joule

A CMA Company
Société de l'AMC

Module 11:

Negotiating A Mutually Beneficial Locum Contract

Anthea Lafreniere
PMC participant
CMA member

cma.ca/pmcresources

Joule™ acknowledges the significant contributions of the author of this resource document, as well as the efforts of the team.

Dr. Tom Faloon, MD, CCFP, FCFP
Assistant Professor, Family Medicine, University of Ottawa
Physician Presenter, Joule
Practice Management Curriculum

September 2012

Key Learning Points

- *Advantages of a locumexperience*
- *Evaluation checklist for locum opportunities*
- *Fee-sharing arrangements and billing responsibilities*
- *Plan ahead to ensure a smooth transition into the locum*
- *The importance of a fair and mutually beneficial contract*

Key Message

Locums are excellent case examples of different practice styles and formats. Copy best practices and note things to avoid. A locum contract is essential.

Introduction

Family physicians who have recently completed residency often find there are many advantages to working as a locum before making a long-term practice commitment. Whether you provide short-term coverage for a vacation or long- term relief for a maternity leave or sabbatical, a locum is an excellent opportunity to gain experience in medical practice.

Some reasons to consider working as a locum:

- You can earn a good income, without committing to the long-term obligations of a medical practice—such as the capital investment required to start a practice.
- You will have opportunities to travel and experience different medical communities and practice styles.
- You will be able to see first-hand what works well and, more important, what to avoid. This experience will help you to make wise choices when it comes time to make decisions about setting up and managing your own practice.
- You will be able to evaluate group practices and different communities before deciding whether to join an existing practice or start your own, and where to live.
- You may find a future associate or partner.

Where To Look For Locum Opportunities

Locum opportunities are easily accessed on the websites of all provincial ministries of health, provincial medical associations and resident associations. Many provinces have dedicated recruitment agencies, such as Health Force Ontario and the Alberta Medical Association's Locum Services. You should also use and build your own networks. Depending on where you want to work, you can generate leads as well via staff physicians, department heads, program directors, hospital administrators and community liaison representatives.

Social media is now playing an ever increasing role in connecting locum doctor with host physicians.

Links to all provincial and territorial resources are available at cma.ca.

The Written Contract: Red Tape Or Wise Precaution?

When committing to a locum, a physician essentially agrees to assume the responsibilities and practice style of the host doctor. Historically, such arrangements were informal, verbal or arranged by a handshake between the parties.

Today, however, both medical practice and the business of medicine are much more complicated—and physicians develop their own ways of doing things. There are many different approaches to such matters as scheduling appointments, billing for uninsured services, providing extended hours, accepting walk-in patients and keeping medical records.

Because every physician strives to develop a style of practising medicine that best suits his/her personality, it is no surprise that a host physician and a locum might have quite different approaches to the provision of medical care and the management of a medical practice. This could lead to misunderstandings, which could potentially make a locum experience unpleasant for both parties.

The best way to ensure a positive experience is to have a formal, written contract that takes into account the terms of the locum and the potential contingencies (the "what if" scenarios). This module explains what you should include in a locum agreement.

Evaluating Locum Opportunities

Today's market definitely favours the locum as more physicians are looking for someone to temporarily cover their practices. Before you begin the search for a locum, develop a list of questions to ask about the medical practices you are evaluating. Keep in mind that the way you ask the questions should communicate your sincere interest in the practice and your desire for a locum arrangement that is realistic, fair and mutually beneficial.^Scope Of Practice

You will want to know as much as possible about the host physician's practice—the pace, hours and call commitments; the volume and variety of patients you will see; the receptiveness and experience of the staff; and the availability and obligations to the host physician's associates. While the host physician will be your primary source of information, ask permission to talk to the office staff as well—the people who book the appointments, manage the business, prepare and file medical records, and receive the patients. Also ask to speak with physicians who have worked locums for this host in the past. These different perspectives will paint a realistic picture of the practice opportunity.^Some physicians post pertinent office policies and procedures at the office, and record them in a patient information pamphlet, which is distributed to new patients. Knowing that the patient population is informed about the host physician's practice policies (e.g., missed appointments or phone-in prescriptions) is advantageous to a locum. Be sure to ask whether the office staff or the host physician enforces office policies.

