4 employment contract red flags young physicians should watch for

OCT 6, 2022

Brendan Murphy
Senior News Writer

As a physician seeking an employed position, finalizing the details of your employment will require a contract. For many young physicians, that can be new ground.


One area of the decision that is covered in depth by the toolkit is which aspects of employment that a physician may be able to negotiate. In general, those are parts of a physician employment contract.

Wes Cleveland is a senior attorney for the AMA who has worked extensively on physician contracting. Aside from the standard recommendation to seek advice from an experienced lawyer to review any employment contract, he outlined a few points that young physicians should take note of when negotiating their employment contracts.

Overly broad noncompete language

Restrictive covenants—more commonly referred to as noncompete clauses—are fairly standard in physician contracts. What Cleveland cautions against is a contract that applies the restrictive covenant even if the employer terminates employment without cause, meaning the physician didn’t cause the termination of their employment (a layoff is one example).

“The best practice in those cases is to have the restrictive covenant not apply in instances of termination without cause,” Cleveland said. “The physician didn’t do anything to sour the relationship.”

Get insight on restrictive covenants and termination clauses.

URL: https://www.ama-assn.org/medical-residents/transition-resident-attending/4-employment-contract-red-flags-young-physicians
Copyright 1995 - 2021 American Medical Association. All rights reserved.
Unreasonable expectations

Physician compensation typically is based in part on productivity. Because of that, it is important for physicians to understand what a reasonable level of production is, as well as what their nonclinical responsibilities will look like. “One way to understand that is talking to another physician in that practice or your specialty,” Cleveland said. “You also have to keep in mind the employer may want you to work on committees, and you have time you will be spending on the EHR that is not included in your productivity. You want to get the whole picture.” Learn the six questions to consider before signing a physician employment contract.

A muddled compensation formula

If you can’t look at your contract and understand how you get paid, that’s generally a bad sign, Cleveland said. “You want clarity on how their payment model works,” Cleveland said. “If you look at a contract and see a really complex formula, it may be hard to understand. One good practice is to ask for the employer for some examples of how the model works in your specialty and with your colleagues.”

Get help finding a lawyer to negotiate your first contract.

Disproportionate call responsibilities

The ideal set up for call duty is for it to be shared evenly among the physicians in your specialty.

“One thing to watch out for is what happens when the number of physicians you are sharing call with changes, often if someone leaves a practice,” Cleveland said. “Some attorneys like to see if they can get a limit placed on how much call time is required. You may not get that, but it’s something to negotiate on the lifestyle front.”

As you continue the journey to being a young physician, the AMA Transitioning to Practice series has guidance and resources on deciding where to practice, negotiating an employment contract, managing work-life balance, and other essential tips about starting in practice.

Learn how the AMA Young Physicians Section gives voice to—and advocates for—issues that affect doctors under 40 or within the first eight years of professional practice after their training as residents and fellows.