

## Coping with Copious Records

Patient charts, financial reports, employee records, tax documents -- your practice generates an overwhelming volume of paper and electronic records. How long must they be saved?

There's no simple answer. Retention periods for some types of records are mandated by law (federal, state, and/or local). When there is no established legal timeline, the holding period should be determined by common sense and a prudent approach to managing risk. For example, discarding records used to prepare a federal income-tax return before the IRS audit period expires isn't illegal, but it could result in a costly fine or penalty.

### Business Records

On one hand, a medical practice is a business. As a result, there are many different types of financial, employment, legal, insurance, and other records to be stored. Here is a relatively brief list of suggested retention periods for different types of records from several sources, including the IRS.

Type of Record	Suggested Retention Period*
<b>Financial</b>	
Accounts (including accounts payable, receivable aging reports, accounts receivable ledger and invoicing, and accounts that have been written off)	7 years
Balance sheets	Permanently
Bank statements and reconciliations	7 years
Canceled checks	10 years
Financial statements	Permanently
<b>Legal</b>	
Deeds/Titles	Permanently
Leases/canceled	10 years
<b>HR</b>	
Attendance records	7 years
Employee medical history	7 years
Employment applications (not hired)	3 years
Personnel files after termination	7 years

## Insurance

Expired insurance policies 10 years

## Payroll

Checks 7 years  
Employee withholding exemption certificates 10 years  
Payroll records after termination 10 years  
Time reports 7 years  
W-2 forms Permanently  
Vacation/sick pay 4 years

## Tax-related Items

Canceled checks for tax payments Permanently  
Correspondence (tax) Permanently  
Depreciation schedule Permanently  
FUTA/FICA/Income-tax withholding 4 years  
Income-tax returns and worksheets Permanently  
Payroll tax returns Permanently

\* These are suggested periods only. Some situations and some businesses may require longer holding periods.

## Medical Records

What about medical records? According to the American Medical Association (AMA) Code of Medical Ethics (Opinion 7.05), physicians are obligated to keep records that may "reasonably be of value" to a patient. The AMA offers several guidelines, including the following.

- o Medical considerations are the primary basis for deciding how long to keep a patient's medical records.
- o In all cases, pertinent state law (if any) should be followed.
- o Records should be kept at least as long as the statute of limitations for medical malpractice claims measured from the physician's last professional contact with the patient. (Laws vary by state.)
- o Immunization records should be kept indefinitely.
- o Records for patients covered by Medicare or Medicaid must be kept for five years or more.

## Privacy Concerns

It's extremely important to safeguard both your patients' records and your business records. For electronic data, these precautions should be standard practice:

- o Require the use of unique user IDs and passwords for all computer equipment.
- o Protect laptops and peripheral memory devices with encryption.
- o Program computers to lock automatically after a brief period of inactivity.
- o Keep operating systems and virus protection software updated.
- o Take precautions to secure your paper records, too:
- o Limit access to the chart storage area during office hours.