



# PHYSICIAN EMPLOYMENT CONTRACTS AND NEGOTIATIONS

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PRACTICE MANAGEMENT 101

2017

# BASIC CONSIDERATIONS

## ▶ Basic Considerations

- A. Do I want to do this?
- B. Can I do this?
- C. Am I being compensated fairly?
- D. How does this further me?



# Do I WANT TO DO THIS?

- Do I Like My Boss?
- Do I Like My Colleagues?
- Do I Like The Company?

# DO I WANT TO DO THIS?

- What Are Your Duties?
  - Bad: Duties as assigned by the Board of Directors
  - Good: "Within the specialty of Endocrinology."



# DO I WANT TO DO THIS?

- What is Your Call Schedule?
  - Bad: "As assigned by the Board of Directors."
  - Good: "On an equal basis with other group physicians."

# DO I WANT TO DO THIS?

- How Many Patient Contact Hours/Week?
  - Bad: "Minimum of 40 patient contact hours per week."
  - Good: "Goal of 35 patient contact hours per week."
- How Much Administration?
- How Much Autonomy/Oversight?



# NEGOTIATING POINTS

- ▶ Duties should be commensurate with training and experience.
- ▶ Duties should reflect ambition.
- ▶ Call schedule should be "consistent with other physicians in group."

# NEGOTIATING TIPS

- ▶ No more than 35 contact hours per week.
- ▶ Do not set minimum, especially as starting physician.
- ▶ Administrative duties should be minimal.



# NEGOTIATING TIPS

- ▶ Do not submit to “Policies and Procedures” without reading them first.
- ▶ Do not submit to layperson authority.
- ▶ Have adequate support and back-up.

# CAN I DO THIS?

- ▶ Do I have the necessary licensure?
- ▶ Do I have the necessary specialization?
- ▶ Do I have the necessary hospital privileges?
- ▶ Do I have the necessary managed care contracts?



# NEGOTIATING TIPS

- ▶ If you are not yet licensed in that state, allow yourself sufficient time to obtain the licensure.
- ▶ If board certification is required, allow sufficient time in which to become board certified.

# NEGOTIATING TIPS

- ▶ Effective date should be “the later of (date) or when Physician is licensed and credentialed as required by this agreement.”
- ▶ DO NOT AGREE TO CANCELLATION OF CONTRACT IF LICENSING IS NOT DONE BY START DATE.



# NEGOTIATING TIPS

- ▶ If hospital privileges are required, give enough time in which to become a staff member.
- ▶ Never guarantee that you will be on a managed care plan. You can only guarantee your “best efforts.”

# AM I BEING COMPENSATED FAIRLY?

- ▶ Base Salary
- ▶ Bonus
- ▶ Benefits
- ▶ Malpractice Insurance



# BASE SALARY

- ▶ Is it enough?
- ▶ Is it contingent on production?
  - Never during the first year.

# BONUS

- ▶ Based on charges/receipts?
- ▶ Do not start bonus calculations for at least 90 days.
- ▶ Do not make bonus arbitrary ("subject to change by the Board")
- ▶ Increasing percent as receipts increase.



# BONUS

- ▶ "Charges attributable to Physician's professional services."
- ▶ "Payable within xx days after the close of the calendar year."
- ▶ Bonus obligation "survives termination or expiration of the contract."

# BENEFITS

- ▶ Vacation (3 weeks minimum)
- ▶ CME (5 days, \$2,500)
- ▶ Society memberships (AAACE)
- ▶ Expenses
- ▶ Malpractice Insurance



# BENEFITS

## ▶ Insurance

- Health

- Life

- Disability

# BENEFITS

- ▶ Miscellaneous
  - Stock Options
  - Retirement Planning
  - Signing/ Relocation Bonus



# HOW DOES THIS FURTHER ME?

- ▶ Partnership Path Explicitly Stated?
  - Time
  - Production
  - Buy-In amount set in advance
  - Automatic and at whose discretion

# EQUITY LANGUAGE

- ▶ “No later than (date) Physician shall be considered for an equity position in the Practice. If such an opportunity is offered, the price of any buy-in shall not exceed the product of the book value of the Practice and the percentage of Practice equity to be held by Physician.”



# HOW DOES THIS HOLD ME BACK?

- ▶ Restrictive Covenants (reasonable time and distance)
- ▶ Tail Insurance (do you have to pay even if you are fired without good cause)
- ▶ May I terminate the contract without cause?

# HOSPITAL GUARANTEES

- ▶ Does it cover revenues or salary?
- ▶ Is it paid to you or group?
- ▶ Are you or group responsible for repayment?
- ▶ How long must you remain in area?



# HOSPITAL GUARANTEES

- ▶ Non-Compete Issues
- ▶ Are debts forgiven at the end of three year period or on pro rate basis?

# HOSPITAL EMPLOYMENT

- ▶ Opportunity for Advancement?
- ▶ How are bonuses figured?
- ▶ Hospital politics
- ▶ The “ultimate multi-specialty group”



# RESOURCES

- ▶ AACE
- ▶ Chris Nuland
  - [nulandlaw@aol.com](mailto:nulandlaw@aol.com)