

PERSONAL SERVICES AGREEMENT WITH MEDICAL STAFF LEADERS

Dear Dr. _____:

This letter will memorialize the terms of the Agreement between you and _____ Hospital ("the Hospital") relative to the performance of your duties as _____ for the one-year term beginning _____ and ending on _____.

1. You will perform the duties of your office as outlined in, and in accordance with, the Medical Staff Bylaws and related documents to the best of your ability.
2. In consideration of the same, the Hospital will pay you:

[If the physician will be paid, use option A or B. If the physician is a volunteer, skip paragraph 2 and proceed directly to 3.]

OPTION A

an annual stipend of \$_____, payable in 12 equal monthly installments of \$_____.

OPTION B

at an hourly rate of \$_____ per hour, payable on a monthly basis for the services rendered in the preceding calendar month. This rate shall be adjusted on an annual basis to reflect the then fair market value of your services using the methodology described in 42 C.F.R. §411.351 or, if such section is no longer in effect, such other methodologies recognized by the federal government to compute fair market value of your services.

You will keep an accurate and complete record of all time spent in performing services under this Agreement and provide the Hospital with a copy of the same on a monthly basis as a condition of receiving payment for services hereunder. The Hospital will not withhold any taxes or other payments from its payments to you. You will be responsible for paying the same.

3. The Hospital will reimburse you for reasonable out-of-pocket expenses incurred by you when performing your duties under this Agreement, and will

also pay for training and education relating to the performance of your duties, as approved by the Hospital's CEO or designee.

4. You will be covered by the Hospital's Director's and Officer's liability insurance relative to the performance of your duties. *[Optional language: In addition, the Hospital agrees to indemnify you under the Hospital's own indemnification policy in the corporate bylaws should any of your actions taken on behalf of the Hospital lead to litigation. By virtue of this indemnification, the Hospital agrees to reimburse you for out-of-pocket losses and expenses should the Hospital's Directors' and Officers' liability insurance, for whatever reason, not be available to you.¹]*
5. You will be considered an independent contractor, and not an employee, and will not be eligible for any fringe benefits that the Hospital provides for its employees.
6. The Hospital may terminate this Agreement prior to its expiration date if you:
 - a. transfer control of your medical practice to, or become an employee of, any other hospital or health system;
 - b. are excluded from participation in Medicare, Medicaid or any other federal health program;
 - c. fail to perform the duties of your office to the reasonable satisfaction of the Chief Executive Officer of the Hospital;
 - d. cease to be appointed to the medical staff; or
 - e. establish a Financial Relationship with any entity that competes with the Hospital.² A "Financial Relationship" shall include any Ownership or Investment Interest in or Compensation Arrangement with any such entity. "Ownership or Investment Interests" include any interest acquired through equity, debt or other means. "Compensation Arrangement" means any arrangement involving any remuneration between you any such entity.

If these terms are acceptable to you, please sign below and return this Agreement to me, keeping a copy for your files. I am looking forward to working with you this year.

Sincerely,

Hospital Chief Executive Officer

As a medical staff leader, I have a fiduciary relationship to the Hospital. I shall perform my duties in good faith and with due care, in a manner that is in the best

interests of the Hospital. I accept the above terms and agree to be legally bound hereby.

Signature of Physician

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1. The Hospital's existing indemnification policy, as well as state law regarding indemnification, must be reviewed with respect to this issue. The language regarding indemnification may have to be modified.
 2. When a medical staff leader enters into an investment or compensation agreement with an entity that competes against the Hospital, that may constitute a financial conflict of interest that would preclude the leader's continued service. Some Boards have adopted policies to address conflicts of interest. Some medical staff bylaws provide as a qualification for office that a staff member not have such an interest.