



January 20, 2022

HOUSE BILL No. 1295

DIGEST OF HB 1295 (Updated January 19, 2022 10:28 am - DI 140)

Citations Affected: IC 25-22.5.

Synopsis: Physician noncompete agreements. Specifies a process by which a physician or employer may require binding arbitration to determine a reasonable price to purchase a release from a noncompete agreement.

Effective: July 1, 2022.

Judy, Barrett, Zent, Fleming

January 10, 2022, read first time and referred to Committee on Public Health.
January 20, 2022, reported — Do Pass.

HB 1295—LS 6900/DI 144



January 20, 2022

Second Regular Session of the 122nd General Assembly (2022)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2021 Regular Session of the General Assembly.

HOUSE BILL No. 1295

A BILL FOR AN ACT to amend the Indiana Code concerning professions and occupations.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 25-22.5-5.5-2.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2022]: **Sec. 2.5. (a) This section and section**
4 **2.6 of this chapter apply to a physician noncompete agreement**
5 **originally entered into on or after July 1, 2022.**

6 (b) If a physician whose employment has terminated or whose
7 contract has expired elects to exercise the option to purchase a
8 release from a noncompete agreement under section 2(4) of this
9 chapter, the employer shall negotiate in good faith with the
10 physician to determine a reasonable purchase price.

11 (c) If:

12 (1) a physician whose employment has terminated or whose
13 contract has expired notifies the employer of the physician's
14 election to exercise the option to purchase a release from the
15 noncompete agreement under section 2(4) of this chapter; and

16 (2) the physician and the employer cannot agree on a
17 reasonable purchase price;

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1 the physician or the employer may serve a notice of intent to
2 pursue binding arbitration.

3 (d) A party shall serve a notice of intent under subsection (c):

4 (1) not later than thirty-five (35) days after the physician
5 notifies the employer under subsection (c)(1); and

6 (2) on the:

7 (A) other party; and

8 (B) American Arbitration Association or its successor in
9 interest.

10 SECTION 2. IC 25-22.5-5.5-2.6 IS ADDED TO THE INDIANA
11 CODE AS A NEW SECTION TO READ AS FOLLOWS
12 [EFFECTIVE JULY 1, 2022]: Sec. 2.6. (a) An arbitration under
13 section 2.5 of this chapter must be conducted:

14 (1) in the city within Indiana that:

15 (A) is closest to the physician's primary place of
16 employment during the term of the physician's contract
17 with the employer; and

18 (B) has a population of more than fifty thousand (50,000);

19 (2) before one (1) impartial arbitrator selected by the
20 American Arbitration Association or its successor in interest;
21 and

22 (3) in accordance with the rules and procedures of the
23 American Arbitration Association.

24 (b) The arbitration must conclude not later than forty-five (45)
25 days after the date that the notice of intent to arbitrate was served
26 under section 2.5(c) of this chapter.

27 (c) The arbitrator's award must be monetary only and may not
28 enjoin or compel conduct.

29 (d) The cost of the arbitrator and any other direct costs of the
30 arbitration must be equally divided between the parties engaged in
31 the arbitration. All other costs must be paid by the party incurring
32 them.

33 (e) The arbitrator shall render a decision not later than (30)
34 days after the conclusion of the arbitration unless this time period
35 is extended by mutual agreement of the parties. The decision of the
36 arbitration is final and binding on the parties. Under no
37 circumstances may the parties appeal the decision of the
38 arbitrator.

39 (f) A party who fails to participate in the arbitration
40 proceedings waives all rights the party would have had in the
41 arbitration and is considered to have consented to the
42 determination of the arbitrator.



1 **(g) Nothing in this section or section 2.5 of this chapter may be**
2 **construed to limit or prohibit a good faith settlement voluntarily**
3 **entered into by the parties.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1295, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1295 as introduced.)

BARRETT

Committee Vote: Yeas 11, Nays 0

