

# 5 Essential Contract Issues

**WHEN YOU SIGN** an employment contract, each party pledges to comply with the terms of the agreement. Therefore, you must understand all the terms in that agreement. A contract is a legal document. It is written by your employer's attorney, who has your employer's interests at heart. Who has your best interests at heart? Consider hiring your own attorney to serve that purpose.

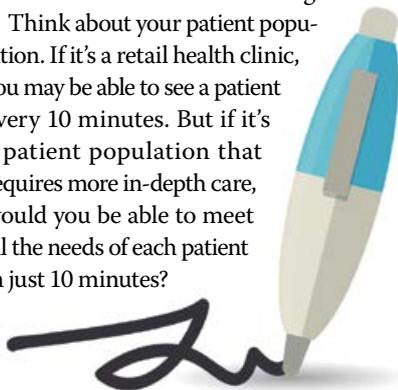
I equate contracts to dating and marriage. When your potential employer offers you a contract, you are in the dating phase. You're excited by the pursuit. The question then becomes: How married do you want to be?

An employment contract determines how bound you are to your employer. Let's look at five areas you should consider and understand when negotiating.

**1 Services.** What services will you be providing? Are you adequately trained to perform those services? What support will you have in performing those services? Will you have proper equipment, supplies and staff?

How frequently are you to see patients? Is it every 15 minutes, every 20 minutes, every half hour? Do you think that if you are scheduled to see six patients an hour (one every 10 minutes), you can do an adequate job assessing, planning, intervening and evaluating that patient — not to mention documenting?

Think about your patient population. If it's a retail health clinic, you may be able to see a patient every 10 minutes. But if it's a patient population that requires more in-depth care, would you be able to meet all the needs of each patient in just 10 minutes?



What other services will you be required to provide? Perhaps participating in staff meetings or serving on various committees ... maybe even outreach activities such as having a booth at a community event?

**2 Salary.** Does the salary meet your needs? Do you want to negotiate? Are you being paid monthly, biweekly or weekly? Are you an independent contractor or an employee? If you're an independent contractor, do you have to pay for your own equipment, supplies, malpractice insurance and benefits?

Will you be paid a percentage of collections? If so, what is the employer's collection rate? Will you be paid a guaranteed minimum? Is there a bonus or productivity incentive that allows you to make more money? What are the chances of you getting that productivity bonus? Did your predecessor earn bonuses?

**3 Benefits.** If you're an employee, you are entitled to the same benefits as other employees in the same situation. Employers have to pay benefits fairly. Will the employer provide health insurance, disability insurance, malpractice insurance, vacation time, sick time and paid holidays? If you will use a car to perform your duties, will the employer pay mileage, provide a car and insure it? Will the employer provide equipment?

What about continuing education? How many hours or for what dollar amount? Will travel expenses be covered? Can you select your CE sources without approval? If not, who approves it? Do you have to use your paid time off for continuing education?

**4 Term and Termination.** One of the most important parts of an employment contract is the term and termination section. How long is the term

of employment? Does it automatically renew? All states but Montana have "at will" employment laws, which means an employer can terminate you for any reason. Having an employment contract provides you with some protection.

Be aware that if the contract states you can be terminated with 30 days' notice, it actually provides a job for 30 days at a time. Instead, it is preferable to have a termination by agreement and/or termination for specific actions. However, as I noted earlier, it depends on how "married" you want to be. If you want to be able to resign with 30 days' notice, should the employer be able to do the same?

**5 Noncompete and Nonsolicitation.** Many employment contracts contain nonsolicitation and noncompetition agreements. The nonsolicitation language prohibits the employee from directly or indirectly soliciting the employer's patients when that employee leaves. The noncompetition language may prevent the employee from obtaining employment near the original employer's business.

These agreements must be reasonable as to time and distance. Therefore, you cannot have a noncompete covenant in effect for several years. The distance must also not be excessive. This section is the most overlooked by employees because it contains legal information that can be difficult to understand.

*Caveat emptor!* That's a Latin phrase meaning "let the buyer beware." If you are signing an employment agreement, make sure you have read the document completely and fully understand it. Just like with informed consent, make sure you have considered the risks, benefits and alternatives to the contract. ■

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