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Contracts, What You Need to Know

[Contracts, What You Need to Know](#) (PDF, 181KB, requires [Adobe Acrobat Reader](#)) offers practical tips on contracting issues to AMA member young physicians.

The publication identifies resources they can use to avoid problems. It also includes experiences and tips, such as the following, which were shared by young physicians:

- Talk with other physicians who have been in the group, hospital, or the practice. Ask, "Why do they need me?" Get the inside story--ask about the practice's reputation, its competitive situation, the market for physicians. Decide if your personality is a good fit. If there has been a high turnover rate, find out why.
- After more than three years of working with him, he "was not ready" to make me his partner even though I was performing 80% of the work and receiving 20% of the income.
- I learned from my fellow employee physicians that partnership negotiations had been going on for over five years.
- My section chief had a nurse telephone all patients prior to setting the appointment; she took a history and asked for information as to insurance status. Naturally, the chief selected only those patients with a high probability of demanding surgery who also had good insurance; I got the leftovers.
- After working as it were my own practice and doing well over fifty percent of the work, I asked for specifics about the transition to partnership. I suspected that our practice was generating more income than I was led to believe. I presented my estimates of our income and asked to see the "books." I was told it was none of my business and that I would have to accept what I was given as my "half." The next thing I knew, I received my 90-day termination notice.
- Each contract I reviewed was different; however, they all protected the group or senior partner. Each was presented as a "take it" or "leave it" proposition.
- I became a "partner" but the only income that was shared by all partners was the profit from the department which contracts with the hospital. However, the rest of the partners keep 100% of the profit from their own practices. How is that for a fair agreement?
- When I arrived at my hospital, I found many surprises. There was no written contract with regard to my position; I had originally inquired about a contract but was informed that physicians were not given contracts at this institution. Then I discovered that the salary I was quoted was actually a loan which I was expected to repay. Then I discovered I had to pay all of my routine expenses, including malpractice premiums, out of my own pocket. I also had been told that I could do my own billing, but when I arrived I was informed that the wife of my section chief would do the billing for 7% of my fees. Furthermore, I was informed that I was expected to pay a secretary additional money under-the-table each month.
- The most important thing a young physician can do is to assess the practice style, honesty, and ethical standards of the individuals he or she is considering a partnership with.
- Specific terms were not outlined in the initial three-year independent contractor arrangement. I asked that it be included, and I was made to feel I was being untrusting.
- Don't let a shiny brochure fool you into thinking the contractor knows what it's doing. A plan needs to be run well and offer you adequate support, or it can become a nightmare.
- He kept postponing signing the final contract. Finally, when it was presented to me for my signature, the buy-in agreement was missing. He said he needed clarification from his attorney. I didn't want to make any waves, since I had a lot to

lose. Two months later, he said the practice wasn't doing well, and I had to leave. I was also told I had to look elsewhere to practice since our agreement had a non-compete clause.

- I made all the mistakes that the College of American Pathologists professional guidelines warned not to do. I failed to discuss the position with a previous employee of the group. If I had contacted this doctor, I would have discovered that the group never had any intention to make any employees partners.
- If you have questions that were not answered in a straightforward manner, do not take the job. We live in an era where the hiring doctor should do his homework, have a clear idea of the job description of the prospective new doctor, and know all of the proposed benefits. Any practice that has failed to plan for the new doctor is a potential nightmare for the junior partner.
- I knew there were some drawbacks. The first year salary was considerably lower (30-40% lower) than other salary offers I received in the city; but the future income potential as a partner would more than compensate. The partners were making four times the starting salary of their employee. The other major drawback was that it was essentially five years to full partnership. Toward the end of the first year of employment, the group would vote to add an additional partnership track contract which consisted of an additional four years of service with yearly salary raises, higher bonuses and equal voting privileges. Two weeks before my employment contract was to expire, they told me there were insufficient votes to offer me a partnership contract. What they then offered was a second year of employment without any future job security. As I reflect back, I don't believe they ever had any intention of making me or any other future employee a full partner. Their goal was to form a limited partnership where only a few made high salaries. I believe they purposely delayed their decision to essentially force me to work another year for them.
- In the presence of a third person, he verbally promised me I'd become a partner at the end of the first year if I was comfortable. The contract stated however that the partnership would be agreed upon prior to the termination of the three-year contract, with the details to be determined at that time.
- Contracts should state a maximum number of hours. He told me he could order me to work 200 hours a week if he so desired. I worked all public holidays. He took four weeks vacation during which time I was on call all the time. I was told I would be compensated for this extra work. He promised a bonus at the end of the first year. Just prior to the end of my first year, I asked about the bonus and partnership. He said, "What bonus? What partnership?"
- He had the office manager and other staff eavesdrop on my conversation with my patients and their families. If you notice that your conversation with a secretary is immediately interrupted as soon as the senior doctor walks into the room, watch out!
- Academic physicians sharing part-time jobs in the Veterans Administration or federal system need to beware of problems with benefits. Often, the VA does not offer a contract until the first day of work. This can be a problem for physicians who were hired by the associated medical school, only after committing to a move to find themselves in the VA personnel office, with the VA giving very different information than did the department chair. The government has mysterious ways and rules often unknown to departments. Insist on everything in writing, including commitment to reimburse for moving expenses! The VA also has problems with pensions. A doctor working part-time at the VA can find himself without a vested university pension, because of requirements about a certain minimal number of hours worked at the university each year.
- The pension plan was structured with entry dates such that I did not qualify for my first year of participation until after I had been with them for 16 months. They terminated me after my first year and told me I didn't qualify for their plan so they didn't have to make a pension entitlement.
- I had several concerns which no one would address. I finally sent a certified letter asking that I receive a response to my concerns. I received a return letter stating I should plan to meet with them the day before my contract expired. At the meeting, with their attorney present (I was without counsel on the advice of several good attorney friends), they demanded my pager, cellular phone and told me to vacate the office within the hour. I was given a termination letter which did not state any reason whatsoever for the termination. I later found out they had done the same thing to another physician a few years earlier.
- Read the fine print in your contract. Hire an attorney to review the contract. And, don't trust anybody: The people I went into practice with were my professors in medical school. After five years, I left the group with hard feelings on both sides.

- Don't be dazzled by a generous salary. The practice I joined was an old, established group with a dwindling reputation. They wanted fresh blood to come in and save them. Basically, the young, hard-working guys supported the older guys.
- If it sounds too good to be true...it probably is.

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