PHYSICIAN EMPLOYMENT
CONTRACTS AND NEGOTIATIONS

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Practice Management 101
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