timely application is essential. Delays in applying, if age eligible, can result in delays in benefits and higher premiums, eg, Part D—Prescription Drugs.

**Malpractice Insurance:** The 2 issues that must be addressed are arranging for tail coverage should a claim be brought against you after retirement and professional liability coverage in the event you choose to perform part time or volunteer medical work. Tail coverage requirements depend, in part, on whether your current insurance is for *claims made* or *occurrence*. The former refers to when a claim is filed by the attorney. The latter refers to when the patient about whom the claim is filed was actually treated. In any event, check directly with your current malpractice insurer to assess your specific needs. When you check, also note the financial stability of your current malpractice insurer and inquire about arrangement for claims payment in the event of bankruptcy. Your state

(Revised: July 2008)

department of insurance or state medical society may also help in this area. Many arrangements may be available to you depending on your circumstances. As to the need for professional liability insurance for volunteer work, you may be eligible for free malpractice coverage. Check with your existing malpractice carrier or contact your state department of health.

For more information, see the Fidelity Preretirement Checklist ([http://personal.fidelity.com/planning/retirement/content/pre\\_retirement\\_checklist.shtml](http://personal.fidelity.com/planning/retirement/content/pre_retirement_checklist.shtml)) on Social Security, pension benefits, Medicare, and estate planning.

## **Organizational Issues**

If you are part of or employed by a medical organization, there are often several steps to take for a smooth retirement (in addition to contacting your human resources department for matters mentioned previously).

1. Contact your department chair, department supervisor, and medical director.

This is especially important when your retirement will require recruiting a replacement or changes in support staff. In some organizations the actual retirement date is only established after considering the needs of the department, organization, and retiree.

2. An exit interview with the leadership of your group

may be an option. 3. Attend to mailing address, phone number, and e mail address changes.

4. Contact medical staff secretaries of hospitals with which you are affiliated.

5. There may be ways to maintain some contact with your colleagues, clinics, or hospitals after retirement. Making contact with someone in your group who has already retired will usually be helpful.

6. If your group has an information systems department, you may need to contact the department director.

7. Notify your mail room.

8. Contact your financial services payroll person.

9. Determine whether there are any continuing privileges such as access to doctor's parking at the hospital or clinic, e-mail, or access to a fax machine.
10. Learn whether there are special arrangements for vacation benefits during the retirement year.

### **Personal Issues**

In addition to the previous issues, you may want to consider taking care of some of these more personal matters.

1. Get a physical examination.
2. Execute appropriate financial and health care powers of attorney.
3. Seek financial and estate planning advice (eg, money manager, financial planner, accountant, lawyer). A financial advisor can help you learn about special opportunities available to you (eg, the place for use of Roth IRAs).

[Learn](http://estate.findlaw.com/estate-planning/estate-planning-overview/estateplanning-overview-process-checklist.html) about financial planning software, Web resources, and how to select a financial advisor from the AAP SFSM Web site. Visit <http://estate.findlaw.com/estate-planning/estate-planning-overview/estateplanning-overview-process-checklist.html> to view an estate planning checklist from the American Bar Association. Estate planning seminars are also available, but while some are excellent, others turn out to be sales pitches, so be careful.

4. Review and update your will, living will/health care proxies/advance health directives, durable powers of attorney, and estate plans. General attorneys do this, of course, but there are those who specialize in estate law and elder law.

The hyperlinks provided above are from the American Bar Association.

5. Notify your academic and professional groups about your retirement and decide whether to volunteer to help, continue under a retiree status, or cancel.

Remember, the AAP offers a reduced membership fee status as an AAP Retired Fellow or AAP Emeritus Fellow. Fellows who are at least 65 years of age and have been an AAP member for 30 years or more are eligible for Emeritus Fellow. Emeritus Fellows receive a discount on dues. Fellows who are at least 55 years of age, have been an AAP member for 5 years or more, and no longer derive

(Revised: July 2008)

income from professional activities are eligible for Retired Fellow. For more information, check with the AAP at 800/433 9016, ext 5897.

6. Consider volunteering your medical expertise or child advocacy skills. Licensing and liability issues are different for each state. Check with your AAP chapter or your state department of health. Find information about volunteering in the Opportunities section of the AAP SFMS Web site ([www.aap.org/sections/seniormembers/opportunities/opportunities.htm](http://www.aap.org/sections/seniormembers/opportunities/opportunities.htm)).

7. Remain active in the AAP with the SFMS. The section mission is to “provide opportunities for our members to remain involved with the AAP in a meaningful way, to foster the growth and development of younger members through effective mentorship, and to provide experience and resources that will support our members as they make transitions in their personal and professional lives.” Visit the AAP SFMS Web site to see the variety of contributions you can continue to make to children and the ways in which the AAP can continue to serve you.

8. Depending on your age, you may want get information about Social Security and Medicare. Many issues can come up relating to your situation and application needs to be made several months ahead.

9. Web site help—there are many such sites. Among them are [www.nolo.com](http://www.nolo.com) for estate planning and [www.medicare.gov](http://www.medicare.gov) for Medicare. AARP ([www.aarp.org](http://www.aarp.org)) also maintains a good Web site. Don't forget the AAP SFMS Web site at [www.aap.org/sections/seniormembers](http://www.aap.org/sections/seniormembers)! Check out the Living Well and Health & Fitness sections to aid in planning your retirement.

10. Check out other opportunities depending on your inclination. These are all over the place and include hospital committees, state specialty organizations, local free clinic boards, health related boards such as United Cerebral Palsy, local arts boards, hospital advisory committees, assisting in research projects, political activities, university courses, and courses from retirement organizations.

11. Compose or update a document or letter to help your heirs and personal representative on your death. Such documents include, but are not limited to, vital personal information such as Social Security, bank, trusts, and location of resources and important documents. They may also include an inventory or description of where everything is kept, bank safe deposit box, or where in the home things are located. Be certain that your heirs receive these documents in

sufficient time to discuss them with you to understand your specific wishes after death, or in the event one or both of you are not competent or one or both of you are in a state such that care should be withdrawn except for relief of discomfort. Note that this may be in addition to your will but will provide your heirs with information about immediate action steps that may be required and a guide to accomplishing them in accordance with your wishes. Visit Template for Recording Important Personal Information at <http://www.aap.org/sections/seniormembers> for tips.

## Appendix A

### Sample Patient Notification Letter of Retirement or Closing a Practice

DATE

INSIDE ADDRESS

Dear INSERT NAME OF PATIENT/PARENT:

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.

Sincerely,

Name of MD

This is a sample document provided by one of the authors. It is provided only as a reference for practices developing their own materials and may be adapted to local needs. This document does not represent official American Academy of Pediatrics (AAP) policy or guidelines and the AAP is not responsible for its use. You should consult an attorney who is knowledgeable about the laws of the jurisdiction in which you practice before creating or using any legal documents.