

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1885 Session of
2009

INTRODUCED BY KOTIK, READSHAW, DERMODY, HORNAMAN, WALKO, MANN,
BOYD, BRIGGS, CASORIO, CURRY, DePASQUALE, GEORGE, GERGELY,
GIBBONS, HARHAI, HENNESSEY, MENSCH, PALLONE, PETRARCA,
SABATINA, SHAPIRO, SIPTROTH, STURLA, WANSACZ, YOUNGBLOOD AND
SAINATO, JULY 24, 2009

REFERRED TO COMMITTEE ON JUDICIARY, JULY 24, 2009

AN ACT

1 Limiting restrictive covenants in physician employment
2 agreements.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. General rule.

6 Except as set forth in section 2, a contract or agreement
7 which creates or establishes the terms of an employment
8 relationship with a physician, which includes a restriction of
9 the right of the physician to practice medicine in any
10 geographic area for any period of time after the termination of
11 such employment relationship, shall be void and unenforceable
12 with respect to said restriction.

13 Section 2. Exception.

14 Section 1 shall not be construed to render void or
15 unenforceable the remaining provisions of a contract or
16 agreement, including a buyout clause that requires a physician

1 to reimburse the employer for any reasonable expenses incurred
2 in recruiting the physician and establishing the physician's
3 patient base.

4 Section 3. Buyout clause.

5 A buyout clause otherwise permitted by this section may
6 include liquidated damages, provided that the amount is
7 reasonable. A buyout clause shall be void if:

8 (1) The clause contains a term fixing unreasonably large
9 liquidated damages.

10 (2) The employer terminated the employment relationship
11 actually or constructively.

12 Section 4. Applicability.

13 This act shall apply to the following:

14 (1) A contract entered into on or after the effective
15 date of this act.

16 (2) A contract dispute that has not reached a final
17 disposition as of the effective date of this act.

18 Section 5. Effective date.

19 This act shall take effect in 60 days.