
How to Evaluate a Letter of Offer or Contract

7

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The letter of offer or contract represents the official intent of a hiring institution toward a candidate. The process of making a good decision regarding any offer starts long before the candidate receives the document. Decisions are made within the broad context of one's cumulative life experiences, education, work experiences, influences of family and mentors, travel and cultural experiences, and even spiritual and religious background. All of these factors will help frame the priorities that the academic physician will bring to the decision-making process. The candidate must recognize that he or she is often influenced by more immediate experiences, potentially to the detriment of seeing things from a broader perspective. If experiences in his or her most recent job or during a just-completed residency or fellowship were all that the candidate were considering at this phase, the candidate would likely not make the most informed decision. Work-life balance, income expectations, a blended career, or a more focused career are all examples of characteristics of jobs that will have to be considered in this phase. The clearer these priorities are for the candidate, the higher the likelihood that a good decision will be made. Having clarity on these issues helps not only during this process but also throughout one's career. These priori-

ties can be a touchstone to which the academic physician returns during the critical phases throughout his or her career.

Using the Search Process to Prepare for Reviewing a Letter of Offer or Contract

Throughout the process of searching for, interviewing for, and considering any new position, the candidate must prepare for the next phase of the job acquisition process, namely, the review and negotiation of a letter of offer or contract. Although the letter of offer is the official declaration of intent by the hiring institution, the candidate should be well along the mental process of deciding whether that institution would be a good fit at the time that he or she receives the letter. The goal of any recruitment process is for both parties, the candidate and the hiring institution, to find the best match. The candidate's due diligence during the interview and negotiation process will go a long way to ensuring a good fit. By the time the candidate receives a letter of offer, he or she should have a basic understanding of the offering institution, its organizational structure, its employment environment, and the candidate's general role within the organization. Thoughtfully accumulating specific employment-related information throughout the interview process will facilitate this phase. A 2×2 decision grid listing the institutions that one is considering and some key characteristics is an example of a simple tool

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to use throughout the interview process. Whether or not this is one's first experience with a letter of offer, this phase of the job selection process is important and warrants thoughtful and deliberate effort, which could be shortchanged in the enthusiasm to close the deal.

Before beginning the interview process, the candidate would benefit from meeting with 2–3 senior faculty members or mentors to receive their input on the interview process, job characteristics, employment models, and so on. Ideally these advisors would have insight into the candidate's skills and career aspirations, so their advice would be specifically tailored to the circumstances. If one is working with a recruitment firm, utilize its expertise in outlining the key characteristics of the institutions being considered. The more a candidate knows about an institution before the interview, the more information the candidate will glean about the institution during the interview. Specific questions, prepared in advance, can increase one's confidence that he or she has adequate information available in the deliberation phase of the hiring process. The candidate will find it much easier to gather information about an institution during his or her site visits, where the opportunities, both structured and spontaneous, are numerous. Trying to find that information after the interview is more challenging. The decision whether one would use legal counsel to review the contract should really be made before one starts the process. If the candidate decides to use legal counsel, that person should be hired and met with before the interview process begins. The legal counsel's perspectives will help prepare the candidate to get even more out of the interview. Be sure to hire an attorney with considerable health care experience, who knows the unique issues related to health care institutions and physician employment and compensation.

Use the entire interview process to prepare for reviewing a letter of offer. Careful assessments of one's personal goals, accumulation of external input from experts, careful accumulation of information to compare and contrast opportunities, and thoughtful discussions about life goals with people about whom one cares are all essential elements of the process. Preparation of checklists

and decision grids will make the process easier. Recognize that the recruitment process is often overlapping and not in sync between interviews, second visits, and offers, which makes clearly defining key decision criteria all the more important. The candidate may find that his or her schedule is full and time limited at the critical phase of the process of making a final decision of whether to accept a job offer. While the interview process itself will help in creating some clarity, the candidate should not use the interview process alone in decision making. Often there will not be adequate time for deliberate introspection when one is considering more than one job offer, each with its own time limit for a yes/no response.