Scope Of Practice Checklist

- What are the patient demographics (e.g., pediatrics, women's health, geriatrics, adolescents)?
- Does the practice have a specialty interest or special needs population?
- Does the doctor follow current practice guidelines and evidence-based medicine?
- Does the doctor follow current guidelines for prescribing antibiotic, narcotic and anxiolytic medications?
- Does the host doctor have patients on long-term narcotics for non-malignant pain, and, if so, have these patients signed a contract?
- Does the host doctor charge patients for non-insured services? If so, for what services? What are the fees? What is the process for billing and collection?
- What are the office policies for phone-call prescription renewals and missed appointments?
- How does the doctor handle sick notes?
- Does the physician practise obstetrics, shared obstetrics (prenatal care to 28 weeks) or perform minor surgeries? Will you be expected to perform the same procedures? Are you competent and comfortable in delivering these services? If not, will the physician make arrangements for other colleagues to cover these tasks during the term of the locum?
- A list of procedures should be clarified in the contract.
- What are the regular office hours?
- What on-call obligations will you be expected to assume? Are there additional obligations related to a group after-hours clinic, hospital, nursing home or emergency department?

Key Message

Appraise short-term employment opportunities as critically as you would long-term practice options. Have your lawyer and accountant review the legal and financial terms of a contract before you sign it.

- Do you have the option of not filling any of these obligations?
- Will the physician's trusted colleagues be readily available to assist you in an emergency?
- Are the practice policies (e.g., missed appointments, phone consultations) clearly posted in the office? Does the doctor provide each patient with a patient information handout that explains the practice policies? Do staff members enforce the policies?
- Is the office clean and comfortable, with up-to-date equipment?

The Appointment Schedule

When evaluating a locum opportunity, ask what patient volume the practice typically handles in a day or week. A locum physician will likely see aprroximately 25% fewer patients than the host—unless the locum is for an extended period of time or the practice is in an underserviced area where physician services are in short supply. There will be a minimum number of patient visits required to generate enough revenue to cover overhead expenses and make it financially worthwhile for both the locum and host physician.

Ask how many time slots are dedicated to same-day call-in appointments. Generally, the more slots allocated, the more dynamic the practice. A higher percentage of same-day call-in visits will correlate with a higher volume of patient visits while you are covering the practice.

Ask to examine the appointment schedule. We recommend that you look at the bookings on three dates: the current day, the same day two weeks ago, and the same day two weeks in the future—and evaluate the scheduling practices.

Appointment Checklist

- What is the average number of patients seen per day?
- Do the reception staff triage appointments?
- Is the reason for the patient visit recorded on the appointment schedule?
- Does the doctor use 10-minute or 15-minute time slots for the average patient visits?
- Are two or three time slots reserved for check-ups and counselling?
- How many dedicated slots are allocated and protected for same-day call-ins?
- Are most visits for the next two weeks already booked? If so, how would the doctor fit same-day call-ins into the schedule?
- How many periodic health examinations are scheduled each day? How much time is allocated for these appointments? When during the day are they scheduled?
- When are procedures done? How much time is allocated for procedures?

Does the doctor have clear guidelines for booking double appointments?

If applicable, ask the host doctor to show you the appointment bookings from previous locums. If the volume was low, you should determine how the host will encourage more patients to see you in his/her absence. An alternative would be to ask for a guaranteed daily minimum income.

If the volume was high, consider carefully whether you are comfortable with the physician's scheduling practices.

The Medical Charts

The medical chart is the key communication vehicle between the host physician and the locum. If the records are legible, well organized and comprehensive, you will easily be able to verify medical history, conduct appropriate follow-ups, maintain the practice and emulate the physician's prescribing patterns. Because patients will expect you to practise and prescribe as their family doctor would, the chart will be the most important tool you have.

Randomly pull five to 10 charts to evaluate record-keeping, and learn how you will be expected to maintain the charts. Remember that the host doctor will expect to find legible and comprehensive notes when he or she returns. Do the same if the charts are electronic.

