



Solving Legal and Business Problems of Health Care Providers for Over 30 Years

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## Hiring? Use This Checklist

If you are hiring a new doctor for your practice, settle these fundamental issues *before* you make an offer or draft an employment agreement.

- **Total Compensation.** Compensation only *starts* with salary. Estimate the costs of *expected benefits*, including:
  - malpractice insurance
  - hospital staff dues
  - licensing fees
  - professional society dues
  - beeper
  - continuing medical education
  - journal subscriptions

Benefits that may make your offer more attractive than your competitors' offers:

- board examination fees
- automobile allowance
- cellular phone
- moving expenses.

Total the costs of all benefits you *intend* to offer, *before* you promise a particular salary and bonus.

- **Termination.** Unexpected, occasionally hostile practice "break-ups" *do* happen. Carefully draft appropriate termination language including:
  - "no cause" termination (with 30, 60, or 90 days' notice)
  - "for cause" termination for immediate dismissal upon the occurrence of a serious event, such as loss of medical license
- **Competition Covenants.** A departing associate could take some of your business away. Protect your practice.
  - A *restrictive* covenant prohibits your associate from *practicing* within a certain distance from your practice for a certain period after termination.
  - A *non-solicitation* covenant prohibits your employee from *soliciting* your patients, office staff, referring physicians or practice contracts.

Find out what is allowed in your state.

- **Ownership Arrangements.** If you may ultimately offer your new doctor "partnership," include the terms of the ownership arrangement ("buy-in"), in the employment agreement. You may prevent problems, such as an associate refusing to compensate you for the value of your practice, when it is time for the associate to buy into your practice.
- **Expectations and Boundaries.** Use your employment agreement to:
  - establish evaluation criteria, including frequency of evaluation;
  - prevent non-approved "moonlighting" for another entity;
  - affirm that, until such time as he or she becomes a co-owner, your associate has *no* ownership interest in your practice and thus is *not entitled* to:
    - accounts receivable;
    - patient lists;
    - referring physician lists; or
    - patient records.

Use these issues as a loose framework. Always have an advisor who is familiar with drafting new doctor employment and co-ownership arrangements help you plan and draft your employment agreements.

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