Contracts: What You Should Know

Contracts are binding statements of the terms of the working relationship entered into by physicians and their employers/partners. In this article, we review the physician contract and discuss elements to which physicians need to pay special attention.

CHECK YOUR CONTRACT

Because physicians are highly regulated, physician contracts differ from other contracts you may have reviewed in the past. Signing your contract signifies that you understand everything in the contract, agree with the information presented, and approve of the content completely. Therefore, reviewing the contract carefully is necessary before signing.

If your prospective employer has promised you something verbally, it must be documented in the contract. When you get the contract in the mail and notice that something is missing, do not sign and assume you can make the changes later. Make any changes before you sign.

Associations like your local or state medical society can help you find an attorney. For help connecting with an attorney, contact blevi@aan.com.

Qualifications

Board certification/recertification are covered under the qualifications category. While you may understand how long it takes to obtain these certifications, your employer may not. Look to see if your contract expects you to be board-certified on your start date. If you are not or will not be, inform your employer and adjust that statement in the contract.

State Licensure

Physicians have to be licensed before they can practice and requirements vary per state—some states are faster than others and some require in-person registration, etc. Make sure you and your employer are aware of these expectations.

Hospital Medical Staff Privileges

In order to receive privileges, your hospital has to verify your education and credentials. This process can take time and you need to determine whether you or your employer is responsible for obtaining verification. Do not assume that your employer is doing this—find out.

Remuneration and Benefits

It’s important to understand what and how you will be paid. What is your base salary? Is there a signing bonus? Will your employer pay for your loans and insurance? You need to understand about deductions for buy-in, insurance, etc. If you’re going to buy in directly and the cost is going to be deducted from your salary, this is something you need to know. Some practices provide health insurance and others expect you to pay for this. You need to also look into insurance, disability insurance, life insurance, and pension. If this is already overwhelming, as it can be, then hire a lawyer. Also consider hiring a financial advisor who has experience working with physicians.

Working Conditions

As the new person, are you going to be required to handle all the call in terms of holiday or weekend coverage? Or are they willing to look at it as a shared responsibility? Will they limit your vacation time, or can you work when you want? Know what you’re getting into in terms of your working conditions before you sign the contract.

Hidden Costs

It’s a great idea for you to join your specialty or medical society, but you need to know if you or your boss will cover these membership dues and application fees. Professional liability insurance is expensive; you need to know whether or not you’re expected to pay for this or if the practice will provide. Also, make sure you understand whether or not you’ll be provided with a furnished office. Don’t assume anything.
Termination

It’s important to understand how to get out of this contract if necessary. You can’t always foresee the need to get out of the contract. Your contract should stipulate how you can terminate. Look for and understand cause/without cause language, notice provisions, noncompete covenants. If you don’t understand, hire an attorney.

Being Fired

Find out how you can be fired. Does it have to be with cause or without cause? Are they able to fire you on site, or do they have to give you notice of the firing? Don’t expect that the notice clause that you have to provide is the same that your employer has to provide. You may have to give 120-day notice, but they may only have to give you a two-week notice to leave. Find this out before you sign. Remember, if you sign it, you own it.

Hire a Lawyer

Just because your contract is written down doesn’t mean it cannot be negotiated. Your lawyer can help you with this. In some cases it’s better for your attorney to do this for you.