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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) Paid time off: vacation, personal, sick time, maternity leave

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- (6) CME
 - (7) Moving expenses
 - (8) Cell phone
 - (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)
 - (4) Carve out if terminated without cause or practice breach of agreement**
 - 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**
- (1) Eligibility to become a member/shareholder**
 - (2) Sale price**

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3, Buy-Sell Agreement

1. Triggering events (deadlock, death, retirement, etc.)
2. Method of valuation (e.g., book value of assets or income based)

Filename: Employment Due Diligence Physician Checklist (00354180x7AE3C).docx
Directory: C:\Users\pedel\Documents
Template: C:\Users\pedel\AppData\Roaming\Microsoft\Templates\Normal.dotm
Title:
Subject:
Author: paul edelsein
Keywords:
Comments:
Creation Date: 2/17/2022 11:35:00 AM
Change Number: 1
Last Saved On: 2/17/2022 11:35:00 AM
Last Saved By:
Total Editing Time: 8 Minutes
Last Printed On: 2/24/2022 5:40:00 PM
As of Last Complete Printing
Number of Pages: 3
Number of Words: 297 (approx.)
Number of Characters: 1,698 (approx.)