



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1633

PRINTER'S NO. 3504

PRIME SPONSOR: Frankel

COST / (SAVINGS)

FUND	FY 2024/25	FY 2025/26
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, Printer's Number 3504 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.

A health care practitioner includes a medical doctor, doctor of osteopathy, certified registered nurse anesthetist, certified nurse practitioner, and physician assistant with an ongoing outpatient relationship with the patient.

Noncompete agreements adopted after the bill's effective date would become void and unenforceable. An employer may enforce a noncompete covenant if the length of the noncompete covenant is no more than one year and the employer left voluntarily. Non-compete provisions are still allowed in the case of sales of businesses.

Recovery of 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.

A preexisting noncompete covenant maybe rendered void and unenforceable if a healthcare practitioner is not a party to the sale, transfer, or other disposition of the business entity.

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 who had an ongoing outpatient relationship of two or more years the following information:

1. The health care practitioner's departure
2. How the patient may transfer the patient's health records to a health care practitioner
3. That the patient may be assigned to a new health care practitioner within the existing employer

Health Care Cost Containment Council:

This legislation requires the Health Care Cost Containment Council to perform a study on the effects of this act within three years of the enactment of this legislation, and report its findings to the chair and minority chairperson of the Senate Health and Human Services and to the House Health Committee.

This legislation will take effect on January 1, 2025.

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: July 11, 2024

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