Be sure to ask for an official employment handbook at the time of the initial interview. Often these are not offered during the first interview without special request. This information can be invaluable and easily perused during the trip back home. During this immediate post-interview period, take the time to review any materials that were obtained during the interview, add information to the decision grid, and develop specific follow-up questions that would be answered during a second interview or letter of offer review. This is also the time to jot down the key characteristics of the institution, both positive and negative, which will serve as a reference for subsequent site visits and discussions with leaders at the institution.

The use of social media in the recruitment process is still in its infancy. Institutional Web sites can certainly provide basic information. Web-based services such as LinkedIn and Monster may provide networking opportunities, content resources, answers to FAQs, and so on, but the use of such sites as an active part of the recruitment process is unlikely. Be aware that prospective employers can access any personal information available on the Internet.

Once the Offer Is Made

You just got off the phone. A verbal offer has been made which you have accepted pending the review of a letter of offer or contract. You are

excited, enthusiastic about the new position, and cannot wait to get started. However, it is important to take adequate time during this phase to be sure that you understand all the elements of the employment agreement. The signed letter of offer or contract as well as any referenced employee handbooks, codes of conduct, and standards of care all make up the legally binding employment agreement and trump any verbal offers or commitments made during the recruitment process.

During the negotiation phase, keep the lines of communication with the hiring chair or chief open and active. There is often a lag between the time that the verbal offer is made and the written letter of agreement/contract and referenced employee handbook materials are received. Use this window of time to send a letter to your likely new boss that, in your words, describes what you think the job elements and expectations are. This represents an opportunity for you to communicate what you thought you heard as it relates to the job elements and expectations and what you think is most important. You should highlight the key deliverables that you expect to be covered in your written contract or letter of offer. Taking this proactive step will often shorten the negotiation process and bring clarity to key elements of the job opportunity.

Recognize that there will be negotiable and nonnegotiable components of the letter of offer or contract. Leaders in larger institutions may have less ability to negotiate certain components of the contract. An important question is to clarify what components of the letter of offer or contract are negotiable. If you have engaged an attorney, set up time now to sit down and review the letter of offer or contract.

The Contract/Letter of Offer

Each institution will have its own format to its written employment agreement. It may be a formal contract or it may be a letter of offer. Either will be supplemented with legally binding amendments as articulated in employee handbooks or like vehicles. There is no legal difference between a written contract and a letter of agreement; both carry the weight of a formal contract. The amount of detail in these documents will vary. Some may

not have enough specificity and will require a request for further detail and specifics in writing. Some of these documents will have been developed at a central institutional contracts-and-human-resources level; others will be created at the hiring-department level. What is critical is whether you feel you have adequate detail in these documents for the purposes of negotiation and ultimately acceptance of the offer.

The key components of the letter of offer/contract include terms, terminations, and restrictive covenants; academic rank; duties and responsibilities; and compensation. Each is discussed in turn in the subsequent text.

Terms, Terminations, and Restrictive Covenants

Most academic contracts are annual and self-renewing on the basis of reasonable performance. What is critical to understand are the elements of performance assessment and the bilateral obligations for contract termination. Causes for termination are typically outlined in the employee handbook. Often not articulated in adequate detail are the review process, due process obligations, and access to fair hearing components. Resignation by the employee typically will require 3–6 months of advance notification to allow for transfer of patient care and academic and research obligations. There can be a financial penalty for inadequate notice for the costs of this responsibility transfer. Many contracts and employment relationships include a process by which the institution can initiate a nonrenewal or a termination process outside of a grievance process, such as in the form of a nonrenewal clause in the contract typically with one-year notice. This process would be used if a faculty member had performed adequately but was not felt to be a good fit for a long-term faculty position. Academic rank, tenure, and specific clauses in individual contracts may affect the institution's latitude in such a nonrenewal process. As a result, many medical centers do not have severance agreements, although these can be negotiated in individual circumstances.

