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What's your exit strategy?

Before you join your next practice, give thought to how you'll leave it.

WHEN YOU'RE CONSIDERING AN OFFER OF employment, going over your exit strategy before you sign on the dotted line might be the last thing on your mind. However, paying attention to some of the more common issues can save you time and spare you undue stress.

These days, there is no question that changes throughout a physician's career—moving from private practice to hospital or corporate employment, for example, can be stressful. What do you need to do to plan a smooth conversion or exit strategy before closing your office door one last time? How are loose ends resolved upon your departure? Is there a succession plan in place? If loyal patients wish to see you at the new practice, are you contracted to honor a pre-existing residual payment plan with your old employer?

Countless issues may rear their heads, including non-competes, buyouts, client communication and succession planning. Successful transitions begin with a sensible, realistic outlook about your career path and careful planning from your early working life through retirement.

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Of course, after you've signed on and helped build a thriving practice, you may not be the one leaving. A partner's departure will greatly affect your professional situation—and also your financial one.

Imagine this example: One of your junior medical partners, enticed by a lucrative offer from a nearby university hospital, decides to jump ship. There's nothing too controversial about this…until the defector begins not only to poach clients, but also to divulge certain trade secrets and procedures that you developed.

What could you learn from that example?

Lesson 1: ***When you or your medical partners are transitioning, properly drafted non-compete agreements are essential.***

In the imagined example, if you had prepared such an agreement, you would have had leverage to fight against the departing physician's actions. Though non-compete agreements are generally disfavored

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on public policy grounds, if they are necessary to protect business interests and limited in duration and geographic proximity, they can help preclude this type of issue.

Lesson 2: ***Put agreements in writing as soon as employment is confirmed.***

Much like a prenuptial agreement, a well-drafted non-compete can serve as a blueprint delineating what type of post-employment behavior is or is not permitted.

If you are an employer, we recommend you also add the essential verbiage to your employee handbook.

If you still have years of work ahead of you, be advised to clarify the specifics around what "assets" are yours (patients, patient files, procedures/techniques, proprietary information) and what are not. Though your patients are free to visit any doctor they wish, an employer with foresight may write any number of "non-compete" type restrictions into your contract. For example: "For any patient who sees you at your new practice, you owe the old practice two times the cost of the office visit."

This may not be top of mind for many new physicians; attractive salaries, employee benefits and an institution at-the-ready to handle insurance claims, EMR conversions and other pesky administrative and system tasks have led many physicians to sign on the dotted line. Be sure to know what you are to receive—and what you may be giving up.

Lesson 3: ***If you are planning to move to another practice, or you are retiring, let your patients know well ahead of time.***

What constitutes ample notice varies around the country, but a good place to start would be your state's licensing board or medical societies. Different notice requirements may be required for specific specialties, as well. According to *The New England Journal of Medicine*, internal medicine physicians are advised to provide at least three months of notice; psychiatrists are counseled to provide six.

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The obvious import of providing notice is to both thank the patients and to ensure they understand they have the option of remaining with the practice. Patients will undoubtedly appreciate this courtesy.

Timely notification is not simply a manner of courtesy, but also of protection. Imagine that you're about to retire. Eager to begin traveling the country with your wife, you neglect to arrange permission to access your patients' records after retirement and, at least in one patient's case, to release medical records. Three months later, your cross-country journey is rudely interrupted by a malpractice suit. Your failure to release the patient's records was a major cornerstone of the suit; worse yet, your main line of defense is tied up in the patient's medical records—records that you now have trouble accessing.

Lesson 4: ***Make sure you are not disqualified on careless technicalities.***

Before leaving a practice, be aware of the type of malpractice insurance you'll need. The amount of doctors who don't know the difference between "claims made" and "occurrence" coverage is baffling. Such ignorance can be costly.

If our fictitious traveling retired physician, for example, had "claims made" coverage and neglected to purchase "tail insurance" for claims filed after the termination of his policy, he would be unprotected. This may have been the case if he mistakenly believed he had "occurrence" coverage, where his carrier would be responsible for claims that arose while he was being covered (which presumably would have been when he was practicing). Few things are more disconcerting than being sued after crossing the finish line.

Make sure you have the proper professionals handling the transaction to propose the right questions and get the answers you need to move forward worry-free. This is complicated work and the risks involved can be foreboding. ●

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