

DUE DILIGENCE

PRE-EMPLOYMENT DUE DILIGENCE CHECKLIST FOR PHYSICIANS

A. Preliminary Considerations

- Google the “Medical Practice” and “Physicians” – 4 Star review * * * *
- Review State of Michigan Medical License Lookup for issues
- Ask colleagues about the reputation of the Practice and its Physicians
- Staff retention/turnover rates
- Patient census – Who will you serve?
- Location, location, location
- Growing Practice or winding down?
- Is this a stepping stone or are you looking for a home?

B. Contracts/Legal Documents

1. Employment Agreement – Key Terms
 - a. Term of Agreement – “for cause” versus at-will termination
 - b. Compensation and bonuses (how determined: i.e. bonus formula based on billings or collections. Does formula take into account overhead). Bonus history?
 - c. Health/welfare, retirement & fringe benefits
 - (1) Health Insurance, Dental Insurance, Eye Care (review waiting periods, co-pays, coverages and exclusions)
 - (2) Life Insurance
 - (3) Short-term/long-term disability Insurance (review waiting periods and coverage). Any gaps in coverage?
 - (4) Pension/Retirement (review waiting period and vesting requirements)
 - (5) Vacation, personal, sick time
 - (6) CME
 - (7) Moving expenses

- (8) Cell phone/pager
 - (9) Car allowance
 - d. Licenses, DEA certifications, & memberships (paid or unpaid)
 - e. Staff fees and parking
 - f. Non-Compete and Confidentiality Provisions
 - (1) Duration
 - (2) Geographical limitation
 - (3) Scope (i.e. type of practice/specialty)
 - g. Non-Solicitation Provision
 - (1) Applies to all patients employer serves or only those you see?
 - (2) Definition of “solicit” not overly broad
 - h. Medical Malpractice/Professional Liability Insurance
 - (1) Occurrence or claims based?
 - (2) Indemnification and Hold Harmless
 - (3) Tail Coverage
- 2. Stock Purchase Agreement
- 3. Buy-Sell Agreement