Negotiating Employment Contracts

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For doctors just beginning their professional lives, the prospect of handling employment contracts can be intimidating and even off-putting. Nevertheless, the task must be tackled, if you are to take control of your career. You’ve simply invested too much to leave this last detail to chance. Unfortunately, when faced with this final bit of paperwork standing between you and your first paycheck, the overwhelming temptation may be to flip to the last page where someone has kindly attached a “Sign Here” sticky note and do exactly that.

This is definitely an urge you should resist. For starters, whatever you sign will instantly become legally binding—which is reason enough to read the document carefully. But the contents of the contract aren’t your only concern; you also need to understand what’s not contained in the document, such as specifics about your vacation benefits or on-call duties.

A good guideline to remember is that work conditions defined in your contract become binding once the ink dries, while those not described there might be difficult to influence once the job begins. Hence, the process of negotiating your contract takes on critical importance, as this is when your employers are most willing to make adjustments in order to bring you on board.

To start, it helps to understand that there are two parts to the process of negotiating an employment contract: Understanding the document, and conducting the negotiation itself. We’ll tackle them in reverse order.

Steps for Conducting the Negotiation

1. **Control the timing.** The time to negotiate a contract is not when it is first handed to you; nor should it occur during the interviews or before an offer has been made. The advantage of waiting until an offer is outlined on paper is that you will have all the information in hand and be better able to evaluate the situation as a whole. At that point, don’t be shy about asking for time to review the contract before responding. You’ll need at least a few days to read it carefully and incorporate comments from an attorney (more on this later).

2. **Respond to the contract.** Once you understand the contract and have a clear idea of what needs to be added or deleted, or a list of items that you’d like clarified, it’s time to respond to the employer. You can do this by scheduling an in-person or phone meeting, or, if the changes are very straightforward, you might simply revise the document and send it back.
3 **Schedule the conversation.** Assuming that you want changes that require negotiation, you will be meeting with the employer, either in person or on the phone. Start the ball rolling by asking for the meeting and expressing gratitude for the offer: “I want to thank you again for the offer. I’ve had time to read the contract and I think most everything is in order. There are just a few points I wanted to clarify or discuss before we move ahead. Would Tuesday at 9 a.m. work for you?”

4 **Manage the conversation.** The agenda for this meeting is up to you, so prepare your main talking points and know which are most important to you. Once the conversation has started, you can simply say, “I feel comfortable with everything in the contract except for a handful of points. Should we just take them in order?” Then you can work through the document methodically. Or, you might prefer to arrange the points from least to most important (starting with the parking and ending with the salary, for example), or in reverse order (tackling the most important point first and dropping in the others afterward). These variations are based on different philosophies of negotiation, not on a black-and-white standard for a successful process.

However you choose to organize the conversation, it’s probably best to avoid nickel-and-diming the employer. For example, rather than asking for a half-dozen relatively small concessions (parking reimbursement, smartphone allowance, etc), consider asking for a one-time signing bonus. On the other hand, be sure to ask for things that are specific to you but which might not be noted in the contract. Do you need a loan or stipend for moving expenses? Are you completing a research project that will require a week away at the end of the year? Now is the time to bring up these points and get the terms clarified.

As a last tip, try to approach the conversation respectfully, but not as a total supplicant. Yes, you do want this job and that makes you vulnerable to accepting less-than-ideal conditions—that’s just the reality of being the employee. But remember that the employer has chosen you and wants to begin using your services. In that way, hammering out a good contract is a shared duty, and one that establishes the working dynamic between you and your employer.

5 **Get it in writing.** Whatever you agree on in this conversation must be committed to writing or it didn’t really happen. As you are wrapping up, clarify this step with the employer: “Thank you for going over this with me; I feel good about the changes we’ve made to the contract. When will you send me the revised version with these changes in it?”
Understanding the Contract

Elizabeth A. Snelson, in her October 2012 webinar for AAN (“Employment Contracts: What you should know”), notes that physician contracts are different from other hiring documents, and cites several key components to watch for. The following list, taken from her presentation [link here] includes both the items that may be found in your contract and those that may be missing, but which you might want to clarify and include.

**Qualifications required of you, such as Board certification, state licensure and hospital medical privileges.** As Snelson notes, you may need to alter the employment start date if, for example, your licensure won’t be established in time, or if you have not yet been granted medical privileges at the required hospital.

**Remuneration and benefits to be paid, including salary, health coverage, bonuses, pension, disability, etc.** Although your attention might be drawn immediately to “all those zeroes,” Snelson cautions physicians to also note the details, such as the base salary, bonuses and the terms for receiving them, deductions to your paycheck for physicians’ insurance or practice buying, and schedules for advancement or pay increases.

**Hidden costs, such as application fees for hospital privileges or professional liability insurance that might not be spelled out in the contract.** Snelson also cautions physicians to understand what equipment will be provided, and which equipment they may need to purchase themselves.

**Working conditions, including such basics as your work schedule, on-call duties and the types of services you’ll be called on to provide.** For example, if you’re joining a practice with five other doctors, you might naturally assume that holiday work schedules will be split evenly among all the physicians. But what if those physicians are anxiously awaiting your arrival so they can get out of the holiday work schedule altogether? It’s best to know in advance, while you can still negotiate some terms.

**Termination.** Does the contract spell out the conditions necessary for termination, and the notice required from departing physicians? Is there a covenant not to compete or start your own practice in the area? These are terms you need to understand before you sign, long before they are likely to come up in real life.

The importance of using an attorney

As Snelson notes in her webinar, one reason physician contracts are different from employment agreements in other fields is that there are very specific laws and regulations affecting the profession. Investing in an attorney experienced in representing physicians could well save you money in the long run, while also helping you avoid unpleasant work situations. For attorney referrals, Snelson suggests you check with AAN or your state medical society. The bar association in your state may also have a directory of attorneys sorted by specialty.

Need another argument for using an attorney? Like other professionals upon whom you will rely in your career, your attorney can provide a range of services, many of which you can’t foresee needing. In the case of the employment
contract, he or she can review the document, coach you on the conversation with the employer, or even represent you in the negotiation. Later in your career, your attorney may be key in advising you about employment decisions, the purchase of a practice, or other critical steps you take as you continue in your professional life.

**A final thought: Don't fear the process**

Although it’s probably safe to say that no one looks forward to negotiating an employment contract, neither should you be intimidated or overly aggravated by the process. Approach negotiation as a professional skill to develop, like the others you’ve spent all these years honing. And remember that you and the employer have the same goal: To set you up for success, so that you can contribute fully to the workplace. Seen from that light, employment contracts are not a “necessary evil,” but a powerful tool for building career success.