
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2327 Session of
2014

INTRODUCED BY DeLUCA, D. COSTA, MILLARD, READSHAW, HARKINS,
COHEN AND FRANKEL, JUNE 9, 2014

REFERRED TO COMMITTEE ON HEALTH, JUNE 9, 2014

AN ACT

1 Limiting restrictive covenants in health care practitioner
2 employment agreements.

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

5 Section 1. Definitions.

6 The following words and phrases when used in this act shall
7 have the meanings given to them in this section unless the
8 context clearly indicates otherwise:

9 "Health care practitioner." As defined in section 103 of the
10 act of July 19, 1979 (P.L.130, No.48), known as the Health Care
11 Facilities Act.

12 "Prior Patient." A patient to which a health care
13 practitioner rendered professional services in the health care
14 practitioner's scope of practice for which compensation has been
15 received by the health care practitioner, regardless of the
16 source of the compensation, within three years of the separating
17 event.

18 Section 2. Prohibition.

1 Except as set forth in section 3, a contract or agreement
2 which creates or establishes the terms of an employment
3 relationship with a health care practitioner, which includes a
4 restriction of the right of the health care practitioner to
5 practice in a geographic area for a period of time after the
6 termination of the employment relationship, or prohibits a
7 health care practitioner from treating a prior patient, shall be
8 void and unenforceable with respect to said restriction.

9 Section 3. Exception.

10 Section 2 shall not be construed to render void or
11 unenforceable the remaining provisions of a contract or
12 agreement, including a buyout clause that requires a health care
13 practitioner to reimburse the employer for reasonable expenses
14 incurred in recruiting the health care practitioner and
15 establishing the health care practitioner's patient base.

16 Section 4. Buyout clause.

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

20 (1) The clause contains a term fixing unreasonably large
21 liquidated damages.

22 (2) The employer terminated the employment relationship
23 actually or constructively.

24 Section 5. Applicability.

25 This act shall only apply to contracts entered into on or
26 after the effective date of this act.

27 Section 6. Effective date.

28 This act shall take effect in 60 days.