

SENATE SUMMARY OF HOUSE AMENDMENTS

SB 165

2024 Regular Session

McMath

KEYWORD AND SUMMARY AS RETURNED TO THE SENATE

CONTRACTS. Provides relative to noncompetition agreements. (1/1/25)

SUMMARY OF HOUSE AMENDMENTS TO THE SENATE BILL

1. Limits noncompete provisions for physicians that are not primary care physicians to no more than five years.
2. Adds geographic limitations to noncompete provisions for the physicians that are not primary care physicians.
3. Adds exemption for certain federally qualified health centers.
4. Adds provisions relative to effectiveness and applicability of proposed law.
5. Makes technical changes.

DIGEST OF THE SENATE BILL AS RETURNED TO THE SENATE

SB 165 Reengrossed

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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 noncompete provision does not exceed a period of two years from termination of employment.

Proposed law requires any noncompete provisions for primary care physicians specified in proposed law to terminate after three years from the effective date of the initial contract or agreement. Proposed law further prohibits any subsequent contract or agreement executed between the employer and the primary care physician after the initial three-year term from including noncompete provisions.

Proposed law requires any provision in a contract or agreement that restrains any physician that is not a primary care physician from practicing medicine to terminate after five years from the effective date of the initial contract or agreement. Proposed law further prohibits any subsequent contract or agreement executed between the employer and the physician after the initial five-year term from including noncompete provisions.

Proposed law provides that if the contract or agreement provided for in present law is terminated by the physician prior to the end of their specified term, the physician may be prohibited from carrying on or engaging in a business similar to that of the employer in the parish in which the physician's principal practice is located and no more than two contiguous parishes in which the employer carries on a like business. Proposed law requires the parishes to be specified in the contract or agreement.

Proposed law provides that the prohibition shall not exceed a period of more than two years from termination of employment.

Proposed law provides that provisions of proposed law shall not apply to any physician employed by a rural hospital or certain federally qualified health centers.

Proposed law provides for applicability of proposed law.

Effective January 1, 2025.

(Adds R.S. 23:921(M), (N), and (O))

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