

This contract example includes sample wording found in a typical contract of a staff physician employed by a hospital. It is provided here for educational purposes only to illustrate the pitfalls and common problems with these agreements.

Salaried 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:** Your initial salary will be \$115.38 per hour (\$225,000.00 annually based on 1950 hours worked) payable bi-weekly, less statutory deductions.
6. **Benefits:** You will be eligible to participate in the St. Elsewhere Hospital Health Benefit Plan on the first month following 3 months of service as per hospital policy.....
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.
8. **Pre-Placement Health review:** The offer of employment is also conditional upon positive completion of a pre-placement health review within 14 days of your starting date....
9. **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 offer of employment, or, if you at anytime engage in any illegal or improper conduct in the course of.....
10. **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.
11. **Certification and Licensing:** This offer is conditional upon receiving Fellowship and any licensing registration and certification required to practice in the province of X.
12. **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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Potential Problems

- 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.  
Unless specified, the agreement will be for an indefinite term. There may also be a probationary period. Depending on the length of the probationary period and the employment standards legislation in your province/territory, the employer may be required to provide termination notice or payment in lieu of notice.
- 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:**  
  
Your initial salary will be **\$115.38 per hour** (\$225,000.00 annually based on 1950 hours worked) payable bi-weekly, less statutory deductions.

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1950 Hours = 37.5 Hours per week for 52 weeks.

*In the (unlikely) scenario of less work, such as a lockout, OR closure, labor dispute, etc. – will the remuneration be pro-rated? (Don't assume anything).*

*What if required hours exceed 37.5 Hours per week? – is there time-in-lieu or overtime payments? If the number of Full-time-equivalent Specialists drop below required levels – will the remaining Specialists share that funding to compensate for additional workload?*

6. **Benefits:** You will be eligible to participate in the St. Elsewhere Hospital Health Benefit Plan on the first month following 3 months of service as per hospital policy.....

*What is the Health Benefit Plan?; medical, dental, life insurance, disability insurance? Does the employer pay the full cost (unlikely) or only a portion (usually)?*

*Is participation in a hospital/company pension plan a benefit? When can you start (the sooner the better)? Does the employer match or exceed employee contributions? (usually employers at least match employee contributions).*

*How many years before pension benefits “vest” with the employee (you)? That is, if “vesting” occurs after 2 years and you leave your employer prior to 2 years, the employer’s contribution to your pension plan will be lost to you and returned to the employer.*

*When assessing your life insurance and disability insurance requirements, you will need to know the details of these policies – often the amount insured is insufficient and additional insurance outside of your employer should be considered.*

*Note: If your employer pays any portion (\$1 or more) of your disability insurance, any disability insurance benefits received will be taxable. If disability insurance is purchased on an individual basis and not deducted for tax purposes, any future disability benefits payable will not be taxable.*

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- 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 covered by the remaining members of your Group (do not assume anything)? Will any additional work-load that arrives in your absence be handled by your peers or will it wait (and pile up) for you?*

*Is this "paid" vacation? (Don't assume – check to be sure – the wording was not explicit) That is, will the employee be paid \$115.38 per hour for 37.5 Hours per week while on vacation?*

- 8. Pre-Placement Health review:** The offer of employment is also conditional upon positive completion of a **pre-placement health review** within 14 days of your starting date....

*What is this? (Don't panic – many hospitals have their own Occupational Health Dept. who will follow all employees for occupational related problems (i.e., TB exposure, Hep B immunization, Tetanus shot, etc.). Nice perk – but would be nice to know what this entails*

- 9. 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 offer of employment, or, if you at anytime engage in any illegal or **improper conduct in the course** of.....

*Employment agreements generally contain wording dealing with termination without cause and for cause and often refer to the applicable employment standards legislation in your province/territory. There are many ways to structure a termination provision, some more generous than others. You are strongly encouraged to consult with an employment lawyer regarding*

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*termination provisions, as they tend to be the most important and most frequently disputed provisions of an employment contract.*

*Sounds like they can terminate your employment with “just cause or not” for illegal or “improper conduct”. 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?*

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

- 10. 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.*

- 11. 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 re-write?*

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

- 12. Moving Expenses:** St. Elsewhere Hospital will reimburse you up to \$5,000 for relocation costs. Receipts must be submitted for payment.

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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...*

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

*Pension*

*CME time and money*

*Days OR/Procedural time*

*Sick time – be careful --- many hospitals will pay 0% of sick-time for a probationary period and a set percentage (e.g., 2/3 of your hourly rate) for any sick time up to a set number of years (e.g., 3 or 5 years) for certain (i.e., non-unionized) employees – including physicians! Having this corrected and set out specifically in your contract can save time, aggravation and \$\$\$etc.*

*Additional training, Fellowships, etc.*

*Responsibility for CMPA, CME, Provincial Medical Association dues, etc.*

*If it is not in the contract, the employer 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