

SENATE BILL NO. 165

BY SENATORS MCMATH, BASS, BOUDREAUX, HENRY, MILLER, MIZELL, MORRIS, OWEN, PRESSLY AND TALBOT AND REPRESENTATIVES BAYHAM, BERAULT, CARRIER, WILFORD CARTER, CHENEVERT, CREWS, EGAN, HORTON, JACKSON, LACOMBE, SELDERS, WRIGHT AND WYBLE

1 AN ACT

2 To enact R.S. 23:921(M), (N), and (O), relative to noncompetition agreements; to provide
3 relative to contracts and agreements restraining business; to provide relative to
4 exceptions to prohibitions to the contracts and agreements; to provide for contracts
5 and agreements restraining certain physicians; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 23:921(M), (N), and (O) are hereby enacted to read as follows:

8 §921. Restraint of business prohibited; restraint on forum prohibited; competing
9 business; contracts against engaging in; provisions for

10 * * *

11 **M.(1) Any provision in a contract or agreement which restrains a**
12 **primary care physician from practicing medicine shall not exceed three years**
13 **from the effective date of the initial contract or agreement. Any subsequent**
14 **contract or agreement between the employer and primary care physician**
15 **executed after the initial three-year term shall not include noncompet**
16 **provisions.**

17 **(2) If the contract or agreement provided for in Paragraph (1) of this**
18 **Subsection is terminated by the primary care physician prior to the initial**
19 **three-year term, the primary care physician may be prohibited from carrying**
20 **on or engaging in a business similar to that of the employer in the parish in**
21 **which the primary care physician's principal practice is located and no more**
22 **than two contiguous parishes in which the employer carries on a like business.**
23 **The parishes shall be specified in the contract or agreement. The prohibition**
24 **authorized in this Paragraph shall not exceed a period of more than two years**
25 **from termination of employment.**

1 (3) For purposes of this Subsection, "primary care physician" means a
2 physician who predominantly practices general family medicine, general
3 internal medicine, general pediatrics, general obstetrics, or general gynecology.
4 For any other physician, the provisions of Subsection N of this Section shall
5 apply.

6 N.(1) For any physician other than a primary care physician as defined
7 in Subsection M of this Section, any provision in a contract or agreement which
8 restrains the physician from practicing medicine shall not exceed five years
9 from the effective date of the initial contract or agreement. Any subsequent
10 contract or agreement executed between the employer and the physician after
11 the initial five-year term shall not include noncompete provisions.

12 (2) If the contract or agreement provided for in Paragraph (1) of this
13 Subsection is terminated by the physician prior to the initial five-year term, the
14 physician may be prohibited from carrying on or engaging in a business similar
15 to that of the employer in the parish in which the physician's principal practice
16 is located and no more than two contiguous parishes in which the employer
17 carries on a like business. The parishes shall be specified in the contract or
18 agreement. The prohibition authorized in this Paragraph shall not exceed a
19 period of more than two years from termination of employment.

20 O.(1) The provisions of Subsections M and N of this Section shall not
21 apply to the following physicians:

22 (a) Any physician who is employed by or under contract with a rural
23 hospital as provided for in the Rural Hospital Preservation Act, R.S. 40:1189.1
24 et seq.

25 (b) Any physician who is employed by or under contract with a federally
26 qualified healthcare center as defined in R.S. 40:1183.3 and which operates in
27 a rural parish as designated by the federal Office of Management and Budget
28 at the time the physician is hired.

29 (2) For any physician exempted in this Subsection, the provisions of
30 Subsections C, J, K, or L of this Section shall apply.

1 Section 2.(A) The provisions of this Act shall apply to any contract or agreement
2 entered into on or after the effective date of this Act.

3 (B) For any contract or agreement in existence as of the effective date of this Act, the
4 initial three- or five-year term provided for in this Act shall commence on the effective date
5 of this Act.

6 (C) For any contract or agreement in existence as of the effective date of this Act, the
7 geographic provisions provided for in this Act shall be applicable on the effective date of
8 this Act.

9 Section 3. This Act shall become effective on January 1, 2025.

PRESIDENT OF THE SENATE

SPEAKER OF THE HOUSE OF REPRESENTATIVES

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____