Medical Chart Checklist: Traditional Or EMR

- Are the medical records comprehensive, legible and well organized?
- Does the physician dictate or write progress notes? Do progress notes follow the SOAP (Symptoms, Observations, Assessment and Plan) format? Are progress notes complete and clear?
- Are the medical records generally well organized?
- Does the physician keep up-to-date Cumulative Patient Profiles (CPPs), and such records as cumulative medication sheets, diabetic, INR and lipid flow sheets?
- Are allergy and immunization records clearly marked?
- Do the records indicate compliance with evidence-based practice guidelines for preventative care and screening?
- Do the records indicate the physician's prescribing habits for controlled drugs, anxiolytics and antibiotics?
- Do the records raise any concerns regarding medical competence?
- Do the medical charts have year labels to indicate the number of patients whose charts are active? A practice with 5,000 charts can be a lot quieter than a practice with 2,000 active charts where most patients have been seen within the last two years.

You can conduct the same type of file review on an electronic medical records (EMR) system. Prior experience with an EMR program will be advantageous to you if the host physician has a computerized system. All systems are different, however, and training on the office system before you start the locum will reap rewards in efficient patient management and accurate record-keeping. Ensure that enough time is set aside for you to learn how to use the system.

Information From Billing Records

During your evaluation, ask to review the physician's billing information and, ideally, the billing summary from the last locum. The remittance sheets from the Ministry of Health, as well as the records for non-insured and third-party billings, offer a wealth of information, including:

Daily patient volume, total billings per day and total remittance per month

- The variety of clinical problems seen in the practice, as determined by diagnostic codes
- The scope of professional services and procedures provided, as determined by service and procedural codes
- Patient demographics

To analyze the remittance sheets, you must be well educated about the service, diagnostic and procedural codes, as well as the available premiums.

Fee-Sharing Arrangements And Billing Responsibilities

Fee-Sharing Agreements

One of the many points of negotiation between the host doctor and locum will be a fee-sharing agreement, in which the gross fees generated and received during the locum are shared. The locum's objective is to gain a ready income stream without having to invest time, capital and ongoing commitment to generate income. The host doctor's objective is to find a competent replacement and, if possible, to cover most of the overhead costs during the locum period. (Use of the term "fee-sharing agreement" instead of "income split" to describe the sharing of gross fees generated often lets the parties avoid GST/HST implications. If the locum is obliged to pay the host doctor GST/HST, then it will be beneficial to try to negotiate that the host doctor's share includes GST/HST. Your accountant should review and clarify the GST/HST implications of any fee-sharing agreement.)

National statistics collected by the Canadian Medical Association demonstrate that the overhead costs of running a family medicine practice typically represent 35%–40% of the physician's gross professional income from all sources; rarely do family doctors have overhead costs of less than 30%.

The average physician's gross income is generated from several sources, including office work, hospital income, after-hours clinical income and third-party billings. Because overhead is still incurred on those half-days when the physician is out of the office, even non-office billings help pay for overhead expenses.

Because the volume of patients seen by the locum physician is often 75%–80% of that seen by the host doctor, the share of fees that the host doctor receives from the locum will rarely cover the proportionate overhead costs incurred during the locum. Most host doctors understand, however, that the deficiency is a small price to pay for a much-deserved holiday and the reassurance that their patients are well cared for in their absence.

Twenty years ago, the standard "split" was 60/40. As with all service industries, however, supply and demand dictate cost. Locums are increasingly hard to find, and practising physicians must now compete with the 'splits' offered by walk-in clinics if they want to have coverage. Host physicians are now prepared to accept a fee-sharing agreement that is much more favourable to the locum, as well as to consider a variable fee-sharing split for services rendered outside the office. Many locum agreements now have fee-sharing arrangements that range from 70/30 to 80/20 for office coverage, and sometimes even more attractive for after-hours and hospital coverage. If the locum has the opportunity to do additional shifts in an emergency department—which do not compromise the obligation to cover for the host doctor—then the locum should receive 100% of the fee. The host would also have no claim to special incentives, such as bonuses for locums in under- serviced areas.

Regardless of the split, the gross income generated during the locum is what determines the net gain for both parties. The host should encourage patients to see the locum, not only to ensure their health care, but also to contribute the maximum amount to overhead costs. The result is a win-win scenario. The locum gets a ready income stream, works with different professionals in different practice settings, and "test runs" a potential long-term practice opportunity. The host doctor gets a holiday, no crushing workload looms over his/her return to work, and a portion of overhead costs are covered.

