

## Contract Analysis Tip Sheet

### Tips to look out for in a Physician-Employment Agreement:

#### Duties

- When reviewing the contract, ensure that the physician's responsibilities and expectations are clearly defined.
- On-call responsibility of the physician.
  - Does the contract outline on-call responsible?
  - Does it include the number of calls expected to take?
  - Does it outline how many weekend and or night calls?
  - Does it provide additional incentives if additional call is taken?
- Time commitment
  - Does the contract define the number of hours the physician has committed to working?
- Staff affiliations
  - Does the contract outline which hospitals the physician must maintain privileges at?
  - Who is responsible for paying for the credentialing fee?
- Qualifications/Certifications
  - Does the contract identify what licensures are required to maintain during employment.
  - Does the contract outline specific certifications required?
  - Does the contract outline if membership is required in certain professional associations?
  - Does the contract outline who is responsible for paying for the above licensures, certification, or professional affiliation?
  - Does the contract outline who is responsible for ensuring the above forms are completed and maintained? And does it outline any repercussion if the above is not maintained or completed?
  - Does the contract specify who is responsible for ensuring time completion of all credentialing (including payer credentialing)?

#### Compensation

- Base compensation
  - Does the contract outlines base compensation/bonus and if it will be based on work relative value units (wRVUs), number of patients seen, or number of hours worked, and if on-call payment is included.
  - Does the contract address how wRVUs will be assigned if the services provided is not recognized by CMS and therefore, no wRVUs have been assigned?

- Check to see if salary is based on geographic location, years of experience, or specialty and how it differs compared to another physician in the same range of expertise.
- Incentive compensation
  - Identify if there is an incentive compensation and what the applicable rates are and when will it be disbursed.
- Benefits
  - Does the contract outline the number of available days off?
  - Does it provided any flexibility for family emergencies?
  - Does the contract outline what will occur if additional time off is needed?
  - Does the contract outline who is responsible for providing health benefits, Short term Disability, Long Term Disability, Malpractice, and High Limit Personal Umbrella Insurance?
  - Does the contract outline any retirement benefits?

### Staffing/Scheduling

- Does the contract identify who is responsible for scheduling and if shifts are delineated amongst other physicians (holidays, nights, weekends)? Ensure which days physicians are required to work along with the total number of days required, and when will the schedule be set.

### Termination

- Does the contract outline a termination process?
- Does the contract outline any penalties if the contract is termed prior to term date?
- Does the contract outline who will be responsible for providing notification to patients as outlined in the (Texas Medical Board Rule 165)?
- Can the contract be termed with or without cause and the period of notification the physician must give in advanced? Specifically identify what is considered with cause and without cause.

### Restrictive Covenants

- Be familiar with the non-compete clauses, in the case the hospital voluntarily terminates the physician versus the physician quitting. Check to see the consequences for violating any of the clauses. The agreement needs to identify the duration, the geographic scope, and the restricted activities of the covenant.
- Clarification includes whether or not the physician needs to follow the clause after voluntarily quitting and is it enforceable at the end of the agreement period.
- Ensure what confidentiality policies are addressed and consequences of such violations.
  - Physicians shall not disclose any patient care information to uninvolved parties without proper consent.
- Identify who owns the patient's medical records and who owns the billing records.

## Medical Malpractice

- Ensure the amount of liability covered for the physician in a claim and if the physician has to pay any amount before the insurance provides coverage. Find out who is responsible for the deductible, if a lawsuit is filed?
- Check to see if Tail Insurance is included or offered in the contract to cover claims against the physician after they leave and for how long the continued coverage last, and whether it's at the physician or hospital's expense.
- Identify if the amount is based on claims-made or occurrence basis, whether physician is insured for a claim during the active policy or insured for any occurrences no matter when the claim was made.

## General

- Identify whether the physician is considered an independent contractor, true employee or is the physician's practice being leased.
  - If the physician is considered an independent contractor, they will receive a 1099 Form. If the physician is a true employee, he/she will receive a W-2 Form. If the physician's practice is being leased, no form will be given; instead it will be recorded as income. Identify who is responsible for information relating to taxes.