



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1633

PRINTER'S NO. 2959

PRIME SPONSOR: Frankel

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	\$0	\$0

SUMMARY:

Prohibits employers from entering into noncompete covenants with healthcare providers that would prevent them from practicing healthcare in the Commonwealth after separating from the employer.

ANALYSIS:

House Bill 1633 prohibits employers from entering into noncompete covenants with healthcare providers that would prevent a health care provider from practicing either with another competing employer or independently for a period of time after the term of employment. Noncompete agreements adopted after the bill's effective date would become void and unenforceable. For noncompete agreements valid prior to the effective date, the agreement becomes void and unenforceable upon the renewal of a health care practitioner's license, registration, or certification.

Exceptions:

An employer may enforce a noncompete if all of the following apply:

1. The primary health care facility or office where the health care practitioner is employed is located in a county of the sixth, seventh, or eighth class.
2. The geographic restriction is less than a 45-mile radius from the primary health care facility or office.
3. The length of the noncompete covenant is no more than two years.

Recover expenses:

An employer may recover certain expenses incurred on a health care practitioner if the expenses are:

1. Directly attributable to the health care practitioner and accrued within the three years prior to separation, unless separation is caused by dismissal of the health care practitioner.
2. Related to relocation, training, and establishment of a patient base.
3. Amortized over a period of up to five years from the date of separation by the health care practitioner.

Patient notification requirements:

Within 90 days of a health care provider's separation from the employer, the employer is required to notify the health care practitioner's patients seen within the past year of the following information:

1. Where the health care practitioner will be rendering services in the future, if known.
2. How the patient may either continue as a patient of the healthcare practitioner or be assigned a new health care practitioner within the existing employer.

The notification requirement applies to a physician, certified nurse practitioner, and physician assistant with an ongoing outpatient relationship with the patient.

This legislation will take effect as follows:

- The requirements under Section 5, related to patient notification, would take effect in 30 days.
- The remainder of the act would take effect immediately.

FISCAL IMPACT:

Enactment of this legislation will have no adverse impact on Commonwealth funds.

PREPARED BY: Aniam Iqbal, Budget Analyst
House Appropriations Committee (D)

DATE: April 17, 2024

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