Unfortunately, in the past few years, there have been cases where locum physicians have been less than considerate with their fee-sharing demands. Neither party should attempt to take advantage of the other. You have a vested interest in each other's success, and you both should feel that the arrangement serves you well. Remember, "what goes around comes around"—in five years, you may be looking for locum replacement too.

What If Dr. Host Participates In A "Capitated" Alternative Payment Model?
A physician participating in a capitated model will receive a monthly payment per rostered patient, based on the patient's age and gender, regardless of whether the patient is seen or not. This automatic payment is for provision of a "basket" of common GP services that are offered for outpatient, non-emergency services.

The range can be approximately $50 per year for a 20-year-old male and $375 per year for an 80-year-old female. They will often also receive a monthly "comprehensive care management" (CCM) fee for each rostered patient, which can average approximately $2.20 per month. The host's doctor will bill "fee for service" for patients who are not rostered.

This could make the fee-sharing arrangement very complicated. Therefore, most capitated host physicians will offer the locum a predetermined daily gross income that takes into account all of these variables.

- The host doctor guarantees a daily payment of approximately $800–$900 per day for office-based coverage. This guaranteed income will be in lieu of a fee split for any and all insured or non-insured services in the office, unless otherwise negotiated.
- Additional monies for out-of-office work, such as house calls, will typically be agreed upon (for example, $60 per house call).
- Most capitated models exclude in-patient care or obstetrics within the basket of services. Therefore, when applicable, a fee-sharing split for these additional out-of-office services may be negotiated.

Capitation is explained in detail in *Module 8. "Physician Remuneration Options.*

Guaranteed Minimum Income

Guaranteed minimum daily incomes are often included in government-sponsored locums, especially in certain circumstances (e.g., rural practices) where patient volumes are low. Present rates for guaranteed minimum daily income are approximately $800, with additional travel cost support when applicable. A percentage split of fee-for-service billings above this is also often included. If the locum and host doctor have evaluated the practice opportunity thoroughly, and the host ensures that the locum is busy, then there should be no need to negotiate such an arrangement. However, if in doubt, negotiate a guaranteed daily minimum income.

Example: Dr. Locum has a 70/30 split and is guaranteed a minimum daily income of $800. Fee-for-service, non-insured, WCB billings for a Wednesday total $1,200. Dr Locum keeps $840 and Dr. Host gets $360. If the total billings were $1,000, then the 70/30 split would be $700/300—but, because the guaranteed daily minimum is $800, Dr. Host would receive $200 rather than $300.

Who Should Do The Billing?

Most provinces require billings to be submitted using the billing number of the physician who provides the service. As such, fees generated and paid by the Ministry of Health will be deposited directly into the locum physician's account, not the host physician's. Exceptions occur in British Columbia, where the locum signs an assignment form so that the payment goes to the host doctor's payment number. Many clinics operate in the following manner: All doctors practising within a clinic assign their billing number to the common clinic payment number. This way, all billings are tracked by the party that provided the service; the payments are then pooled into the common account and all expenses (including the physician's portion) are paid out of the common account.

Generally, there are three options for the submission of billings.

- **Billings are done via the host doctor's billing service/software.** This may not be the best plan. In our opinion, a locum should not use the host doctor's office to do the billing, unless the following conditions are met:
    - The host doctor's office submits the billings under your billing number, so that the medical services plan remittance and benefits go directly to you. The billing software provider may levy an additional licensing charge to the host physician to put your name on the office billing system, unless the billing software is provided by the health ministry, such as in New Brunswick.
    - You verify that the host doctor's staff members are competent and diligent in billing submission, reconciliation and, most important, resolving unpaid accounts in a timely fashion.
    - You will be readily available after the locum is completed to clarify outstanding accounts and resubmitted bills. It often takes up to three months after a clinical service is provided for submitted claims to be settled.

National surveys indicate that, on average, physicians fail to bill for at least 5% of the services they provide, and then fail to resubmit and capture at least 3% of their unpaid claims to the health ministry. These statistics result in a loss of more than 8% of gross income.

