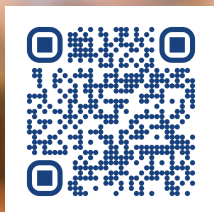


LEGAL & CONTRACTS

How to Know If Your Physician Employment Contract Is Fair

A physician contract is fair when each clause sits within market norms — comp, RVU terms, termination, tail, non-compete. A clause-by-clause checklist.



SCAN TO BOOK A CALL

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A physician employment contract is fair when each major term sits within market norms and protects both parties: a benchmarked compensation structure (base, wRVU conversion factor, bonus triggers), a non-compete reasonable in radius and duration, symmetric termination and notice terms, tail malpractice coverage that doesn't land on you, and no open-ended clawbacks. **"Fair" is not a feeling — it's the result of checking each clause against benchmarks, and any term left vague will eventually be defined by your employer, not you.** Run the seven checks below before you sign — or before you decide whether to stay.

What does "fair" actually mean in a physician contract?

It means two things. First, the economics match the market: your base, productivity terms, and benefits are in line with what your specialty earns in your region. Second, the risk is shared: the contract doesn't quietly load exit costs, restrictions, and ambiguity onto you while preserving flexibility for the employer.

Most unfair contracts aren't unfair in the headline number. They're unfair in the mechanics — a generous-sounding base attached to a below-market conversion factor, a tail-coverage clause you'll only read the day you resign, a termination provision that lets the employer exit in 30 days while you're locked in for 180. The review below is designed to surface exactly those.

A fair contract doesn't fix a structural problem.

FROM THE BRIEF

The seven-clause review

1. Compensation structure and wRVU terms

Understand precisely how you're paid: base salary, the wRVU conversion factor, bonus triggers, and how productivity is measured and reconciled. Then benchmark each piece against specialty and regional data — not against your residency stipend or your colleague's rumor.

The classic trap: a number that sounds large hiding a below-market conversion factor. A high base with a weak productivity rate can underperform a modest base with fair terms within two years, once guarantees expire. Also check what happens to your base after the guarantee period — does it convert to pure production, and at what rate?

2. The non-compete

Read the exact radius, duration, and scope. Common terms run somewhere between a 5–30 mile radius and 1–2 years, but the details decide everything: does it attach to one site, or to every location your employer operates or later acquires? A clause tied to "all employer facilities" can quietly cover an entire metro area.

The fairness test: if you left, where could you still practice? If the honest answer is "nowhere near my home," that clause can trap you in the job or out of your community. Enforceability varies by state — a handful of states largely ban these clauses — but treat yours as binding until a healthcare attorney licensed in your state reviews it. This clause matters enough to get its own article. [Physician Non-Compete Clauses, Explained](#)

3. Termination and notice

Check the "without cause" provisions for both sides. A fair contract is roughly symmetric: similar notice periods, similar exit rights. An unfair one lets the employer terminate on short notice while requiring you to give 90–180 days, or defines "cause" so broadly ("conduct detrimental to the employer") that almost anything qualifies. Also confirm what happens to your compensation, bonus accruals, and benefits at termination under each scenario.

4. Malpractice and tail coverage

Identify whether your coverage is claims-made or occurrence. With claims-made coverage — the common arrangement — someone must buy "tail" coverage when you leave to cover claims filed later for care you already delivered. Tail can run into five figures. The fairness question is one line: **who pays it?** You paying your own tail is a common, expensive trap, and it functions as a hidden exit fee

— it's part of the real cost of ever leaving. Fair variants: employer pays, employer pays after a minimum tenure, or cost is shared on a schedule.

5. Schedule, call, and panel expectations

Are hours, call frequency, clinic sessions, and expected panel or volume actually defined — or left to "as reasonably determined by the employer"? Vague language here resolves against you: the undefined call schedule becomes the call schedule no one else wanted. Fair contracts state the expectations or the process for setting them, and what triggers renegotiation if they change materially.

6. Clawbacks and repayment obligations

Sign-on bonuses, relocation funds, and student-loan assistance often carry repayment windows — leave within X years and you owe some or all of it back. These aren't inherently unfair, but check the length of the window, whether repayment prorates monthly or cliffs, and whether it's triggered even if the *employer* terminates you without cause. A long, non-prorated clawback stacked on self-paid tail coverage is a quiet pair of handcuffs.

7. Ambiguity itself

On your second read-through, highlight every instance of "reasonable," "as determined by employer," "from time to time," and "subject to policies as amended." Each one is a decision you're delegating to your employer's future discretion. A fair contract can survive this audit; an unfair one is built out of these phrases.

