

# SENATE BILL No. 400

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 25-22.5-5.5.

**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.

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January 12, 2022, read first time and referred to Committee on Health and Provider Services.

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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.

**SENATE BILL \_\_\_\_\_**

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;**



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.**