It is, therefore, essential that these three conditions are met and that the host physician's office completes the billing cycle to ensure that all of the insured services you have provided are paid for.

If you, as the locum, agree to have the host physician's office submitting the billings during the locum, take personal responsibility for auditing the billing sheets and reconciling them with the monthly remittance report from the provincial government. This due diligence will help you to avoid any misunderstanding if there are errors in the diagnostic or billing codes, or if claims are unpaid.

- **The locum physician does his or her own billing.** In our experience, this is exceptional—and rarely time, or cost, effective.
- **The locum physician uses the services of a billing agent.** Most agreements are best served when the locum uses a dedicated billing agent who charges a commission—typically around 2%–3%—based on total billings collected.
- This agent has a vested interest in collecting all billings submitted under your number, and will know the latest changes to the fee schedule. The cost of the service is both minimal and tax deductible. Every medical association should have a list of billing agents used by their members.

During the locum, the office staff will prepare a daily billing sheet, which you complete and forward—usually by fax, or online, to your billing agent. In addition to performing all administrative tasks, the agent will do all of the required legwork, including communicating with the host doctor's office about such matters as resubmissions. You will then receive the medical services plan payments in a designated bank account by auto-deposit.

Third-Party Billing

The service fees paid by third parties (e.g., Workers' Compensation Board [WCB] or private insurance companies) will typically be remitted to the host physician. In the case of WCB payments, it is preferable to have all reports and accounts submitted under the host's account number, so that future WCB requests for progress reports will be sent to the host—not the locum, who has since moved on. The host doctor will then forward the negotiated share of fees to the locum. Both parties must receive copies of all billing records during the term of the locum, and mutually agree to remit the proportionate share to the other within one week of receipt. This arrangement should be documented in the contract.

Billing For Non-Insured Services

Clarify the office policy regarding medical services not covered by the Ministry of Health. Some physicians are still uncomfortable with billing their patients for non-insured services, while others routinely bill their patients for such services. Note that billing for non-insured services can increase gross revenues by 5%–10%. A locum must always exercise discretion, however, regarding such billings. Avoid unnecessary friction with patients, as well as possibly upsetting staff, should you require them to enforce decisions that run contrary to their usual practice.

If the host doctor charges some patients an annual "block fee" for uninsured services, then the locum should negotiate how the host doctor will pay the locum for providing non-insured services to these patients. The easiest approach would be as follows: The host pays the locum the regular rate for the service; e.g., $15 for a phone prescription renewal.

Key Message

Preparation is the most important step of any negotiation.

Defining Gross Billings

'Gross billings' refers to the total fees submitted and received for services rendered, regardless of the responsible payer (e.g., Ministry of Health, WCB, Workplace Safety and Insurance Board, insurance company, or the patient). The locum contract should also include a clause that will allow for sharing any retroactive increases in the fee schedule that occur after the locum has ended. This is particularly important in provinces where primary care reform and alternative payment agreements are in transition, because the fees paid often do not match the billings submitted.

Fair Payment Schedule

Regardless of which party receives payment, the locum and the host should agree to remit the proportionate share to each other within one week of receipt of the payment. Note that billing periods vary from province to province. Remittance payments are made once a month in Ontario, and every two weeks or twice monthly in most other provinces. Accordingly, it can be as much as six weeks before accounts receivable are paid.

This can be a problem for graduating residents who start locums in July or August, as delays in Ministry of Health remittances could leave a locum with no income until mid-September. It is both inappropriate and unfair, however, to demand advance payment from a host doctor before remittances have been received by either party. Some host doctors may generously offer an interest-free advance loan to help with cash flow. Such an arrangement would be included in the locum contract.