Employment agreements are commonly applied to all new faculty members and are used

to protect the business interests of the hiring academic institution while the faculty member is employed or after the employment relationship ends. Such agreements usually have three components: a confidentiality provision, a nonsolicitation clause, and a restrictive covenant. The confidentiality provision prevents postemployment solicitation of other employees and/or patients, and the restrictive covenant outlines restrictions on postemployment competition with the academic center. Understanding these agreements in detail is critical, and legal authorities feel that they are enforceable if reasonable.

Although considering termination and restrictive covenant issues in the excitement of starting a new job can feel uncomfortable—as if one were anticipating a negative outcome—the reality of these issues warrants adequate review and understanding before signing a contract—not when faced with the need to use such components.

Academic Rank

The academic rank that the department chair or division chief will recommend on a candidate's appointment to the faculty will not typically be a point of contention or negotiation, especially for one's initial faculty position. However, in the case of an academic physician making a midcareer position change, it will be important to clarify academic rank criteria at the new institution and to come to an agreement with the hiring chair or chief as to the academic rank for which the candidate will be recommended. In most institutions, the final decision will be made by the rank and tenure committee, notwithstanding the proposed academic rank by the hiring chair or chief. If maintaining one's current rank or moving up an academic rank is a critical criteria in the selection of a new position, be sure to raise that issue during the recruitment process.

Duties and Responsibilities

The duties and responsibilities section is the section of the letter of offer or contract in which the candidate should expect and request the most

detail. As previously recommended, the candidate can facilitate this section by submitting a letter to the hiring official with a detailed listing of the candidate's understanding of the duties and responsibilities. Specifics matter. For example, the distribution of work effort should be defined, including both floor and ceiling, as well as expectations regarding average work hours (e.g., no less than 20% time will be spent in clinical care; not to exceed 50% of an average work week of 55 hours).

The more common components of duties and responsibilities will include the following items:

- **Distribution of work effort:** Clinical, educational, research, administrative, academic service (membership on committees), and community service. Who determines this, what influence the candidate has on it, and the intervals between reallocations should be determined.
- **Lines of communication and authority:** Clarify with the division chief or department chair who specifically is one's superior and to whom one must account for job responsibilities in each of these areas. Although most often one will be accountable to the division chief or department chair, be aware of comanagement environments such as clinics that have medical directors; research laboratories and core laboratories that have directors; and hospital services in which responsibility is shared with hospital directors. Each of these could create confusion regarding time allocations, measurement of accountabilities, and resource allocations.
- **Measurement of performance:** For academic clinicians, this could include clinical productivity, clinical outcomes, patient satisfaction, clinical utilization, and expense management (expense/RVU). For researchers, typical measures would include obtaining grant support, with timelines and financial amounts explicitly defined; publications; participation in national study groups; evaluations from postdoctoral students; and participation in academic service. For educators, measurements would include learner evaluations, publications, and curriculum development. Knowing if any of these measures of perfor-

mance are linked to compensation or incentives would be critical. Clear understanding of who determines performance measures, who does the evaluations, and how often performance measures are reviewed and updated should be outlined.

- Infrastructure and support expectations: These will differ depending on the clinical, research, administrative, or educational focus of the candidate, but they need to be spelled out in adequate detail, including office, lab, or clinical space; support staff (administrative, research, or clinical); and technical support, including IT. For clinicians, issues such as call, vacation, or illness coverage should be understood. Finding out after starting that one's clinical workload goes up by 50% because a clinical colleague broke a hip and needed surgery can be an unexpected and unwelcome surprise. Adequate support staff in the clinical environment is as critical as adequate lab space and research associate to the researcher to maximize efficiency, productivity, compensation, and satisfaction. Check if clinic or lab overhead is linked to compensation.

