

2024 Regular Session

SENATE BILL NO. 165

BY SENATOR MCMATH

CONTRACTS. Provides relative to noncompetition agreements. (8/1/24)

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AN ACT

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

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 23:921(M) is hereby enacted to read as follows:

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

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**(M)(1) Any contract or agreement which restrains a physician from practicing medicine shall terminate after three years from the effective date of the contract or agreement. Any contract or agreement renewed after the initial three year term shall not include noncompete provisions.**

**(2) If the contract or agreement is terminated prior to the initial three year term, the physician shall be prohibited from carrying on or engaging in a business similar to that of the employer in three contiguous parishes specified**

1           in the contract or agreement, one of which shall be the parish in which the  
 2           physician's primary practice is located, for a period not to exceed two years  
 3           from termination of employment.

4           (3) The provisions of this Subsection shall apply to any physician who  
 5           predominately practices family medicine, general internal medicine, general  
 6           pediatrics, general obstetrics, or gynecology. For any other physician, the  
 7           provisions of Subsection C of this Section shall apply.

8           (4) The provisions of this Subsection shall not apply to any physician  
 9           employed by or under contract with a rural hospital as provided for in the  
 10          Rural Hospital Preservation Act, R.S. 40:1189.1 et seq.

11          Section 2. The provisions of this Act shall apply to any contract entered into on or  
 12          after January 1, 2025.

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The original instrument and the following digest, which constitutes no part  
 of the legislative instrument, were prepared by Amanda Trapp.

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DIGEST

SB 165 Engrossed

2024 Regular Session

McMath

Present law provides that every contract or agreement by which anyone is restrained from exercising a lawful profession, trade, or business of any kind shall be null and void.

Present law provides for exceptions from present law provided that any exemption does not exceed a period of two years.

Proposed law retains present law for all physicians except those specified in proposed law.

Proposed law requires that any noncompete provisions for physicians specified in proposed law shall terminate after three years. Proposed law further requires that if the contract is terminated prior to three years, the noncompete provision can only apply to three contiguous parishes, one of which is the parish where the physician's primary practice is located.

Proposed law applies to contracts entered into on or after January 1, 2025.

Effective August 1, 2024.

(Adds R.S. 23:921(M))

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Health and Welfare to the original bill

1. Removes technical changes.
2. Adds provisions relative to contracts and agreements that restrain certain physicians from practicing medicine.
3. Adds a provision regarding effectiveness.