



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 681

PRINTERS NO. 1187

PRIME SPONSOR: Ecker

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	\$0	\$0

SUMMARY: House Bill 681, Printer's Number 1187, establishes the freestanding Health Care Practitioner Noncompete Agreement Act to make covenants not to compete between employers and health care practitioners unenforceable. This legislation is effective in 30 days.

ANALYSIS: HB 681 establishes a general rule that covenants not to compete between employers and health care practitioners are unenforceable. The prohibition applies to covenants entered into or amended on or after the effective date of the bill, or following a renewal of a practitioner's license, registration, or certification after the effective date of the bill.

The bill provides that covenants not to compete may be enforced if:

- 1) The employer is located in a sixth, seventh, or eighth class county, or if the employer is a provider-owned independent practice that is not affiliated with any health care system, health care provider, or hospital;
- 2) The geographic restriction of the covenant is less than a 45-mile radius from the primary health care facility or office of the practitioner;
- 3) The duration of the covenant is no more than two years; and
- 4) The covenant applies only to the primary health care facility or office of the practitioner.

Within 60 days after a health care practitioner has a separating event with an employer, the employer must notify the practitioner's prior patients that the practitioner has left and inform the patients regarding how to request the transfer of their medical records to the practitioner.

FISCAL IMPACT: Enactment of this legislation should have no adverse fiscal impact on Commonwealth funds.

PREPARED BY: Nick McClure
House Appropriations Committee (R)

DATE: May 26, 2021

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.