

FUNDAMENTALS OF NEGOTIATING PHYSICIAN EMPLOYMENT AGREEMENTS

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Before signing a physician employment agreement, it's worth asking: what's actually negotiable—and what might you be overlooking? While compensation often gets the most attention, key provisions involving restrictive covenants, termination rights, productivity metrics, and malpractice coverage can have an even greater long-term impact on your career. A brief review of the fundamentals can help you identify potential risks, strengthen your negotiating position, and avoid costly surprises.



Introduction

Physician employment agreements are often presented as “standard,” but there is no such thing. Each contract reflects the priorities of the employer—and those priorities may not fully align with your professional and financial goals. While many physicians understandably focus on compensation, the most important provisions often lie elsewhere. Understanding a few key fundamentals can help you spot risks early and position yourself for a more favorable outcome.

1. Compensation Is More Than Just Base Salary

Base salary is only one piece of the puzzle. Productivity bonuses, quality incentives, call pay, signing bonuses, and retention bonuses can dramatically change the economics of a deal. Physicians should pay close attention to how productivity is measured (wRVUs, collections, panel size, etc.), when bonuses are paid, and whether targets are realistically attainable. A generous bonus structure is only meaningful if the metrics are transparent and achievable. Additionally, consider whether compensation is guaranteed for an initial period and what happens after that guarantee expires.

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2. Restrictive Covenants Can Define Your Future

Non-compete and non-solicitation clauses can significantly limit your flexibility. Physicians sometimes underestimate how restrictive these provisions can be until they consider a future transition. The geographic scope, duration, and triggering events (e.g., termination without cause) matter. Even a seemingly modest restriction may effectively prevent you from practicing in your community. Negotiating these provisions early—before you are committed—often yields the best results.

3. Termination Provisions Deserve Careful Review

Most agreements allow termination “without cause” upon notice, often 60–180 days. This clause cuts both ways. Physicians should evaluate whether the notice period provides sufficient time to transition patients, secure new employment, and manage licensing or credentialing requirements. Equally important is understanding what happens to compensation, bonuses, and benefits during the notice period. In some agreements, significant compensation may be forfeited if employment ends before a certain date.

4. Duties and Expectations Should Be Clearly Defined

Contracts sometimes contain broad language requiring physicians to perform “such duties as assigned.” Without clarification, this can lead to expanded responsibilities, additional locations, or increased call coverage. Physicians should ensure that expectations regarding call schedules, clinic hours, administrative duties, and support staff are reasonably defined. Clarity on these points reduces the likelihood of future disputes and protects work-life balance.

5. Benefits and Professional Support Matter

Malpractice coverage—particularly tail coverage—can represent a substantial financial obligation. Physicians should confirm who pays for tail coverage upon termination and under what circumstances. Other benefits worth reviewing include CME allowances, licensing and dues reimbursement, relocation assistance, and loan repayment. These items, while sometimes overlooked, can materially affect the overall value of the agreement.

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6. Partnership Tracks and Advancement Opportunities

If the position includes a path to partnership, ownership, or leadership, the agreement should outline objective criteria and timelines where possible. Vague promises of future opportunity may never materialize. Even if details are deferred to a later agreement, documenting the framework can help set expectations.

7. Timing and Leverage

Negotiation is most effective before you sign—and ideally before you verbally accept. Once an offer is accepted, leverage diminishes. Employers often expect some level of negotiation, and thoughtful revisions rarely jeopardize an offer. In fact, professional negotiation can signal that you take your career seriously and intend to build a long-term, mutually beneficial relationship.

Final Thoughts

Physician employment agreements shape your compensation, autonomy, and professional mobility for years to come. While no contract is perfect, identifying key issues early and addressing them thoughtfully can prevent costly surprises later. A focused review and targeted negotiation often yield meaningful improvements—sometimes in areas that are easy to overlook at first glance.

Understanding these fundamentals is a strong starting point. When questions arise, individualized guidance can help ensure that the agreement aligns with your professional goals and protects your future.

About the Author

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