Quick-reference table: market norm vs. red flag

EXHIBIT		
CLAUSE	WITHIN MARKET NORMS	RED FLAG
Compensation	Base + wRVU rate benchmarked to specialty/region; clear bonus math	Big base, below-market conversion factor; opaque productivity reconciliation
Non-compete	Limited radius and duration, tied to your actual practice site	Covers every employer location (including future ones); effectively metro-wide
Termination	Symmetric without-cause notice for both parties	Employer exits fast, you're locked in; "cause" defined broadly
Malpractice tail	Employer pays, or shared/tenure-based	You pay your own tail (five-figure exit fee)
Schedule/call/panel	Defined, or a defined process for setting them	"As determined by employer"
Clawbacks	Short window, monthly proration, waived if employer terminates without cause	Long cliff repayment owed even if you're terminated without cause
Language	Key terms defined	Load-bearing vagueness throughout

What people get wrong: evaluating the salary instead of the contract

The most common review mistake is spending 90% of the attention on the compensation number and 10% on everything else — when the exit terms are where contracts actually hurt people. Tail coverage, the non-compete, and clawbacks are invisible while you're happily employed. They only activate when you want to leave, which is exactly when you have the least leverage. A contract's fairness is best measured by what it costs you to exit, not what it pays you to enter.

The second mistake: assuming a standard-looking contract is a non-negotiable one. Health systems present contracts as templates, but physicians routinely negotiate tail coverage, non-compete scope, and clawback terms before signing — and "we need this signed today" is itself a red flag. Reasonable employers expect review time.

Should you pay for a professional review?

Yes, almost always. A healthcare attorney or physician-contract review service typically costs a few hundred dollars — on the order of \$300–600 — against a multi-year commitment worth hundreds of thousands. It's the highest-ROI step in the process, because attorneys catch the interactions between clauses (tail + clawback + non-compete) that checklists miss. Use a lawyer who reviews physician contracts in your state specifically; non-compete and corporate-practice rules are state law. This article is general information, not legal advice.

Reality check

- **A fair contract doesn't fix a structural problem.** You can negotiate every clause above to market norms and still be miserable, because no contract clause restores autonomy over your panel size, visit length, and documentation. If your real issue is the model rather than the terms, the contract review is diagnostic, not curative. [Should I Leave My Hospital Job to Start My Own Practice?](#)
- **Leverage is real and asymmetric.** New grads in saturated markets get less movement than mid-career physicians in shortage specialties. You may run this checklist, flag five problems, and get two fixed. That's still worth doing — and knowing what you signed is worth something even when you can't change it.
- **The expensive clauses are the boring ones.** Nobody loses sleep over the malpractice section until they owe a five-figure tail. Read the boring parts twice.
- **An already-signed bad contract isn't hopeless, but it's binding.** If you're mid-contract and unhappy, your review tells you the cost of leaving — tail, clawbacks, non-compete radius — which is the first input to any exit plan. [Burned Out as an Employed Physician? Your Actual Options, Ranked](#)

Frequently asked

What is a fair wRVU conversion factor?

It depends on specialty and region, which is why you benchmark rather than guess. The principle holds regardless: evaluate the conversion factor together with the base and the bonus thresholds, because employers can make any one of the three look generous while the combination underpays.

Who should pay for tail coverage?

The fairest arrangements have the employer pay, pay after a minimum tenure, or share the cost on a schedule. You paying your own tail is common but expensive — it can run into five figures and effectively functions as an exit fee.

Is a 25-mile, 2-year non-compete normal?

It's within the commonly seen range (roughly 5–30 miles, 1–2 years), but "normal" isn't the same as harmless — what matters is whether it covers one site or every employer location, and whether your state enforces it.

[Physician Non-Compete Clauses, Explained](#)

How much does a physician contract review cost?

Typically a few hundred dollars — on the order of \$300–600 for an attorney or specialized review service. Against a multi-year, six-figure-per-year commitment, it's the cheapest insurance in the process.

Can I negotiate a hospital employment contract, or is it take-it-or-leave-it?

You can usually negotiate more than presented. Tail coverage, non-compete scope, clawback proration, and notice periods move more often than base salary does. Time pressure to sign without review is itself a warning sign.

What if my contract review tells me the contract is bad and I've already signed it?

Then you've learned the price of the exit, which is the first real number in any plan to leave — or to build something on the side while the clock runs. [How to Test Your Own Practice Without Quitting Your Job](#)

HOW OPENWELL CAN HELP

Done-for-you, end to end.

Openwell's free contract check reads your agreement against these benchmarks and tells you in plain English where it stands — including whether it leaves room to start a practice on the side. If the contract points you toward independence, we handle the launch end to end so you're not assembling it yourself.



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