

Fictional Example of Contractual Agreement

*For the purpose of the student event only.
Not a real legal contract or document.*

A. COMPENSATION. EMPLOYER shall collect all monies and accounts for periodontal services provided by EMPLOYEE at the offices of the EMPLOYER described in Section 1 above and shall deposit such sums in an account of the EMPLOYER.

For services rendered pursuant to this Contract during EMPLOYEE'S tenure in the offices of EMPLOYER, EMPLOYER shall pay to EMPLOYEE an annual base salary of (\$X), or a semi-monthly salary shall be paid on the fifteenth (15th) and last day of each month.

EMPLOYER and EMPLOYEE further agree that for each quarter, first beginning with the quarter ending _____, 1998, EMPLOYEE will be paid forty percent (40.0%) of all collections in excess of Fifty Thousand Dollars (\$50,000.00) per quarter. Such additional compensation will be paid, on the second payday of the immediately succeeding quarter.

For purposes of an example, assume that collections attributable to EMPLOYEE in a given quarter are \$65,000.00. The total commission due and payable to EMPLOYEE would be computed as follows:

$$\$65,000.00 - \$50,000.00 = \$15,000.00 \times 0.40 = \$6,000.00$$

EMPLOYEE acknowledges that a portion of his compensation is in return for any hygiene examinations accomplished by the EMPLOYEE on any patient of the practice of EMPLOYER. EMPLOYER & EMPLOYEE further agree that no collected income generated by the hygienist(s) will be utilized in the calculation of the commission to be paid to EMPLOYEE. Notwithstanding the foregoing, EMPLOYEE will be paid his commission, as above described in the event that EMPLOYEE personally provides the hygiene services to a patient(s).

Employer agrees to pay all laboratory charges coincidental to the provision of services to patients by EMPLOYEE. Additionally, EMPLOYER agrees to pay the EMPLOYER portion of the applicable Social Security and employment taxes, and will deduct the EMPLOYEE portion of all applicable employment taxes from EMPLOYEE'S compensation.

EMPLOYEE agrees that all accounts receivable are the property of EMPLOYER and will be retained as the property of EMPLOYER for collection, even in the event of termination as provided for in Section 13 of this contract. Both during the period of employment and after termination, whether for cause or otherwise, EMPLOYEE will be granted limited access to the business records of EMPLOYER for a period of one hundred fifty (150) days following termination in order to verify that his compensation has been accurately paid. Thereafter, any receipts received by EMPLOYER will accrue to the sole benefit of EMPLOYER, whether or not such charges were generated by EMPLOYEE.

Notwithstanding the foregoing, EMPLOYER and EMPLOYEE agree that EMPLOYER will reduce the compensation set forth in this section 5, by any benefits or expenses paid by EMPLOYER on behalf of EMPLOYEE, such as, but not limited to, those items listed in Section 7 d-e, below.

However, EMPLOYER will continue to use the same diligence and effort to collect accounts receivable attributable to services provided by the EMPLOYEE as for those attributable to the EMPLOYER.

Finally, EMPLOYER and EMPLOYEE both agree that irrespective of the manner in which EMPLOYER may ordinarily account for production attributable to services performed by EMPLOYER'S employees and associates, EMPLOYEE shall not be due any compensation for production, including prepayments, for which services have not been provided.

B. EMPLOYER'S OBLIGATION. EMPLOYER shall provide the following equipment and services to EMPLOYEE:

- a. All equipment, supplies and instruments;
- b. Necessary personnel, including but not limited to, administrative/clerical personnel, chairside assistant(s) and periodontal hygienists;
- c. Leasehold usage;
- d. Scheduling of appointments;
- e. Processing of patient records and maintenance of patient financial records;
- f. Billing of patients for services rendered and;
- g. Other administrative duties related to patient care.
- h. EMPLOYER will provide to EMPLOYEE an annual expense account in the total amount of \$3,000.00 which shall be utilized for continuing education courses. EMPLOYEE shall be responsible for any and all amounts spent in excess of \$3,000.00 for continuing education courses and shall be responsible for expenses incurred with attending such courses. EMPLOYEE shall submit receipts for all expenses in order to receive reimbursement.
- i. Health care insurance after three (3) months of continuous, full-time employment in accordance with corporate policy and plan coverage. Any premium amounts in excess of corporate policy plan amounts will be deducted from the EMPLOYEE'S compensation.

EMPLOYEE agrees that EMPLOYER alone shall determine what facilities, equipment, and services are necessary for the administration of EMPLOYER'S offices, but does agree to consult EMPLOYEE on items of these type.

C. EMPLOYEE'S OBLIGATIONS. The EMPLOYEE agrees that he will undertake the following:

- a. Use of the established forms and records provided by the EMPLOYER, at EMPLOYER'S expense;
- b. Supervise the staff assigned to him according to the policies and procedures of the EMPLOYER;
- c. Provide and file in a timely fashion all of his personal income taxes;
- d. Provide his own life, health for the first three (3) months of employment, disability insurance, automobile use, maintenance and insurance, and other personal and professional expenditures including dues and subscriptions. EMPLOYEE agrees to have any and all health insurance premiums deducted monthly from his pay in excess of the amounts paid in accordance with corporate policy.
- e. Provide for the payment of both federal and state narcotics license.

D. INSURANCE. The office general liability insurance shall be secured by, and paid for by EMPLOYER. Individual liability and/or malpractice insurance shall be secured by EMPLOYER.

EMPLOYER agrees to be responsible for securing such insurance on behalf of EMPLOYEE. EMPLOYER agrees to provide malpractice insurance (to be paid by EMPLOYER) WITH A MINIMUM COVERAGE OF _____/_____ Dollars (\$_____/\$._____.00) per occurrence/aggregate through a qualified malpractice carrier. It is the intent of both EMPLOYEE and EMPLOYER to secure coverage through the malpractice carrier now utilized by EMPLOYER.

EMPLOYER shall provide to EMPLOYEE a copy of all malpractice insurance policies secured by EMPLOYER and covering EMPLOYEE, his periodontal practice or EMPLOYER to be in effect now and during the course of EMPLOYEE'S employment with EMPLOYER, along with copies of all licenses pertaining to EMPLOYEE.

EXAMPLE