

Physician Employment Agreements: General Advice for Young Physicians

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As a young physician going into private practice, one of the first and most important decisions you will make concerns your selection of a professional affiliation with another physician, group practice, or hospital. This decision will have far-reaching effects and may likely shape the course of your professional career. It should not be taken lightly.

Before you investigate employment opportunities, you need to think about some of your personal preferences. These include issues such as: the geographic area in which you would like to work, the salary range you are willing to accept, the benefits you are seeking, and how soon you would expect to be offered a partnership. Once you have carefully considered these issues, you will be ready to explore your employment possibilities.

When considering an offer of employment, it is very important that you set aside some time to meet at length with your prospective employer, visit his/her office, and speak with other employees of the practice. These first-hand experiences are essential if you are to develop a level of comfort with the practice's philosophy and professional work environment. An equally important consideration is the employment agreement presented to you by the employer. This document governs the relation-



ship between the designated parties. As such, it should incorporate all verbal representations to ensure that each party understands what benefits he/she is entitled to and what duties each party is required to perform.

Most employment agreements, to some degree, contain many similar clauses. However, to ensure that your agreement incorporates all the issues you and your prospective employer discussed and agreed upon, it is imperative that you carefully review the document with your attorney. Employment agreement provisions may pertain to: the length of the employment period; the duties the employee is expected to perform; employment exclusivity; the specifics related to compensation (i.e. annual salary, benefits, and bonuses); becoming a partner and what the 'buy-in' would be; covenants not to compete; the type of malpractice insurance

offered; termination provisions with and without cause; and severance pay.

Your agreement should also specify whether or not your employer agrees to pay for your professional liability insurance during your employment contract period. If so, the agreement should state whether it is going to be the claims made or occurrence form of coverage. This information is critical for a young physician who ultimately may leave his/her practice, move out of state, or no longer practice medicine. If claims made insurance is provided, in certain instances, *reporting endorsement (tail) coverage* is required after the employment period is terminated. The *tail* covers a physician for incidents that occur while his/her policy is in force, but which are reported after the policy is cancelled. Tail coverage can be very expensive to purchase. It is, therefore, essential that your employment agreement also clearly identifies the party responsible for purchasing tail coverage when, and if, it is applicable. (See *Frederick v Clark et al*, 150 AD 2d 981)

Choosing where and with whom to practice is a very important decision as you begin your professional career. For you to be happy and succeed in your professional practice setting, it is essential that all the issues you and your prospective employer verbally agree upon be set forth in writing in your employment agreement. If you are attentive to the details of your contract, not only will you achieve the terms you desire, but you will also confirm the fact that both you and your prospective employer have the same intentions, leaving no room for confusion.



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