Finances And Billing Checklist

- How will you be paid for the locum if you are covering for a doctor who participates in a capitation format?
- Will you and the host doctor have a fee-sharing agreement? If so, clarify the percentage of fees you will receive for office services, hospital work and on-call services.
- Will the host doctor consider a guaranteed minimum daily income for you?
- Is the host doctor obliged to charge GST/HST? If so, has the host doctor verified his/her GST/HST number?
- Can you negotiate that the host doctor's share of the fees includes GST/HST?
- Who is responsible for submitting and reconciling the billings for your services? If the host doctor's office is doing your billing, are you confident in the staff's competence in handling these tasks?
- Is it in your best interest to enlist the services of a dedicated billing agent?
- Will your billing number be used, or the host physician's?
- How will unpaid accounts be collected?
- How will you share Ministry of Health fees? How will you receive the service fees paid by third parties and the Workers' Compensation Board?
- Does the host doctor charge patients for non-insured services? If so, for what services?
- Has the host provided a fee list for non-insured services billed directly to patients?
- Have you agreed on a schedule to remit shared fees to each other?
- Have you both agreed to non-performance clauses?
- Have you arranged financing to tide you over until you start to receive an income from the locum?
- Will you have an opportunity to do additional work outside the locum contract?

Plan Ahead To Ensure A Smooth Transition

Professional Responsibilities

Most host physicians expect a locum to cover their regular schedule, unless the parties have agreed to alter the schedule for the locum period. The office, hospital, outpatient and call responsibilities, plus any customizations, should be clarified in the agreement. If the host physician has medical responsibilities (e.g., obstetrics) that you are not expected to take over, ensure that arrangements have been made with other physicians to cover those activities, and that these arrangements are documented.

Some locums are interested in taking on extra clinical work (e.g., extra emergency shifts) that is not part of the host physician's responsibility. Such "moonlighting" should not be restricted—as long as you meet all of the requirements of covering the practice and do not compromise the host doctor's share of the gross income.

Any additional work you assume would be considered to be outside of the locum contract.

Office Staff

It is essential that the host provide you with experienced staff, people who are familiar with the office policies, communication systems, referral network, preferred specialists and patients. This is especially important if the host's spouse is a key employee in the medical office, and is also going to be away on family holiday. You do not want to arrive for your locum to find that, not only are the patients and mechanics of the practice unfamiliar, but temporary personnel are also now managing the office!

If you are covering for a physician who is part of large group practice with shared staffing, verify which staff members will be assigned to you during the locum. All commitments for office staff should be documented in the agreement.

Contact Information

Ask the host physician to provide important referral and key contact information, including:

- A list of healthcare facilities (e.g., labs and diagnostic services)
- A list of local pharmacists
- Preferred consultants
- Call group members, along with their contact information and hand-over policies

Special Needs Patients

While the medical charts will represent your primary communication tool, ask the host doctor if there are patients who may pose particular problems, or who may require special attention during the locum. For example, does the host have patients who are being treated with narcotics for chronic non-malignant pain? Have patients signed a prescription renewal policy contract? Ask for a hand-over list, and request that the host clearly document recommendations for the management of these patients. You should prepare a similar hand-over list to assist the host physician upon his/her return.

Hospital Privileges
The host has a vested interest in helping you to obtain hospital privileges, but the agreement should document specifically how this will be arranged. Typically, the locum provides the host physician with a copy of his/her curriculum vitae, references and registration cards from the CMPA, CCFP and the provincial College of Physicians and Surgeons. The host then applies for temporary privileges on the locum's behalf. It is important to make these arrangements early, so that the privileges are granted before the locum starts.

Hospital Environment
If applicable, ask the host to arrange an orientation tour of the local hospital and introduce you to the key staff members and physicians in advance. This will make the experience of starting work in an unfamiliar setting less stressful and confusing.

Outpatient and hospital on-call obligations should be discussed and clarified, then documented in the locum contract. You should also discuss practical matters. If you are expected to cover in the emergency department, do you take a regular shift, take calls from home, or both? Is a call room available at the hospital? Will parking at the hospital be a financial or practical constraint? Is it possible to borrow the host physician's hospital and office parking passes?

Community Orientation
Confirm that the host will notify the community of his/her planned departure, and inform the appropriate officials that you will be covering the medical practice. You should also inquire about recreational facilities, sports clubs, cultural activities and other attractions. In smaller centres, community leaders may take the opportunity to make you feel comfortable in all respects—it is, after all, an excellent opportunity for them to recruit a new physician.

Although it is not a requirement of a locum arrangement, the host may offer to help you search for appropriate short-term accommodation. The host may even offer you his/her own home; if so, you will need to agree on common tenancy issues, such as cohabitants, children, visitors, pets and liability.

