

Contracts

I am getting ready to meet with my future employers- what do I need to have in the contract?

Midwives frequently confront contract issues and call ACNM for assistance. Contract issues are complex and intimidating. However, negotiating a mutually agreeable employment contract is a critical step in establishing a healthy work environment. Written in legal jargon, contracts can be difficult to understand and interpret. However, simply put, a contract is an agreement between two or more people which creates an obligation to do, or not do, something. The agreement creates a legal relationship of rights and duties. If the agreement is broken, the law provides certain remedies. A well-written contract defines the terms that all parties agree to abide by in their professional relationship; these terms can be referred to by any party if disagreements arise, and provide legal protections to all parties who are named in the contract.

In drafting or negotiating a contract, is always advisable to consult an attorney who is familiar with your state laws and has experience with health care contracts. This document is designed to provide an overview of the basic components typically included in a contract for midwifery employment, and to suggest further resources to assist in drafting or negotiating an employment contract. Much of the content you'll find here is adapted from the article, *What to Look for in Employment Contracts*, by Marion McCartney (cited below) which appeared in the Sept/Oct 1998 Quickening.

Job Description

The duties and obligations associated with the employment position should be clearly stated within the document and can even be appended as a formal job description. Work hours, work site, call responsibilities, hospital rounds, clinical coverage, and professional outreach or administrative obligations are all topics that should be addressed.

Terms, Terminations, and Renewals

The starting date and length of the contract, any probationary period, and the terms of renewal should be clearly stated in the contract. If renewal is based on an annual performance review, written performance criteria should be attached to the contract. The terms under which the contract may be terminated should be explicit. Typically, contracts contain termination clauses that are designated either "with cause" or "without cause". A termination clause "without cause" allows either party to terminate the contract at will. If the clause specifies that termination is "with cause," the causes that would result in termination should be explicitly enumerated (i.e., illegal activity, illicit drug use, etc.). In either case, the notification period for termination should be defined, and the severance package described. Grievance procedures and arbitration in the case of conflict should be detailed. Restrictive covenants are clauses that bind a party from competing with the practice for clientele upon leaving, and if included, should specify the time period and geographic parameters in which the restrictions apply.

Professional Liability Insurance

The terms and amount of coverage, designation of responsibility for payment of premiums and for purchase of tail coverage should be clearly stated.

Compensation and Investment Opportunities

The basis for compensation of the position should be stated, whether it is an annual salary, an hourly wage, compensation based on productivity, or a combination of these factors, such as a base salary with bonuses for productivity. The terms and conditions of such compensation should be clearly stated so that it is possible to calculate expected earnings. Since compensation packages can be complex, it is important to clarify all the

elements that make up your total package, since disputes over compensation are the most common contract disputes. If profit-sharing or partnership in the practice are on the table, the time-frame, terms, asset appraisal and shared liability associated with such an offer should be made explicit.

Fringe Benefits

These benefits comprise a significant piece of the overall compensation package and should be clearly delineated. The greater the specificity with which these items are treated, the less likely resentments or disputes are to occur. Common benefits include health, dental, life and disability insurance, dependent coverage, employee leave, retirement benefits, continuing education allotments, and coverage for professional expenses.

Further Resources

The following references are included for further reading on the subject of employment contracts. An Employment Contract Checklist is available for download by following this link:

http://www.midwife.org/siteFiles/education/Employment_Contract_Checklist.pdf.

1. McCartney M. What to look for in employment contracts. *Quickening* Sept/Oct 1998. http://www.midwife.org/siteFiles/education/employment_contracts_Sep.Oct_98.pdf
2. ACNM *QuickInfo*, Administration of Midwifery Practices, http://www.midwife.org/siteFiles/education/Administration_of_Midwifery_Practices_3_08.pdf
3. Kalogredis VJ, Burke MR, Building a solid employment agreement with a small group practice. *Family Practice Management*, April 1997. Back copies of this publication may be ordered at: <https://secure.aafp.org/catalog/viewProduct.do?productId=797&categoryId=2>
4. Giovino JM, You can't always get what you want... but sometimes you can. *Family Practice Management*, Nov/Dec 1999. <http://www.aafp.org/fpm/991100fm/24.html>
5. Kalogredis VJ, Burke MR. Working out your buy-in. *Family Practice Management*, October 1997. Back copies of this publication may be ordered at: <https://secure.aafp.org/catalog/viewProduct.do?productId=797&categoryId=2>
6. Morris DM, Benefit programs: look before you leap. *Family Practice Management*, April 1998. <http://www.aafp.org/fpm/980400fm/salaried.html>
7. Sansweet JB, Assessing benefits packages. *Family Practice Management*, May 2000. <http://www.aafp.org/fpm/20000500/68asse.html>
8. Employment Contract Issues, <http://www.paworld.net/contractissues.htm>
9. American Medical Association, Annotated Model Physician Employment Agreement, 2000 American Medical Association. http://www.ama-assn.org/ama/upload/mm/46/model_physician_aug.pdf
10. The Managed Care Contracting Signature Series, Managed Care Resources, Inc. <http://www.mcrless.com/mcrless.htm#S1>
11. ACNM *QuickInfo*, Productivity and Compensation, ACNM 2008, http://www.midwife.org/siteFiles/education/Productivity_and_Compensation_7_08.pdf
12. *Getting Paid: Billing Coding and Payment for Midwifery Services*, the American College of Nurse-Midwives, Fourth Edition, 2006. <http://acnm.stores.yahoo.net/getpaidbilco.html>

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The ACNM “*QuickInfo*” series was developed by the Department of Professional Practice & Health Policy to respond to common inquiries, summarizing ACNM resources regarding a particular topic, as well as listing selected literature and a variety of other resources. Your feedback is welcomed; contact Professional Practice & Health Policy at 240-485-1800 or info@acnm.org. Listing of other services and products does not imply endorsement by the ACNM.