

This contract example includes sample wording found in a typical fee-for-service contract between a physician and a hospital or health authority. It is provided here for educational purposes only to illustrate the pitfalls and common problems with these agreements.

Fee-for Service Contract Example
Dr. Balignant, MD, FRCPC, Specialist
Offer from St. Elsewhere Hospital
(Numbers and names are fictitious)

Identify any and all Potential Problems

1. **Position:** Specialist
2. **Start Date:** As soon as possible as mutually agreed upon between yourself and St. Elsewhere Hospital.
3. **Location:** St. Elsewhere Hospital or any other such location to which you may be assigned from time to time.
4. **Initially reporting to:**
5. **Compensation:** **Fee-for Service. Minimum billing amount of \$250,000 for the first full year of practice. This amount will be reduced to \$100,000 for the second full year of practice and then will be removed.**
6. **Operating Room:** **You shall be entitled to up to two days of operating room time which may be adjusted from time to time as directed by the Chief of Surgery and the Hospital Operating Resource Committee**
7. **Vacation:** You will be eligible for 20 days vacation per calendar year.
8. **Termination:** St. Elsewhere Hospital has the right to terminate this agreement with cause for but not limited to at anytime without notice and without pay in lieu of notice if you have misrepresented to St. Elsewhere Hospital any of the information referred to in this contract employment, or, if you at anytime engage in any illegal or improper conduct in the course of....
9. **Entire Agreement:** This letter supersedes any and all other agreements, either oral or in writing, between Saint Elsewhere Hospital and you. NO change to this letter will be valid unless in writing and signed by St. Elsewhere Hospital and you. This agreement will be governed by and construed in accordance with the laws of the province of X.
10. **Certification and Licensing:** This offer is conditional upon receiving Fellowship and any licensing registration and certification required to practice in the province of X.
11. **Moving Expenses:** Saint Elsewhere Hospital will reimburse you up to \$5,000 for relocation costs. Receipts must be submitted for payment.

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1. **Position:** Enter Specialty
 You should ask to see a job description, as well as a list of other functions, projects or duties that may be assigned to you or required of you from time to time. For example, is teaching required? If so, what does this entail? Occasional medical students? Regular rotations with residents? Does this include the preparation, organization and administration of a didactic lecture series at the medical school?
2. **Start Date:** As soon as possible as mutually agreed upon between yourself and Saint Elsewhere Hospital. Contracts generally include a term; an indefinite contract could be an indication of employment
3. **Location:** St. Elsewhere Hospital or other such location to which you may be assigned from time to time.

Where? As written, St. Elsewhere Hospital can legally assign you to any location they deem appropriate – another hospital across the street or across the region!

Add "...as mutually agreed upon" to the end of this sentence to assure that you must agree to any proposed change in work location.

4. **Initially reporting to:**

To whom will you be reporting to? Division Head? Head of Department? Chief of Staff? Is this satisfactory? Are there mechanisms to handle any potential disputes (i.e., Hospital Bylaws, etc.)?

5. **Compensation:** You will have a minimum billing amount guaranteed at \$250,000 for the first full year of practice. This amount will be reduced to \$100,000 in the second full year and then will be removed.

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It is not uncommon for minimum billing guarantees to be offered to assist specialists in their busy first years as they build their practice.

Although beneficial, it is prudent to understand the details: (note: minimum guaranteed billing that last beyond the first few years can be an indication of employment so be sure to consult with an employment lawyer)

Who is making the guarantee? The hospital? The region? The provincial Ministry of Health? If the hospital or region, will payment be contingent upon their respective “budgets”?

Will the physician be able to collect ALL billings IN ADDITION TO the “guaranteed minimum” in each of the first two years or will the guarantee be relinquished after the physician reaches \$250,000 and \$100,000 billing in the first and second years, respectively?

When will the amount, if necessary, be paid. What proof, if any, will the physician be required to provide? (If it is specified that “...funds will be provided within X days of submission of required documentation...” provides more of a firm guarantee versus an “open-ended” promise.

How is “year” defined? Is this “calendar” year or “fiscal” year or the first 12 months of practice?

