



EISENHOWER HEALTH

**What does life look like after residency?
(Physician Employment Contracts and Related Issues)**

GRAND ROUNDS LECTURE
ANNENBERG CENTER FOR HEALTH SCIENCES

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EMPLOYMENT POST-RESIDENCY

California Models:

- **Academic Medical Centers**
Direct Employment
- **Community Hospitals**
Physician Foundation
Private Professional Corporation (PSA)

COMMUNITY HOSPITALS

Physician Foundation - Why?

- **Prohibition Against the Corporate Practice of Medicine**
- **Structure to Align Physicians and Hospitals**

PHYSICIAN FOUNDATION STRUCTURE

Hospital – Foundation – Group – Physician

- Group Employs Physicians
- Hospital/Foundation Contracts With Group

LAWS IMPACTING PHYSICIAN EMPLOYMENT AGREEMENT TERMS

- Stark (Federal)
- Anti-Kickback Statute (Federal)
- Corporate Practice of Medicine (California)

FIRST STEPS TO EMPLOYMENT

- **Current Market**
- **Recruiters**
- **Significance of Networking**
- **Applications, Interviews, Site Visits**
- **Letter of Intent (Common Terms); “Non-Binding”**

- ✓ Scope of Work
- ✓ Compensation
- ✓ Sign-On Bonus

- ✓ Moving Expense Reimbursement
- ✓ Tuition Reimbursement
- ✓ Housing Allowance

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Physician Duties

- Clinical Services
- Research
- Education
- Administrative (Roles and Meetings)



PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

- Physician Compensation
- Base Salary
- Productivity Bonus
- Quality Improvement Bonus
- Expenses (Reimbursement)
- Honorariums, Deposition Fees, Etc.

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Term

Initial Term (typically 1 to 3 years)

Auto Renewals for 1 year or Affirmative Renewals

Termination

Without Cause (90 days' advance written notice)

With Cause (can be immediate)

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Physician Qualifications

- Member of the Hospital Medical Staff in Good Standing
- State Licensure
- Board Certification
- Participate in CME to Maintain Licensure
- Participate in Hospital Programs (Quality, Peer Review, etc.)
- Automobile
- Payer Enrollments (Medicare, Medi-Cal, PPO's, HMO's, etc.)

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Compliance Required (Required to Notify Employer)

- Licensure Issues/State Medical Board
- Medical Staff Issues
- Lawsuits
- Incapacity/Disability
- Charged/Convicted of a Crime
- Debarment/Ineligibility to Participate in Medicare

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Compliance With Laws Required

- HIPAA
- Medicare Reimbursement
- Stark, AKS, CMP, etc.
- Medicare Hospital COPs
- Hospital Licensure Requirements
- Joint Commission Accreditation Standards
- EMTALA

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Professional Fees, Billing and Medical Records

- Employer Establishes Fees Patients Pay for Services
- Physician “Assigns” Billing/Reimbursement to Employer
- Physician Required to Timely Complete Notes in Medical Record (to support billing/reimbursement)

PHYSICIAN EMPLOYMENT AGREEMENT

Key Components:

Medical Malpractice Insurance (“Professional Liability”)

- Self-Insured with excess layers
- Procured in the market
- Captive insurance company

Limits: \$1M/Occurrence; \$3M/Annual Aggregate (general)
\$3M/Occurrence; \$5M/Annual Aggregate (high risk specialties)

PHYSICIAN EMPLOYMENT AGREEMENT

Miscellaneous Provisions:

- Time Commitment (Shift Duration and Frequency)
- Confidential Information/Non-Disclosure
- Non-Solicitation (Business, Employees and Physicians)
- Non-Competition (During Employment and After)
- Exclusivity (Group and Hospital)

PHYSICIAN EMPLOYMENT AGREEMENT

Miscellaneous Provisions:

- Arbitration or Compelled Judicial Review Process
- “Legalese” (Entire Agreement, Force Majeure, etc.)
- Governing Law

PHYSICIAN EMPLOYMENT AGREEMENT

Schedules/Exhibits:

- Approved Outside Activities
- Scope of Services
- Compensation and Benefits

PHYSICIAN EMPLOYMENT AGREEMENT

Schedules/Exhibits:

Compensation

- Compensation (hospitalists based on shift; specialists based on wRVUs)
- Base Salary (Annual)
- Productivity Incentive
- Quality Incentive
- “Fair Market Value”

PHYSICIAN EMPLOYMENT AGREEMENT

Schedules/Exhibits:

Benefits

Paid Time Off (Vacation/Personal/Sick/COVID)

- CME Time Off
- Dues, Subscriptions, Licensure
- Medical, Dental, Vision and Life Insurance
- Retirement Benefits (401(k))
- Tools of the Trade (Phone, Laptop, Etc.)

CONCLUDING THOUGHTS AND RECOMMENDATIONS

Retain a health law attorney, specializing in physician employment agreements to review the agreement.

Know that there is very little to negotiate:

- (1) laws dictate what must be in the agreement;
- (2) employers need consistent terms with all physicians; and
- (3) the hospital or health system defines the scope of work.

The goal of the legal review is to insure that the agreement is fair and reasonable and that you fully understand the terms of your employment (an attorney will “translate” the “legalese”).

Questions/Open Discussion