

# Restrictive Covenants and House Bill 681

## Why They Should Matter to All Physicians

**Restrictive covenants** are also known as non-compete clauses. These clauses prohibit health care practitioners from practicing medicine within a specified geographic area after they leave contracted employment.

*Physicians, CRNPs, CRNAs, PAs, and CNMs are impacted by restrictive covenants.*



### House Bill 681: What Does it do?

House Bill 681 (HB 681) prohibits the use of restrictive covenants in health care practitioner employment contracts with limited exceptions.

HB 681 provides **limited exceptions** for when restrictive covenants are used.

- Generally applicable in counties with a population under 100K.
- Can be used by provider-owned independent practices not affiliated with any health care system, health care provider, or hospital, regardless of the county that the practice is located within.

HB 681 provides for **narrow parameters** when restrictive covenants are used.

- Limited to 45 miles from the primary health care facility or office of the practitioner.
- Limited to no more than 2 years.

HB 681 **does NOT preclude employers from recovering reasonable costs associated with** the recruitment, orientation, and onboarding process of a practitioner, including fringe benefits such as student loan repayment.



**HB 681 allows for the freedom of movement among employed health care practitioners while protecting health care employers in less densely populated areas who have more difficulty attracting and retaining practitioners.**

Given the consolidation of hospital and health care systems throughout the Commonwealth, HB 681 **provides needed protection to both independent and employed physicians.**

**PAMED's Position:** PAMED supports HB 681. This bill is about patients—they shouldn't lose access to their trusted physician because he or she has changed employers. It provides protections and parameters on the appropriate use of restrictive covenants.



### What Action Can You Take?

Contact your state legislators and encourage them to support HB 681.



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