
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1633 Session of
2023

INTRODUCED BY FRANKEL, AUGUST 29, 2023

REFERRED TO COMMITTEE ON HEALTH, AUGUST 29, 2023

AN ACT

1 Prohibiting the enforcement of certain noncompete covenants
2 entered into by health care practitioners and employers.

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

5 Section 1. Short title.

6 This act shall be known and may be cited as the Fair
7 Contracting for Health Care Practitioners Act.

8 Section 2. Legislative intent.

9 The General Assembly finds and declares as follows:

10 (1) Patient access to health care in this Commonwealth
11 often depends on geography, transportation and availability
12 of practitioners.

13 (2) Seventy-five percent of physicians are employed by
14 hospitals, health care systems or corporate entities.

15 (3) Consolidated hospital systems increasingly stretch
16 over broad geographic regions, meaning that a hospital
17 network's noncompete clause can prevent health care
18 practitioners from practicing in large areas of this

1 Commonwealth, well beyond their initial employment location.

2 (4) Noncompete covenants in health care inhibit
3 competition that benefits employees and patients and can
4 deter needed health care practitioners from wanting to
5 practice in Pennsylvania.

6 (5) Providers constrained by noncompete covenants have
7 less freedom of practice for fear of losing employment and
8 being unable to work in their profession.

9 (6) Most rural areas of Pennsylvania can be considered
10 health care deserts in which patients must travel two or
11 three hours for their basic health care needs.

12 (7) Continuity of care is a fundamental public policy
13 goal that can help patients achieve their health care goals
14 and build trust with their health care practitioners.

15 (8) This Commonwealth cannot afford to continue losing
16 health care practitioners to surrounding states and must do
17 more to attract and retain them.

18 Section 3. Definitions.

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

22 "Employer." A person or group of persons that employ a
23 health care practitioner at a primary health care facility or
24 office.

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

28 "Noncompete covenant." An agreement that is entered into
29 between an employer and a health care practitioner in this
30 Commonwealth and is designed to impede the ability of the health

1 care practitioner to work independently or for a competing
2 employer.

3 "Patient." An individual to whom a health care practitioner
4 rendered professional services in the health care practitioner's
5 scope of practice for which compensation has been received by
6 the health care practitioner, regardless of the source of the
7 compensation.

8 Section 4. Noncompete covenants.

9 (a) Enforceability.--

10 (1) A noncompete covenant entered into or amended on or
11 after the effective date of this section is deemed contrary
12 to public policy and is void and unenforceable by an
13 employer.

14 (2) A noncompete covenant entered into or amended prior
15 to the effective date of this section is void and
16 unenforceable upon the renewal of a health care
17 practitioner's license, registration or certification within
18 this Commonwealth, whichever occurs first.

19 (b) Construction.--Nothing in this section shall be
20 construed to prohibit the enforcement of a contract provision
21 entered into prior to the effective date of this section that
22 allows an employer to recover expenses from a health care
23 practitioner, if the expenses are:

24 (1) Directly attributable to the health care
25 practitioner and accrued within the three years prior to
26 separation, unless separation is caused by dismissal of the
27 health care practitioner.

28 (2) Related to relocation, training and establishment of
29 a patient base.

30 (3) Amortized over a period of up to five years from the

1 date of separation by the health care practitioner.

2 Section 5. Notification.

3 (a) Patient notification.--Following the departure of a
4 health care practitioner from an employer, the employer shall
5 notify the health care practitioner's patients of the following:

6 (1) Where the health care practitioner will be rendering
7 services in the future.

8 (2) How the patient may:

9 (i) continue as a patient of the health care
10 practitioner; or

11 (ii) be assigned a new health care practitioner
12 within the existing employer.

13 (b) Time period.--The employer shall provide the notice
14 within 90 days of the health care practitioner's departure.

15 Section 6. Effective date.

16 This act shall take effect as follows:

17 (1) This section and section 4 shall take effect
18 immediately.

19 (2) The remainder of this act shall take effect in 30
20 days.