PHYSICIAN LEADERSHIP AT OLMSTED MEDICAL CENTER:
CONSIDERATIONS FOR LEGAL COUNSEL

AMGA Counsel of Attorneys
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ISSUES FOR LEGAL COUNSEL

• Executive Employment Agreements
• Term limits; review of performance
• Nomination and Election Process
• Removal
• Transition back to clinical practice
EXECUTIVE EMPLOYMENT AGREEMENT

• Reasons For:
  – May be recruiting someone from outside the organization who will expect one.
  – Makes clear duties, compensation, confidentiality, covenant not to compete, removal from office, transition back to private practice.
  – Physician may want contractual assurances about returning to clinical practice and compensation safety net.

• Reasons Against:
  – May only be part-time, not worth the effort.
  – Only need to change duties and compensation; deal with more informally.
  – May already have an employment agreement that can cover these additional duties.
  – Avoid conflict between corporate law (e.g., ability of a board to remove officers) and terms of employment agreement.
TERM LIMITS, PERFORMANCE REVIEW
AND OTHER ISSUES

- OMC term limits: 3-year term, may serve 12 years although 6 is customary.
- Board of Governors elects; may use a nominating committee.
- Anyone can throw their hat into the ring.
- Employed providers do not vote (OMC is nonprofit).
- Having a large enough “pool” of qualified candidates can be a challenge as some physicians want to just practice medicine.
- Performance reviews of role as President is also a challenge; much more subjective than what many physicians are used to (e.g., no patient satisfaction, quality scores).
NOMINATION, ELECTION AND REMOVAL

- Consistent with corporate bylaws?
- Employment Agreement (if any)?
- Votes of no confidence.
- Removal from office vs. termination of employment.
TRANSITION BACK TO CLINICAL PRACTICE

- Issues for specialists (e.g., surgeons).
- Compensation floors (e.g., deemed RVUs or guaranteed salary).
- Reality may be that you never get back to the practice you had before.
- Often results in leaders who are thinking about or nearing retirement.
RESOLUTION OF DISPUTES

• Disputes to be resolved by binding arbitration (13.17).
• Held in St. Louis.
• Parties to select one arbitrator, but if they cannot, each names one and the two name a third.
• Each party pays its own expense of arbitration and equally split the cost of the third arbitrator.
• If any position of a party is deemed by the arbitrators to be unreasonable, the arbitrators are to assess all or a part of the arbitration expenses and reasonable attorney fees to the other party.