



Negotiating Your First Physician Employment Agreement

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You are about to wrap up your residency or fellowship training and you have received an employment offer... Congratulations! Now it's time to make sure that it's the right employment offer for you. Reviewing and negotiating your first physician employment agreement can seem overwhelming, and it is important to not simply accept what is offered and "sign on the dotted line." While there are many important items to consider and address as part of reviewing and negotiating an employment agreement, here are a few key things to keep in mind during this process:

1. **Is a Letter of Intent sufficient?** A letter of intent (or an offer letter) is a very important document for essential business terms, but it is generally not intended to serve as a final, enforceable contract. It will be important to make sure that the employment contract includes the items from the letter.
2. **What is the term of the agreement?** The length or "term" of an agreement can be confusing. There is often an initial term (one year or longer) and some form of renewal term(s). However, the real "term" may be affected by the termination rights that you and the employer may have, whether "for cause" or "without cause." Termination rights are also often tied to notification obligations.
3. **Is there a non-compete clause and what does it mean?** A non-compete clause prohibits you from practicing in certain locations during the term of your employment and typically for a period of time after your employment ends. They can be enforceable in most states, but the boundaries of what is enforceable can vary and are often shifting. It is important to understand the restrictions that are being placed on your practice (and your future options) from a scope, timing, and geographic perspective.
4. **Will your employer provide your malpractice insurance?** Your employment agreement should identify who is responsible for the cost of your medical malpractice insurance (you or your potential employer), as well as any tail insurance, if necessary. You will also want to consider other activities you may be performing to assure that coverage will extend to administrative, charitable, and other services.
5. **How will you get paid?** Physician compensation today comes in many different forms, and it's important for you to understand how (and when) you are getting paid for the services you are rendering. Your salary may be a guaranteed base salary, or it may be more complex and dependent upon wRVUs generated or the profits/losses of the practice. It may also be a combination of features including bonuses, and you will want to understand how any bonuses are calculated (e.g., productivity, patient satisfaction scores, quality metrics, etc.) You may also transition from a fixed salary to a "compensation plan" after some period of time, so understanding that process and its application to your practice will be part of any negotiations.



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The health care practice group at Plews Shadley Racher & Braun LLP regularly works with physicians, dentists, nurses, physician assistants, and other health care providers in the review and negotiation of professional employment agreements. To learn more about our practice, click [here](#).

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