

Understanding your Physician Contract

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For educational purposes
only – not legal advice

Learning Objectives

1 Evaluate

Identify contract provisions that shape clinical scope, workload, autonomy, patient continuity, and the practical cost of leaving.

2 Negotiate

Use trade-offs and targeted asks to align compensation, schedule, outside activities, restrictive covenants, and ownership terms with a sustainable career.

3 Transition

Assess a move, preserve patient relationships, meet professional duties, and prepare for employed, independent, or tech-enabled practice options.

The basics: W-2 vs. 1099

affects taxes, benefits, malpractice coverage



Employment Contracts Basics

- **Time:** Clinic days, call, admin time, PTO, notice
- **Scope:** Sites, procedures, supervision, telemedicine, outside services
- **Compensation:** base, wRVU, quality bonuses, repayment, tail coverage
- **Mobility:** non-compete, non-solicit, patient notices, term
- **IP:** ownership rights, development, work for hire

Question: what are your current and long-term goals?

Term

- A “3-year contract” can still behave like at-will employment if the notice and termination clauses say so.
- Without cause notice provisions
 - Aim for mutual notice periods
 - 60 - 90 days is common enough to plan continuity
 - Avoid employer-only immediate termination
 - Clarify pay, benefits, and schedule during notice
- Objective “cause” standards
- Notice & cure for remediable breach
- Physician “good reason” for material cuts or employer breach



Compensation

- Base and guarantee
 - Base salary: set in advance
 - Productivity: is there a draw/stipend?
 - Clinical work
- Bonuses
 - Signing bonus: is it repayable?
 - Relocation bonus: what is included?
 - Retention bonus: when is it triggered?
- Benefits
 - PTO, CME, malpractice tail



Texas Physician Non-Competes

- 5 miles
- 1 year
- Buyout cap of one year's compensation
- Void if terminated by the practice without cause
- The covenant must also allow:
 - Access to physician's patient list
 - Ability to care during acute illness
 - Clear and conspicuous written terms

Non-Solicitation

- Separate people, patients, and referral sources
- Define “solicit”
 - Do not let the clause prevent ordinary professional relationships, community outreach, or care coordination
- Limit to active solicitation of key employees you worked with
 - exclude general recruiting and unsolicited applications

Outside activities and your intellectual property

- Define what requires approval
- Preserve reasonable moonlighting, teaching, speaking, writing, expert work, telemedicine, volunteer service, and community projects
- Use an objective standard: outside work cannot materially interfere with duties, misuse employer resources, or compete during scheduled work time
- Employer owns work created within assigned duties using substantial employer resources. Physician retains pre-existing IP and independent content, tools, courses, software, research concepts, and side ventures
- *Ask for a written “Excluded IP” schedule attached to the contract*

Recruitment Agreements

- **Income guarantee agreements:** the hospital guarantees a minimum income for 1–2 years, with any shortfall paid as a loan
- These agreements are often separate documents from the actual practice employment agreement
 - May have a separate non-compete and repayment amounts

How to have the conversation



- “I am excited about the scope and community. I want the contract to support staying long term.”
- “It is important that I maintain my previous engagements and my relationships?”
- “Could we remove it, limit it to this clinic, or waive it if compensation/schedule is materially reduced?”
- “Please put the agreed change in the contract or signed amendment, not just the offer email.”

Closing advice

Negotiate more than salary

- call schedule, admin time, support staff, CME budget, start date, outside activities, IP ownership

Get it in writing!

- Get everything discussed verbally put into the written contract

Ask for time

- Ask for a redline/negotiation period rather than signing on first offer

Starting a Practice

Infrastructure

- Entity formation & company agreement
- Payor contracts
- EMR system
- IT
- BAAs
- Leases
- Privacy notices
- Malpractice coverage

People

- Clinical staff
- Admin staff
- Employment/contractor agreements
- HIPAA training
- Billing and accounting support

Questions?