Compensation

Compensation includes base salary, incentives, and bonuses. Compensation strategies will vary depending on the academic role in the institution. Common forms of compensation include the following:

- Fixed salary: The benefit is predictability. The downside for the hiring institution is accountability for performance and productivity. The downside for the faculty member is the lack of incentives or bonuses based on exceptional performance.
- Base salary with a variable component: This increasingly common compensation method blends a level of predictability with the ability to set performance-based metrics that link to compensation, including productivity, patient satisfaction, clinical outcomes, and expense management.

- Production-based compensation based on total clinical collections minus a fixed expense rate.

Be sure to understand the formulas by which incentives and bonuses are determined, timelines for payout, and who is in charge of setting the incentives and determining the metrics and how often they are adjusted. National benchmarks for salaries and benefits can be obtained from groups such as the Association of American Medical Colleges (AAMC) and the Medical Group Management Association (MGMA).

There are a number of reimbursements and fees that should be spelled out in the letter of offer or contract. Fees could include parking fees, use of campus services such as core labs, video services, and data analysis/statistical support. Reimbursement for items such as computer and IT support, practice-related expenses such as license fees and professional association dues, work-related travel, continuing medical education, and professional society expenses should be explained. These are typically negotiable. Transition expenses including relocation expenses, both personal and research lab related, should be negotiated.

If it is possible that the candidate may generate intellectual property through his or her academic work, he or she should fully understand the intellectual property policies of the hiring institution—clearly, an area that requires special expertise. The institution may, however, consider this policy a nonnegotiable area of the employment relationship.

Employee Handbooks

Employee handbooks are a key component of the overall employment package and should be carefully reviewed. The handbook will be referenced in the letter of offer or contract and is considered a binding part of the agreement between hiring institution and the faculty member. The handbook will be developed at the institutional level, and the human resources department should be used for questions for clarification. If the handbook is obtained during the interview visit, the

candidate will have time to review it in detail and identify areas for clarification during subsequent visits or during the contract negotiation phase.

Key components of the handbook are as follows:

- Health insurance
- Wellness incentives, including health club discounts
- Life insurance
- Disability, both short- and long-term
- Malpractice insurance
- Vacation and sick time benefits
- Retirement plan options, including times of vesting
- Childcare provisions
- Employer policies and procedures

It is worth spending a little time reviewing the key components of the institution's policies and procedures on such diverse issues as grievance and due process, Health Insurance Portability and Accountability Act (HIPAA) information and other confidentiality agreements, and codes of conduct or related professional behavioral policies. The academic physician will be held to the standards, and it is the appropriate expectation of the hiring institution that the candidate be aware of them, understand them, and apply them in the work environment.

It is often these key elements of an employment relationship that are least understood by the department chair or chief who will be guiding the candidate through the recruitment process. Department administrators and members of the central human resources office of the institution are excellent resources on the specifics of the employment relationship. Asking for a scheduled time with a human resources representative as part of the interview process will be helpful in one's final review of the contract or letter of offer.

Finally, a few comments on whether to obtain legal advice. Contractual language may be nuanced. Lawyers will help with important clarifications and legal elements of the contract or letter of offer. When is it appropriate to hire a contract lawyer? It depends on the complexity and duration of the contract, issues such as employment agreements that include restrictive covenants and control over intellectual property, and the legal expertise and comfort of the physician.

Words to the Wise

- Preparation matters. Spending time understanding one's personal and career objectives, key components of job satisfaction, and critical employment requirements before beginning the interview process is important.
- Categorize the key components of employment (e.g., work responsibilities, benefits, compensation, call coverage) and keep a comparison grid that allows one to look at the various opportunities in a systematic and organized way.
- Once given a verbal offer, and before receiving a formal letter of offer, prepare and send a written summary of the job and its key elements as one understands it, which will help set a framework for the formal letter of offer and negotiations of key points.
- Spend time with the employee handbook and understand key areas of basic employee benefits (e.g., health insurance, disability insurance, malpractice coverage).
- Be willing to negotiate key elements and to ask for clarification in writing of key elements such as compensation, distribution of work effort, call coverage, and bonus programs.

