Three Provisos Guide Contract Negotiation

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EXPERT ANALYSIS FROM THE ANNUAL MEETING OF THE AMERICAN COLLEGE OF RHEUMATOLOGY

ATLANTA – Following three basic rules can help you to avoid taking misleading employment offers that can hound you – and cost you – for years to come, Joan M. Roediger told newly minted rheumatology fellows during a special session at the annual meeting of the American College of Rheumatology.

Ms. Roediger's "three basic rules of employment contracts" are:

► It should never cost money to take a job.

► It should never cost you anything to work in a job.

► It should never cost you anything to leave a job.

Ms. Roediger, an attorney and partner at the firm of Obermayer, Rebmann, Maxwell & Hippel LLP in Philadelphia, said "the best contract you sign is one you put in a drawer and never look at again. The contract is for when something goes wrong."

But often something does go wrong, she said. More than 60% of young physicians change jobs within the first 2-3 years of employment.

Further, she acknowledged that the shortcomings of some contracts are not readily apparent. Often, what is not mentioned in the contract is problematic.

The first document signed in the process of getting hired is the letter of intent. Do not sign and return it without reading it carefully, she said. First, one should look out for terms that seem unfair: a too-low salary, too much on-call time, not enough leave. Also, make sure the letter of intent contains the wording that it is "not legally binding."

Hospital assistance agreements – which may be known as income guarantee, recruitment, or loan agreements – are part of the private practice hiring process in underserved areas. The community hospital assists the private practice in bringing the hired physician into the community. Salary is guaranteed for a period of time, and other incentives are paid by the hospital. These agreements are filled with pitfalls, she said. "The one time I would insist you hire a lawyer is when you are faced with both a hospital income agreement and an employment agreement."

Ms. Roediger also offered the following general recommendations about contract negotiation:

► **Get moving expenses covered.** "I feel very firmly that moving expenses should be paid, whether I am representing the employer or employee. And they should not be paltry. Your days of hiring a rental truck and hauling your own sofas are over. Call a mover for an estimate." Expenses should be paid at the time of the move, or better yet, have the mover bill the employer directly.

► **Ask for a signing bonus.** "If you don't ask for one, you are not going to be given one. At this point in your career, you can expect anything from between $5,000 and $25,000." The signing bonus should be paid at signing. There is a disturbing trend for it to be paid in thirds starting 90 days after the signing, she said.

► **Avoid payback stipulations.** If you leave the job, you should not have to pay back moving expenses. In an ideal world, signing bonuses should not have to be repaid. But Ms. Roediger said that she will accept that a physician who quits within the first year can be asked to pay back a prorated amount.

Under poorly negotiated hospital income agreements, if the physician does not stay in the community for the contracted period of time, he/she may have to pay back all the money. In fact, the practice rather than the physician is the entity that benefited from the agreement, she said.

Beware of contracts that require that things like continuing medical education allowance, hospital dues, or used vacation time be paid back on a prorated basis if the physician leaves before the end of the contract.

► **Get a guarantee of income.** Employment agreements without a guarantee of income are unusual, but she has seen a few, mostly in the Atlanta and the Washington metro regions, said Ms. Roediger.

Under such terms, known as "eat what you kill," one might as well be a solo practitioner, she said.

Ms. Roediger disclosed no conflicts of interest. ■