

PHYSICIAN EMPLOYMENT CONTRACTS AND NEGOTIATIONS

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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: “with in 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 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 % 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 (AACE)
- 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?

Resources

- AACE
- Chris Nuland
 - nulandlaw@aol.com

Multi-Specialty Groups

William C. Biggs, M.D., FACE

- Where does the endocrinologist fit in?
 - Diabetic primary care or specialist?
- Call obligations
 - Shared with IM or endocrinologists?
- Is bonus pooled with other physicians?



Single Specialty Groups

Bill Law, Jr, MD, FACP, FACE

- What is the referral base?
- Potential to be treated as an “equal” with senior physicians
 - Equity Distribution
 - Share Distribution
 - Call Schedules



Hospital Guarantees

- Todd W. Frieze, MD, FACP, FACE, ECNU, CEC
- J. Woody Sistrunk, MD, FACE, ECNU

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 end of three year period or on pro rata basis?



Hospital Employment

- R. Mack Harrell, MD, FACP, FACE, ECNU



Hospital Employment

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



Questions and Answers

- The Panel