General Assembly

Raised Bill No. 143

February Session, 2020

LCO No. **1430**

*01430   PH *

Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

AN ACT PROHIBITING COVENANTS NOT TO COMPETE INVOLVING PHYSICIANS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1   Section 1. Section 20-14p of the general statutes is repealed and the
2   following is substituted in lieu thereof (*Effective July 1, 2020*):

3   (a) **[**For purposes of**]** <u>As used in</u> this section, **[**: (1) "Covenant not to
4   compete"**]** <u>"covenant not to compete"</u> means any provision of an
5   employment or other contract or agreement that creates or establishes a
6   professional relationship with a physician <u>licensed pursuant to this</u>
7   <u>chapter</u> and restricts the right of **[**a**]** <u>the</u> physician to practice medicine
8   in any geographic area of the state for any period of time after the
9   termination or cessation of such partnership, employment or other
10   professional relationship. <u>**[**</u>; (2) "physician" means an individual licensed
11   to practice medicine under this chapter; and (3) "primary site where
12   such physician practices" means (A) the office, facility or location where
13   a majority of the revenue derived from such physician's services is
14   generated, or (B) any other office, facility or location where such
15   physician practices and mutually agreed to by the parties and identified

16   in the covenant not to compete.**]**

17   (b) **[**(1) A**]** <u>Any</u> covenant not to compete **[**is valid and enforceable only
18   if it is: (A) Necessary to protect a legitimate business interest; (B)
19   reasonably limited in time, geographic scope and practice restrictions as
20   necessary to protect such business interest; and (C) otherwise consistent
21   with the law and public policy. The party seeking to enforce a covenant
22   not to compete shall have the burden of proof in any proceeding.

23   (2) A covenant not to compete that is entered into, amended,
24   extended or renewed on or after July 1, 2016, shall not: (A) Restrict the
25   physician's competitive activities (i) for a period of more than one year,
26   and (ii) in a geographic region of more than fifteen miles from the
27   primary site where such physician practices; or (B) be enforceable
28   against a physician if (i) such employment contract or agreement was
29   not made in anticipation of, or as part of, a partnership or ownership
30   agreement and such contract or agreement expires and is not renewed,
31   unless, prior to such expiration, the employer makes a bona fide offer to
32   renew the contract on the same or similar terms and conditions, or (ii)
33   the employment or contractual relationship is terminated by the
34   employer, unless such employment or contractual relationship is
35   terminated for cause.

36   (3) Each covenant not to compete entered into, amended or renewed
37   on and after July 1, 2016, shall be separately and individually signed by
38   the physician.**]** <u>that is entered into, amended, extended or renewed on</u>
39   <u>or after July 1, 2020, shall be void and unenforceable. The party seeking</u>
40   <u>to enforce a covenant not to compete, entered into, amended, extended</u>
41   <u>or renewed prior to July 1, 2020, shall have the burden of proof in any</u>
42   <u>proceeding.</u>

43   (c) The remaining provisions of any contract or agreement that
44   includes a covenant not to compete that is rendered void and
45   unenforceable, in whole or in part, under the provisions of this section
46   shall remain in full force and effect, including provisions that require
47   the payment of damages resulting from any injury suffered by reason of

48 termination of such contract or agreement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2020*	20-14p

Statement of Purpose:

To prohibit covenants not to compete involving physicians.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]