

Employment contracts: What to check before you sign

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Most psychiatrists are required to sign an employment contract before taking a job, but few of us have received any training on reviewing such contracts. We often rely on coworkers and attorneys to navigate this process for us. However, the contract is crucial, because it outlines your employer's clinical and administrative expectations for the position, and it gives you the opportunity to lay out what you want.¹ Because an employment contract is legally binding, you should thoroughly read it and look for clauses that may not work in your best interest. Although not a complete list, the following items should be reviewed before signing a contract.^{1,2}

Benefits. Make sure you are offered a reasonable salary, but balance the dollar amount with benefits such as:

- continuing medical education allowances
- educational loan forgiveness
- health/malpractice/disability insurance
- retirement benefits
- compensation for call schedule.

In some cases, there may be a delay before you are eligible to obtain certain benefits.

Work expectations. Many contracts state that the position is "full-time" or have other nonspecific parameters for work expectations. You should inquire about objective work parameters, such as duty hours, the average frequency of the current call schedule, timeframe for completing medical documentation, and penalties for not meeting clinical or administrative requirements, so you are not surprised by:

- working longer-than-planned shifts
- performing on-call duties
- working on days that you were not expecting
- having your credentialing status placed in jeopardy.

Some group practices allow for a half-day of no scheduled appointments with patients, so you can complete paperwork and return phone calls.

Noncompete clause. This restricts you from working within a certain geographic area or for a competing employer for a finite time period after the contract terminates or expires. A noncompete clause could restrict you from practicing within a large geographical area, especially if the job is located in a densely populated area. Some noncompete clauses do not include a temporal or geographic restriction, but can limit your ability to bring patients with you to a new practice or facility when the contract expires.

Malpractice insurance. Two types of malpractice insurance are occurrence and claims-made:

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- *Occurrence insurance* protects you whenever an action is brought against you, even if the action is brought after the contract terminates or expires.

- *Claims-made insurance* provides coverage if the policy with the same insurer was in effect when the malpractice was committed and when the actual action was commenced.

Although claims-made insurance is less expensive, it can leave you without coverage should you leave your employer and no longer maintain the same insurance policy. Claims-made can be converted into occurrence through the purchase of a tail endorsement. If the employer does not offer you tail coverage, then it is your responsibility to pay for this insurance, which can be expensive.

Termination language. Every contract features a termination section that lists potential causes for terminating your employment. This list is usually not exhaustive, but it sets the framework for a realistic view of reasonable causes. Contracts also commonly contain provisions that permit termination “without cause” after notice of termination is provided. Although you could negotiate for more notice time, “without cause” clauses are unlikely to be removed from the contract.

References

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2. Blustein AE, Keller LB. Physician employment contracts: what you need to know before you sign. *J Am Acad Dermatol*. <https://www.aad.org/members/publications/directions-in-residency/archivment-contracts-what-you-need-to-know-before-you-sign>. Accessed October 11, 2017.

Make sure the contract specifies objective work parameters, such as duty hours and frequency of the call schedule