Non-Performance
This clause in the locum contract addresses the unlikely circumstance that either the host physician or locum fails to honour their obligation.

Case examples (these actually happened):

1. Dr. Locum called Dr. Host the Sunday before he was to start to ask if there were any last-minute issues. Dr. Host sadly informed Dr. Locum that his daughter had a sudden illness, requiring hospitalization, and thus he cancelled his holiday and decided to be at the office. Dr. Locum was left in the cold, without any guaranteed work for the next two weeks. Was Dr. Host malicious? No—but he did not honour his obligation to provide Dr. Locum with the opportunity to make income. In this case, there was no written locum contract and no non-performance clause.

2. Dr. J. Host was called two weeks before Dr. Locum was to begin a four-month maternity coverage—Dr. Locum informing Dr. Host that she had received a better offer, and would not be honouring her verbal agreement to do the maternity coverage. There was no written contract, and Dr. J. Host did not find another locum—she returned to work two weeks after delivery!
   A non-performance clause would have given the affected parties above some compensation for lost income/coverage. The clause will generally clarify any monetary penalty that the responsible party will remit to the affected party. The amount would be similar to a daily guaranteed minimum for the locum, plus a daily guaranteed overhead cost coverage for the host; for example, 30% of the daily guaranteed minimum.

Getting Ready For The Locum

- Have you confirmed all of your office, hospital, outpatient, on-call and any other responsibilities?
- Have your hospital privileges been secured?
- Will you be provided with experienced office staff?
- Do you have contact information for call group members, consultants, labs, diagnostic services, pharmacies and other important referrals?
- Have you received a hand-over list, identifying special needs patients?
- Have you verified that the host doctor will assume medical legal responsibility after your term has ended for all pending investigations that you initiated?
- Have you met the key staff members and physicians at the hospital?
- Have you arranged for parking or transportation?
- Will the host doctor arrange for your orientation within the community?
- Do you have a place to stay?

The Importance Of A Fair And Mutually Beneficial Contract

The best way to ensure a positive experience is to have a formal, written contract that takes into account the terms of the locum and the "what if" scenarios. This serves two objectives: It provides a checklist of important matters that you and the host physician need to address, and it ensures that both parties have a shared understanding of the terms and expectations.

Important Components Of A Locum Contract

- Length of locum
- Patient schedule and any customization
- Additional responsibilities (e.g., on-call arrangements)
- What office staff are provided
- Application for hospital privileges
- Fee-sharing arrangements
- Billing arrangements for insured services
- Billing policy for non-insured services
- Reciprocal fee payment schedule
- Host doctor's responsibilities prior to hand-over
- Locum's responsibilities at end of agreement
- Non-performance

Other clauses to consider in a locum contract include specialty back-up, non-competition, non-solicitation, "moonlighting" and GST/HST.^It is quite easy to develop a generic locum contract that can be customized for different scenarios and circumstances. Generic locum contracts are available on the web, but we strongly recommend that your lawyer review your generic contract to ensure that your interests, and the host doctor's interests, are protected.

Because locums used to be arranged informally, not all physicians will perceive that a written agreement is needed, and some may resist signing a contract. If this is the case, explain that the intent of a written contract is to protect both parties while clarifying the expectations for the locum. The agreement should be mutually beneficial and fair. If the host physician is still unwilling to sign a written agreement, you should look elsewhere. Locum opportunities abound.

Appendix 1: Locum Evaluation Checklist Summary

Scope And Style Of Practice

- What are the patient demographics (e.g., pediatrics, women's health, geriatrics, adolescents)?
- Does the practice have a specialty interest or special needs population?
- Does the physician do deliveries, or shared care obstetrics (prenatal care to 28 weeks), or perform minor surgeries? If you are expected to perform the same procedures, are you competent and comfortable in delivering these services? If not, has the host made arrangements for other colleagues to cover these tasks during the term of the locum?
- A list of procedures should be clarified in the contract.
- What are the regular office hours? Can you modify the office schedule if necessary?
- What on-call obligations are you expected to assume? Are there additional obligations related to the group's after-hours clinic, hospital, nursing home, house calls or emergency department?
- Do you have the option of not filling any of these obligations?
- Will the physician's trusted colleagues be readily available to assist you in an emergency?
- Does the host doctor follow current practice guidelines and evidence- based medicine?
- Does the doctor follow current guidelines for prescribing antibiotic, narcotic and anxiolytic medications?
- Does the host doctor have patients on long-term narcotics for non-malignant pain, and, if so, have these patients signed a contract?
- What are the office policies for phone-call prescription renewals and missed appointments?
- How does the doctor handle requests for sick notes?
- Are practice policies (e.g., missed appointments, phone consultations) clearly posted in the office? Has the doctor provided each patient with a patient information handout that explains the practice's policies? Do staff members enforce the policies?
- Is the office clean and comfortable, with up-to-date equipment?

