

2023 Regular Session

SENATE BILL NO. 172

BY SENATOR ALLAIN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

CONTRACTS. Provides relative to noncompete clauses in employment contracts. (gov sig)

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AN ACT

To enact R.S. 23:922, relative to the restraint of the practice of medicine; to provide for contracts or agreements; to provide relative to the enforceability of certain provisions; to provide for application; to provide for terms and conditions; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 23:922 is hereby enacted to read as follows:

§922. Restraint on the practice of medicine prohibited

A. Notwithstanding any provision of law to the contrary, no contract agreement, or provisions of R.S. 23:921 between a healthcare provider and an employing healthcare provider entity, shall be enforceable following an acquisition of that entity. The contract or agreement, or provision thereof, shall be rendered void, unenforceable, and adhesionary.

B. Beginning August 1, 2023, and notwithstanding any provision of law to the contrary, no contract, agreement, or provision thereof shall be enforceable to restrict a physician from the practice of medicine, whether independently or through an employment or contractual agreement with a third

1 party, following the acquisition of a health care provider entity.

2 C. For the purpose of this Section, "acquisition" means any acquisition
3 by a person of an ownership or controlling interest in a health care provider
4 entity, whether by purchase, merger, lease, gift, or otherwise, that results in a
5 change of ownership or control of thirty percent or greater of either the voting
6 rights or the assets of a health care provider entity, or that results in the
7 acquiring person holding a fifty percent or greater interest in the ownership or
8 control of a health care provider entity.

9 D. For the purpose of this Section, "health care provider entity" means
10 an individual, person, corporation, facility, limited liability company,
11 professional medical corporation, any other legal entity which the physician had
12 an ownership, employment, or contractual arrangement with prior to the
13 acquisition, or any institution licensed by the state to provide health care or
14 professional services as a physician, nurse, or allied health professional, except
15 a hospital licensed by the Louisiana Department of Health pursuant to R.S.
16 40:2100, et seq.

17 Section 2. It is the intent of the legislature that the provisions of this Act shall apply
18 prospectively, however, if the court rules that the contract or agreement, or provision thereof
19 is adhesionary, the provisions of this Act shall apply retroactively.

20 Section 3. If any provision or item of this Act, or the application thereof, is held
21 invalid, such invalidity shall not affect other provisions, items, or applications of the Act
22 which can be given effect without the invalid provision, item, or application and to this end
23 the provisions of this Act are hereby declared severable.

24 Section 4. This Act shall become effective upon signature by the governor or, if not
25 signed by the governor, upon expiration of the time for bills to become law without signature
26 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
27 vetoed by the governor and subsequently approved by the legislature, this Act shall become
28 effective on the day following such approval.

