

# CAREER AND LIFE PLANNING SAMPLE



**AIM**

**Sample Terms & Conditions**

# Sample Terms & Conditions

Make sure you are speaking the same language!

This tool will ensure you are speaking the same language when it comes to terms and definitions in contract language.

## Objectives:

**By the end of this exercise the participant/candidate will be able to:**

- The user will be able to use this tool to orient themselves to basic terms and definitions commonly used in contracts and negotiations.



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## How to Use This Tool:

Use this tool as a quick look glossary for important terms and definitions as it may relate to your negotiations and contracts.

## Related Resources:

| TITLE  | RESOURCE NO. |
|--|--------------|
| <a href="#">Sample Script to Negotiate a Physician Employment Agreement</a>      | S-07         |
| <a href="#">Contract Negotiation</a>   | ST-08        |
| <a href="#">Step-by-Step Process to Negotiate a Physician Compensation Offer</a> | E-27         |



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## Contract Terms

The following is a list of common contract terms and their meanings. Please note that these definitions are for informational purposes only and are not intended to be legal advice. Consult an attorney if you have questions about your particular situation.

| Term                          | Definition   |
|-------------------------------|--|
| <b>Term</b>                   | The specified beginning and ending dates of the contract along with any provisions describing the renewal or extension of the contract term.   |
| <b>Employment</b>             | The hiring of a person for a salary, fee or other payment to perform work for an employer.   |
| <b>Responsibilities</b>       | Duties and performance expectations, qualifications, licensing requirements, certifications and staffing privileges.   |
| <b>Compensation</b>           | Payment for work performed by salary, fees or otherwise  |
| <b>Benefits</b>               | All perquisites provided or made available to employees by employers, including paid time off, group health and dental insurance, life insurance, sick leave, disability insurance and retirement plans.               |
| <b>Expenses</b>               | Defines the business-related expenses that will be paid on behalf of the physician such as licensing fees, CMEs, medical journal, association dues and the like.   |
| <b>Facilities</b>             | Addresses basic practice needs such as office space, examination rooms, equipment and support staff.   |
| <b>Loyalty</b>                | Generally prohibits the physician from providing similar services to another employer without the current employer's consent.  |
| <b>Supervision</b>            | Provides the structure for supervision and evaluation by someone familiar with the employee's role and responsibilities.   |
| <b>Compliance</b>             | Requires the physician to adhere to the employer's policies and procedures as well as all applicable licenses, laws, rules and regulations.  |
| <b>Acceptance of Patients</b> | Specifies protocols for accepting patients   |
| <b>Vacation and Meetings</b>  | Defines the amount of time, usually expressed in terms of days or weeks for which the physician will be given leave from job duties for vacation or to attend CME programs, with or without pay.                       |
| <b>Disability</b>             | Describes the circumstances in which an employee notable to perform job duties due to illness or injury may continue to receive compensation (or a percentage of compensation) for some pre-determined period of time. |

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*Continued*

| Term  | Definition   |
|---|--|
| <b>Termination</b>                            | Discusses specific circumstances under which employment may be terminated either with or without cause, with cause being carefully and clearly defined.  |
| <b>Records on Files</b>                       | Defines who patient records belong to and the continuing access a physician will have to their records, including post-employment access and/or duty to turn over files and records.   |
| <b>Internal Revenue Code References</b>       | Refers to specific sections of tax laws that may be relevant to either the employer or physician, particularly with respect to compensation and benefit issues.  |
| <b>Non-Compete Covenants</b>                  | A restrictive agreement whereby the physician agrees to refrain from practicing within a specified geographic area or at certain hospitals for a specified period of time after the physician's employment ends.   |
| <b>Non-Solicitation Covenants</b>             | A restrictive agreement whereby the physician agrees to refrain from soliciting patients and/or employees of the employer for a specified period of time after the physician's employment ends.  |
| <b>Confidentiality Covenants</b>              | A restrictive agreement whereby the physician agrees to refrain from divulging or using the employer's proprietary and confidential information after the physician's employment ends.   |
| <b>Track to Partnership (If applicable)</b>   | Defines the conditions that must be met in order for the physician to be eligible for an ownership position with the employer.   |
| <b>Buy-In (if applicable)</b>                 | Specifies the fixed dollar amount or formula used to determine the cost of purchasing an ownership interest in the medical practice.   |
| <b>Productivity Formula</b>                   | Defines the formula used to divide income among practice owners, typically based on RVUs or relative collections   |
| <b>Indemnity and Malpractice Insurance</b>    | Employers may provide insurance or agree to defend a physician named as a defendant in a lawsuit. It is important to know who is paying the premiums and what the coverage limits are. Additionally, continuing coverage after employment has ended (tail coverage) should be addressed in this section.         |
| <b>Applicable Law, Venue</b>                  | Determines by agreement of the parties the particular state law that will apply in the event that a dispute arises involving the terms of the contract. In addition, this section of the contract may define the location where a lawsuit involving the contract will be heard.                                  |
| <b>Modifications</b>                          | Generally provides that the written contract contains the entire agreement between the parties and further provides that the contract can only be modified in writing and signed by both parties.  |
| <b>Severability and Judicial Construction</b> | This provision allows a judge to make a determination as to the meaning and intention of a provision in the event of a legal dispute over its meaning. It further allows any contract provision that is deemed to be illegal to be removed from the contract without the entire contract becoming null and void. |