**Tool: Term Sheet for Initial Offer of Employment**

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| **Topic** | **Term (sample only)** |
| **Term of employment:** We recommend an initial term of 24 months for primary care physicians *new* to the area (as little as 12 months for invasive specialists). For established physicians, we recommend one-year “evergreen” contracts with the option for either party to give a 90-day notice to end the contract without cause at any time. | Initial term runs 24 months, from July 1, 20\_\_ through July 31, 20\_\_.  Renewal options available annually thereafter.  Ninety-day notice without cause. |
| **Assigned location:** Clarifies for the parties the assigned location(s) where the physician will be expected to provide services. | Short North Internal Medicine  7229 Belvedere Ave., Suite 109  Columbus, OH 43017 |
| **Physician duties:** Identifies a few key duties and performance expectations. Successful (viable) private practice standards become the minimum ante to participate in the network. We usually discuss the fact that productivity has to be consistent with private practice and must yield a viable practice setting. We also discuss the importance of “referring domestic,” meaning referring to affiliated specialists and hospital inpatient and outpatient services. This discussion highlights the hospital’s role (with the help of specialty physicians) as the capital-generating engine for the integrated system. | Full time.  Productivity consistent with private practice.  Schedule consistent with private practice.  Equal share of call coverage with other providers in the group.  Referral management. |
| **Fixed compensation:** Identifies that portion of the compensation that is fixed over a given time frame. | A rate of $160,000 annually during the initial term. Salary to be paid biweekly over 26 weeks per year at $6,153.85 per pay period. |
| **Productivity compensation:** Identifies the productivity model, as well as how and when the physician can and must move to productivity compensation. Established physicians whose practices are acquired are expected to move immediately to the productivity model once they become employed. | Opportunity to shift from fixed compensation to a productivity compensation model at physician’s discretion at any time during the initial term. Election to move to productivity model is irrevocable.  Productivity compensation required, starting with the first renewal term on August 1, 20\_\_.  In discussing the productivity compensation model, we always refer to the rate per work relative value unit as “the rate then in effect for the specialty” rather than placing a specific rate in the contract document. |
| **Employee benefits:** Describes the benefits package in general terms and uses attachments for greater detail. | Current physician benefit package (attached). |
| **Allowed time off (ATO):** Identifies the ATO limits. ATO is preferable when physicians are on an appropriate productivity compensation approach. ATO has no cash value. | Physician will receive 20 days of vacation time annually at the beginning of the year.  Eligible to use vacation after 90 days.  Base salary continues.  Carryover policies. |
| **Sick leave:** Identifies allowed time for sick leave, which looks and acts like ATO but is kept as a separate bank. | Physician will receive five days of sick leave annually.  Base salary continues.  Carryover policies. |
| **Continuing medical education (CME):** Identifies the time allowed and the reimbursement for continuing education. Similar to private practice, physicians are allowed time off for CME. | Physician will receive five days per calendar year of paid time off for CME. Physician will be allowed up to $3,000 in expense reimbursement for actual cost of attendance at preapproved CME, journals, professional memberships, and professional dues.  Base salary continues. |
| **Malpractice:** Providing malpractice for employment physicians, including tail coverage should they leave the employ of the organization, is a best practice to protect the physician and the organization. | Davis Medical Center (DMC) will provide malpractice coverage effective on physician’s first day of employment and will provide tail coverage through the last day of employment if physician leaves DMC employment. |
| **Noncompete:** A touchy, but essential, term of any physician employment contract. Represents and protects investment in market share and in referral management. | Time frame is two years after employment terminates.  Five-mile radius of assigned practice location for primary care physicians.  Fifteen-mile radius of assigned practice location for specialty physicians. |
| **Nondiversion:** Helps keep the peace should a breakup occur. The effect of contract termination is defined to help protect market share and reset referral patterns. | No direct patient solicitation or employee solicitation upon termination.  Mass media advertising and Yellow Pages permitted if location is outside the required noncompete radius. |
| **Nondisclosure:** A covenant not to share confidential information with a new employeror others, including the way business is conducted. | Will not reveal corporation’s confidential information. |

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