Contract Negotiation

One of the most common mistakes young physicians make when taking a job is accepting whatever is offered. When you are reviewing a job offer and contract, keep in mind that all terms—not just compensation—can be negotiated.

The contract should contain everything discussed in the interview and more. Do not assume verbal statements alone will be remembered or honored. If a certain issue is important to you, make sure to get it in writing. It is also important you take enough time to carefully review the contract, paying attention to all issues that affect you. Do not feel pressure to sign anything you do not fully understand. Courts typically uphold the provisions of the contract, so be careful what you sign.

You can be sure the practice has an attorney who prepares the contract and protects their interests. It will be worth the money for you to enlist an attorney to review the contract and ensure your interests are protected. This step can save you thousands of dollars up front, as well as protect your interests and income for many years. Select an attorney who has at least three years of experience working with physician contracts and is familiar with the laws where you plan to practice.

Finally, once you accept a position and sign the contract, make sure to review the contract at least once a year with the practice.

Checklist for Evaluating and Negotiating an Employment Contract

**Duties and Obligations**
- Hours expected to work including call schedules and overtime
- Number of patients you are expected to see each day
- What kind of patients you will see
- What procedures you are expected to perform
- Nonmedical responsibilities (administration, meetings, community involvement, speeches, etc.)
- Restrictions to additional employment outside the practice

**Availability and Role of Support Staff**

**Credentials and Privileges**
- Type required
- Where required
- Time frame to obtain

**Typical Performance Issues/Criteria for Evaluation**
- How will your performance be evaluated?
- How will the evaluation affect your income?
- Patient volumes
- Revenues generated
- Quality of care
- Clinical outcomes
- Patient satisfaction
- Utilization (cost savings)

**Compensation**
- How will you be paid?
- Flat salary vs. hourly rate
- Based upon fees billed vs. fees collected
- Based upon profits of entire practice
- Performance incentives
  - Bonuses
  - Revenue sharing
  - Profit sharing
Managed care risk sharing
- Intervals and increments by which compensation will increase

Note—Don’t overlook the opportunity to negotiate for extra money in the form of:
- Cash up front
- Signing bonus
- Moving costs
- Transition expenses
- Income guarantees

Employment Status
- Employee vs. independent contractor

Benefits
What does the benefit package include?
- Malpractice insurance
  - Claims-made vs. occurrence coverage
  - Tail coverage
  - Nose coverage
  - Coverage amounts per claim and aggregate
- Health/Life/Disability insurance
  - How much? Who is covered—physician, family?
- Time Off
  - Vacation, sick leave, maternity/paternity leave, jury duty, military duty
  - Amount, length, and accrual schedule
- Pension and profit-sharing plans
- Continuing medical education
- Professional dues and fees
- Travel and entertainment expenses
- Automobile allowance

Location of Facilities
- Requirements to practice in multiple locations

Contract Terms and Termination
- Length of contract
- Provision for termination with cause
  - Are causes for dismissal clearly defined?
- Provision for termination without cause
  - Provision should be reciprocal
- Tie compensation to termination clause
  - Will money owed through bonuses or productivity be paid at termination?
- Can the employer deduct the cost of malpractice premiums from money owed you?
- Restrictive covenants/Non-compete agreement
  - After termination, what restrictions are placed on you?
  - Geographic area, area of medicine, and time period
- Disputes handled by mandatory arbitration or in a court of law?
  - Is the prevailing party entitled to attorney’s fees and costs?