

# Physician Employment and Partnership Contract Pitfalls

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Whether you're just completing your training or have been in practice for years, you must be extremely careful to ensure your contract is fair and equitable. Contracts have changed significantly in recent years, and some are written to only protect the employer or new partners. Here are some of the major pitfalls:

## Get Paid What You're Worth

Physician income continues to grow in most specialties but many employers are trying to pay less. Further, some compensation plans are so convoluted, that it takes an MBA to understand them. So insist on a written projection to show you how the numbers add up. For your pay level, if you have more than one option for a new position, you'll have dramatic leverage to raise your income for the new position. But don't get greedy. You might win the battle by getting a higher income at first, but set yourself up for long term animosity and limited income growth if you over do it. Fairness is the key.

## Understand What You're Actually Signing

Your contract will cover much more than just money. Numerous other points may be included, or excluded. Be sure to work with an expert who can go over the contract with you. Ask the potential new employer even the smallest question for your POCs (Points of Clarification). The exact same wording in one contract may mean something entirely different in another contract, so be extremely careful. Don't assume anything.

## Realize that "Off Contract" Terms Are Just As Important

The contract is only a representation of the job. No contract can completely outline a position and the employer/employee relationship. Anyone who tells you "If it's not in the contract, then it doesn't count," is not aware that numerous other communications count, even verbal. So even if not in the contract, at least document your understanding by email. If you write the email, make sure the new employer responds and concurs with you. However, make sure your understanding is not in conflict with the verbiage in the contract, as the signed contract would take precedence.

## Beware of Management Versus Labor Agreements

Some contracts are written to be very one-sided. If you are presented with a contract that "sews you up" in numerous ways, then you may have an unfair contract. Occasionally you can get the employer to make significant changes, but in my experience, it's often much better to look for another opportunity. A bad contract is known to be a predictor of a bad employer or partner. "Buyer Beware."

## Think of Your Career Long-term

When advising physicians, I always think how this position fits in his/her career. Is it the first position out of training? Or is it mid-career, or late-career? In a single day I may deal with physicians from all three scenarios. Also, our research shows that the average physician has three jobs in his or her career. While that's much better than a dozen positions for the non-physician, you must still think about your Exit Strategy in case you don't stay with this employer. For example, does the contract have "clawbacks?" That is, money you have to pay back if you don't stay. What happens to your retirement account? Do you have to pay for tail coverage? How long of a notice must you give, or what are the repercussions if you don't give such a notice?

## The Employer Must Pay Tail Coverage

Malpractice coverage is clearly a cost of doing business for the practice, especially if the physician is an employee and not an owner. If the employer purchases discounted "Claims Made" coverage, this is understandable, as long as the physician employee is not required to pay for the tail coverage should he/she ever leave. The great majority of larger physician organizations will cover this tail (Extended Reporting Endorsement), but we still see some practices and even the occasional hospital or university that want the physician to pay for the tail. Some employers will literally try to hide this (leave it out of the contract) and get the physician to sign with no discussion. In some states there are laws that protect employees from being required to buy tail coverage, but few physicians fight back. That is, the employer is required to indemnify the employee from liability from "customers" during and after employment. Keep in mind that once the physician employee is gone, the employer is not worried about coverage for that former physician employee, but they want coverage for themselves! So why should a former employee pay for insurance to cover a practice where he no longer works? The employee did not provide the medical care in a vacuum. The practice provided the care, and that is who needs the coverage along with the former employee.

## Call Coverage

The contract should specifically define call coverage details to include responsibilities, co-coverage, locations, nights, weekends and holidays. Will you be paid for call coverage, or paid if you have to take more call than usual? Will the calls first go to a hospitalist, another specialty or practice, or to a NP or PA?

## Hours and Location

The hours you are expected to work should be defined. If not in the contract, then off contract as described above. Just as important, make sure the location(s) you work are in writing. Thousands of physicians have been surprised to start a new position and later learn that have to work at locations that are less than ideal. Perhaps that is due to the problems of commute time, or the type of patients, or the affiliated hospital or referring physicians.

## Non-Compete Clauses or Restrictive Covenants

While a few states do not enforce non-compete clauses, most do. The purpose is to protect the practice, which I think is fair. But it has to be reasonable. Here's the little known secret. Reasonable is commonly defined as protecting their "Primary Market." In Marketing 101 terms, that means the closest 50% of the patients you served, geographically speaking. I just reviewed a Miami contract that prohibits the specialist from working anywhere in Florida should he leave the practice. How ridiculous.

## Benefits Count!

A huge part of your financial package may be your benefits. Ask for the full packet of information. There may be an employee or benefits manual. Make sure a professional reviews this with you. For example, the new employer offers disability insurance, but upon review, you find it is minimal. Or you need to have religious holidays off but the employer thinks differently. If you ask on the front end, you may easily get exactly what you want.

## Get Someone on Your Team

The employer has the power, but many physicians never get help with their contracts. Some physicians rely on the recruiter or the employer's staff to "explain" everything. Now that's the fox watching the henhouse! Get someone with extensive experience to not only look for needed contract changes, but what the contract is actually saying, and what it's leaving out. Protect yourself!

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*If you want to know more about physician contracts or if you would be interested in having me help you with your career and review your contract, go to [PhysicianCareerAdvisor.com](http://PhysicianCareerAdvisor.com) and see my [YouTube videos](#). I'm also available to speak at your next national or regional conference or Grand Rounds. Additionally, you'll find PhysicianCareerAdvisor.com on [Facebook](#), [LinkedIn](#) and [Twitter](#). **Call my office at 770-649-7150. Text me at 770-356-9541. Email me at [Rbonds@PhysicianCareerAdvisor.com](mailto:Rbonds@PhysicianCareerAdvisor.com).***