6. Operating Room Time:

For many specialties, the number of days of “operating” or “procedural” (e.g., EMGs, bronchoscopies, gastroscopies, ERCPs, etc.) time is critical to a successful practice. Are the number of days provided sufficient? If not, is there provision for subsequent increases? Are these provisions documented in the Agreement? Although verbal assurances and promises may alleviate anxiety, this document represents the “Entire Agreement” (See Part 9) and supercedes all previous agreements, verbal or written.

If the hospital is to allow a certain number of days of “procedural time”, confirm who pays for the procedural time. Who staffs the procedural room? Are specially trained nurses and personnel provided by the hospital or must the specialist provide his or her own staff? Who is responsible for the cleaning and upkeep of the equipment? Who pays for the equipment and what provision has been made for regular updates in light of technology? (Do not assume anything)

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It is prudent to confirm these details prior to entering into an Agreement. Do not assume anything.

- 7. Vacation:** You will be eligible for 20 days vacation per calendar year in accordance with hospital policy, accrued at the rate of 1.66 per month of active employment.

Is there an increase to 5 weeks, 6 weeks, etc.? How many years of service before this occurs?

Can unused vacation days be carried over into the next year?

If a clinical specialty, who will cover your patient work-load while you are away? Will this be carried by the remaining members of your Group (do not assume)? Will any additional workload that arrives in your absence be handled by your peers or will it wait (pile up) for you?

- 8. Termination:** Saint Elsewhere Hospital has the right to terminate this agreement with cause for but not limited to at anytime without notice and without pay in lieu of notice if you have misrepresented to Saint Elsewhere Hospital any of the information referred to in this contract, or, if you at anytime engage in any illegal or improper conduct in the course of.....

This clause should be reviewed carefully as the language “offer of employment” is not consistent with independent contractor status.

There are many ways to structure a termination provision, some more generous than others. You are strongly encouraged to consult with a lawyer regarding termination provisions, as they tend to be the most important and most frequently disputed provisions of any contract.

For example, in this clause what does the “illegal” conduct entail – do traffic tickets count? What exactly is “improper conduct”? – that is, if you are accused of a relationship with a co-worker (who may or may not be married), is this “improper conduct” and grounds for legal dismissal?

You may want to include your own right to terminate before the end of the term.

Such a clause should be reviewed by legal counsel to ensure you are not being unduly exposed to risk of unjustified termination.

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9. Entire Agreement:

This letter supersedes any and all other agreements, either oral or in writing, between Saint Elsewhere Hospital and you. NO change to this letter will be valid unless in writing and signed by Saint Elsewhere Hospital and you. This agreement will be governed by and construed in accordance with the laws of the province of X.

Very Important. *This contract, as written and executed, supersedes everything else; verbal guarantees, other correspondence, e-mails, hand-written, notes.*

10. Certification and Licensing:

This offer is conditional upon receiving Fellowship and any licensing registration and certification required to practice in the province of X.

Touchy Subject. *What happens if (God forbid) you are unable to complete the Fellowship Examination (poor health, family emergency) or fail the exam? Will the offer and contract be null and void or is there a provision to hire you at a lower salary level with support for you to rewrite?*

You may wish to broach the topic verbally and diplomatically. Find out what you are getting yourself into...

11. Moving Expenses:

St. Elsewhere Hospital will reimburse you up to \$5,000 for relocation costs.
 Receipts must be submitted for payment.

Great – *what are acceptable relocation costs? Will only certain costs be reimbursed? If so what are they? Are the reimbursable costs simply all of your “out-of-pocket costs” to get from your present residence to the new residence? Would be beneficial to clarify this...*

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Note that in this document, there is no mention of:

CME time and/or money

Sick time – be careful --- is there any compensation for sick time? Will there be any shared coverage during unforeseen sickness or is it the specialist's role to find replacement? [Generally, however, paid sick time is not normally found in an independent contract relationship] Additional training, Fellowships, etc.

Available assistance for CMA, CME, Provincial Medical Association dues, etc.

If it is not in the contract, the hospital is not legally required to provide such benefits. That is, verbal promises may remain just that – verbal! Having these incorporated into the contract prior to “signing” gives you the best insurance and assurance of receiving any agreed upon items or benefits.

Moral of the Story

**Have Legal Counsel Review any and all Legal Contracts
BEFORE Signing**