

Limits on Physician Noncompete Agreements: Navigating New State Laws and Legislation

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As anticipated, following the end of the Federal Trade Commission's proposed rule prohibiting employer noncompetes, states have ramped up their efforts toward limiting noncompete agreements, including some states that have specifically focused on health care noncompetes.

We previously [reported](#) in 2024 that Pennsylvania passed The Fair Contracting for Health Care Practitioners Act that prohibited the enforcement of certain noncompete covenants entered into by health care practitioners and employers. Now, Louisiana, Maryland, and Indiana join the list of states limiting, or attempting to limit, the use of noncompete agreements in the health care industry.

Louisiana

On January 1, 2025, [Act No. 273](#) (f/k/a Senate Bill 165) (the "Act") became effective following Governor Jeff Landry's approval. The Act enacts three subsections to Section 23:921, M, N, and O, which, as discussed further below, generally limit the timeframe and geographical scope of noncompetes for primary care and specialty physicians.

Subsection (M) of the Act prohibits agreements that restrain a primary care physician—defined as “a physician who predominantly practices general family medicine, general internal medicine, general pediatrics, general obstetrics, or general gynecology”—from practicing medicine for more than **three years from the effective date of the initial contract or agreement**. A subsequent agreement between the employer and primary care physician after the three-year term **cannot** include a noncompete. Should a primary care physician terminate the agreement prior to the three-year term, the primary care physician can be prohibited, for **no more than two years from termination of employment**, from “carrying on or engaging in a business similar to that of the employer in the parish^[1] [defined in employer agreement] in which the primary care physician's principal place of practice is located and no more than two contiguous parishes in which the employer carries on a like business.”

Subsection (N) applies to “any physician other than a primary care physician,” generally defined as a “specialty physician.” Subsection (N) prohibits a contract or agreement that restrains a specialty physician from practicing medicine for more than **five years from the effective date of the initial contract or agreement**, and a subsequent agreement after five years cannot include a noncompete.

Should a specialty physician terminate the agreement prior to the five-year term, the same limiting provision as subsection (M) applies.

Lastly, subsection (O) of the Act exempts from the Act's prohibitions (1) a "physician who is employed by or under contract with a rural hospital as provided for in the Rural Hospital Preservation Act," and (2) a "physician who is employed by or under contract with a federally qualified healthcare center[.]"

The Act applies to any contract or agreement entered into on or after January 1, 2025. For any contract or agreement prior to the effective date, the initial three-or-five-year term and geographical limitation listed in the Act will begin on January 1, 2025.

Maryland

Maryland also joins the list of states limiting physician noncompetes. Maryland [House Bill 1388](#) (HB 1388), will become effective July 1, 2025, and amends Maryland's Annotated Code Labor and Employment Section 3-716(a) to ban certain veterinary and health care noncompete agreements and conflict of interest provisions "that restrict the ability of an employee to enter into employment with a new employer or to become self-employed in the same or similar business."

HB 1388 prohibits noncompetes and conflict of interest provisions between an employer and employee who (1) "earns equal to or less than 150% of the State minimum wage . . .," (2) is required to be licensed under Maryland's Health Occupations Article or is employed in a position that "provides direct patient care," and earns equal to or less than \$350,000 per year, or (3) is a licensed veterinary practitioner or technician under Maryland's Agriculture Article.

For an employee who is required to be licensed under Maryland's Health Occupations Article or "provides direct patient care," and **earns more than** \$350,000 per year, a noncompete agreement or conflict of interest provision is permitted **only for one year from the last day of employment and cannot exceed ten miles from the primary place of employment**. If a patient requests the new location of the former employee, an employer must provide the requested information.

Indiana

As recent as January 13, 2025, Indiana's Senate introduced [Senate Bill 45](#) (SB 45) which, if enacted, would, among other things unrelated to noncompetes, ban physicians and employers from entering into any noncompete. SB 45 would not apply to any physician noncompete entered into before the effective date, but rather, only apply proactively. SB 45 does not contain any other exceptions.

These three states are just the recent developments in legislation across the country which demonstrate a growing trend toward limiting or banning noncompete agreements, particularly in healthcare industries. It is likely other states will follow. We will continue to monitor SB 45 and provide further updates on this topic.

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[1] "Parish" refers to a local government subdivision in Louisiana, which is analogous to a county in other states.

National Law Review, Volume XV, Number 71

Source URL: <https://natlawreview.com/article/limits-physician-noncompete-agreements-navigating-new-state-laws-and-legislation>