Appointments

- What is the average number of patients seen per day?
- Do the reception staff triage appointments?
- Is the reason for the patient visit recorded on the appointment schedule?
- Does the host doctor use 10-minute or 15-minute time slots for average patient visits?
- Are two or three time slots reserved for check-ups and counselling?
- How many periodic health examinations are scheduled each day? How much time is allocated for these appointments? When during the day are they scheduled?
- When are procedures done? How much time is allocated for procedures?
- How does the doctor fit same-day call-ins into the schedule?
- How many dedicated slots are allocated and protected for same-day call-ins?
- Does the doctor have clear guidelines for booking double appointments?
- Are there a reasonable number of time slots over the next two weeks for new bookings?
- Can you modify the appointment schedule if necessary?

Medical Charts

- Are the medical records comprehensive, legible and well organized?
- Does the physician dictate or write progress notes? Do the progress notes follow the SOAP (Symptoms, Observations, Assessment and Plan) format?
- Does the physician keep up-to-date cumulative patient profiles (CPPs), and such records as cumulative medication sheets, diabetic, INR and lipid flow sheets?
- Are allergy and immunization records clearly marked?
- Do the records indicate compliance with evidence-based medicine and practice guidelines for preventative care and screening?
- Do the records indicate the physician's prescribing habits for controlled drugs, anxiolytics and antibiotics?
- Do the records raise any concerns regarding medical competence?
- Do the medical charts have year labels that will help you to determine the number of patients who have been seen within the past two years?
- If EMR, are all of the above requirements met and, if required, will you be orientated to the EMR system in advance?

Finances And Billing

- How will you be paid for the locum if the host doctor participates in a capitation model?
- Will you and the host doctor have a fee-sharing agreement? If so, what percentage of fees will you receive for office, hospital and on-call services?
- Will the host doctor consider a guaranteed minimum daily income for you, if appropriate?
- Will you be charged GST/HST? If so, has the host doctor verified his/her GST/HST number?
- Can you negotiate that the host doctor's share of the fees will be GST/HST-inclusive?
- Who is responsible for submitting and reconciling the billings for your services? If the host doctor's office is doing your billing, are you confident in the staff's competence for these tasks?
- Is it in your best interest to enlist the services of a dedicated billing agent?
- Will your billing number, or the host physician's, be used?
- How will unpaid accounts be collected?
- How will you share Ministry of Health fees? How will you receive the service fees paid by third parties and the Workers' Compensation Board?
- Does the host doctor charge patients for non-insured services? If so, for what services?
- Has the host doctor provided a fee list for non-insured services billed directly to patients?
- Have you agreed on a schedule for when both parties will remit shared fees to each other?
- Have both parties agreed to non-performance clauses?
- Have you arranged financing to tide you over until you start to receive an income from the locum?
- Will you have an opportunity to do work outside the locum contract?

Getting Ready For The Locum

- Have you confirmed all of your office, hospital, outpatient, call and other responsibilities?
- Have your hospital privileges been secured?
- Will you be provided with experienced office staff?
- Do you have contact information for call group members, consultants, labs, diagnostic services, pharmacies and other important referrals?
- Have you received a hand-over list, identifying special needs patients?
- Have you verified that the host doctor will assume medical legal responsibility after your term has ended for all pending investigations that you initiated?
- Have you met the key staff members and physicians at the hospital?
- Have you arranged for parking or transportation?
- Will the host doctor arrange for your orientation to the community?
- Do you have a place to stay?

The Locum Contract

- Have both parties agreed to and signed a locum contract that addresses all relevant issues?