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 DIGEST

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SB 165 Reengrossed

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

Proposed law retains present law for all physicians except primary care physicians as specified in proposed law.

Proposed law requires any noncompete provisions for primary care physicians specified in proposed law to terminate after three years.

Proposed law provides that if the contract is terminated by the primary care physician prior to three years, the noncompete provision can only apply to the parish where 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 shall not apply to any physician who provides healthcare services in a rural area and receives funds from the Louisiana Physician Loan Repayment Program or any other tuition reimbursement program for his provision of such services.

Proposed law requires any provision in a contract or agreement that restrains a physician specialist from practicing medicine to terminate after five years from the effective date of the contract or agreement. Proposed law further requires any subsequent contract or agreement executed between the employer and a physician specialist after the initial five-year term to exclude noncompete provisions

Proposed law provides that if the contract or agreement provided for in present law is terminated by the physician specialist prior to the initial five-year term, the physician specialist may be prohibited from carrying on or engaging in a business similar to that of the employer in the parish in which the physician specialist'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.

The proposed law 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 who meets certain criteria.

Proposed law applies to contracts or agreements executed on or after the effective date provided in proposed law.

Effective upon signature of governor or lapse of time for gubernatorial action.

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

Summary of Amendments Adopted by Senate

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

1. Remove technical changes.

2. Add provisions relative to contracts and agreements that restrain certain physicians from practicing medicine.
3. Add a provision regarding effectiveness.

Summary of Amendments Adopted by Senate

Senate Floor Amendments to engrossed bill

1. Clarify physician types and geographic limitations included in proposed law.
2. Make technical changes.

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Health and Welfare to the reengrossed bill:

1. Provide that if the contract or agreement provided for in present law is terminated by the physician specialist prior to the initial five-year term, the physician specialist may be prohibited from carrying on or engaging in a business similar to that of the employer in the parish in which the physician specialist's principal practice is located and no more than two contiguous parishes in which the employer conducts business.
2. Require any subsequent contract or agreement executed between the employer and a physician specialist after the initial five-year term to exclude noncompete provisions.
3. Provide that if the contract or agreement provided for in present law is terminated by the physician specialist prior to the initial five-year term, the physician specialist may be prohibited from carrying on or engaging in a business similar to that of the employer in the parish in which the physician specialist's principal practice is located and no more than two contiguous parishes in which the employer carries on a like business.
4. Require the parishes to be specified in the contract or agreement.
5. Provide that proposed law shall not apply to any physician who provides healthcare services in a rural area and receives funds from the Louisiana Physician Loan Repayment Program or any other tuition reimbursement program for his provision of such services.
6. Add agreements to the uncodified applicability provisions outlined in proposed law.
7. Make proposed law effective upon signature of governor or lapse of time for gubernatorial action.
8. Make technical corrections.