Ask Your Mentor or Colleagues

- What is the greatest lesson learned from your own recruitment and employment experiences?
- What components of your employment agreement do you wish you had had a better understanding of during the recruitment process? What effect has that had on your career, finances, and/or satisfaction?
- What is the one thing you wish you had known in advance of your first job search that you would like me to know?
- Can you recommend specific resources into which I should tap?

Appendix: Sample Letter of Offer

[Date]

Dear Dr.:-----

We are pleased to extend to you an offer of appointment to the full-time faculty in the Department of-----, anticipated to commence on-----.

Your appointment will be proposed at the rank of Assistant Professor. Policies governing faculty appointments are contained in the enclosed *Information for Faculty* handbook.

Your initial contributions to college and departmental missions in the areas of patient care, teaching, research, and administration/service will be as follows:-----.

Patient care: Your primary clinical assignment will be----- . In addition to this inpatient work, you will devote approximately six (6) hours per week to the Department's----- Program-----directed by----- . You will be expected to participate in the on call rotation, with duties consistent with your team members. We anticipate this will be-----.

Teaching: In your role, you will be expected to participate in the multidisciplinary educational programs of the Department, to include-----.

Research: In your role, you will be expected to collaborate with faculty involved in clinical trials and other clinical research protocols on average for four (4) hours per week.

Administration/Service: You will be expected to participate, to the extent that you may be reasonably called upon, in administrative and/or service functions of the Department and the Medical School.

Your salary for the ----- academic year will be at the annual rate of \$ ----- . Thereafter, your compensation will be reviewed at least annually, and sources of funding and FTE allocations may change that may affect your salary.

The Department will cover the registration fee for the-----board certification examination should you choose to take it. We encourage you to do so. This reimbursement may be considered taxable income to you.

Faculty Practice Plan; Clinical Services Agreement; Compliance with Medicare and Medicaid Laws and Regulations; Mandatory Education: You will become a member of the -----and be subject to its rules and the Faculty Practice Plan. You will also be required to enter into a Clinical Services Agreement and Restrictive Covenant with-----and to comply with and attend educational sessions on Medicare and Medicaid laws and regulations. All patient care performed by you will be billed through the Faculty Practice Plan, and the resulting income will be the property of----- . A Faculty Practice Plan billing number will be issued to you prior to your engaging in any patient care activities.

The-----has adopted a Code of Conduct, a copy of which is enclosed. As a condition of employment, you must acknowledge that you have received, read, and understood the Code of Conduct. The acknowledgement form is also enclosed and must be signed and returned.

Additional Conditions of Appointment. This offer of appointment is also subject to the following:

1. Your agreement to comply with the bylaws, policies, and procedures of-----, including the *Information for Faculty* handbook, and the Code of Conduct;
2. Your obtaining and maintaining an unlimited -----medical license and DEA registration;

- 3. Your acceptance by the-----for professional liability (malpractice) insurance coverage;
- 4. Your obtaining and maintaining medical staff membership and clinical privileges at the hospital(s) where you will be assigned;
- 5. Your eligibility to participate in the Medicare and Medicaid programs, and your ability to be credentialed for treatment of managed care patients; and-----.

Your anticipated start date is dependent on the satisfaction of all conditions specified in this letter. Because the process is time sensitive, it is important that you complete and return all required forms promptly. If you accept the terms and conditions of the appointment contained in this letter of offer, please sign and return one copy of the letter within the next two weeks, accompanied by the Code of Conduct acknowledgement form, Clinical Services Agreement, Professional Liability Self-Insurance Questionnaire, and Credentialing Application completed according to the enclosed instructions.

Upon receipt of your signed acceptance of this offer and other required materials, and the satisfaction of all other conditions of appointment, we will forward our recommendations to our Dean's office for consideration.

Very truly yours,

Chair,

Department of-----

Dean and Executive Vice President

Enclosures

ACCEPTANCE OF OFFER OF APPOINTMENT
I accept the offer of appointment described in this letter subject to all its terms and conditions.

Signature

Print name: -----

Date: -----