



General Assembly

January Session, 2019

Committee Bill No. 377

LCO No. 5924



Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

***AN ACT PROHIBITING THE USE OF NONCOMPETE CLAUSES IN
PHYSICIAN EMPLOYMENT CONTRACTS.***

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 Section 20-14p of the general statutes is repealed and the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, 2019*):

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

16 (b) (1) A covenant not to compete that is entered into, amended,
17 extended or renewed prior to July 1, 2019, 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
20 as necessary to protect such business interest; and (C) otherwise
21 consistent with the law and public policy. The party seeking to enforce
22 a covenant not to compete shall have the burden of proof in any
23 proceeding.

24 (2) A covenant not to compete that is entered into, amended,
25 extended or renewed on or after July 1, 2016, until June 30, 2019, shall
26 not: (A) Restrict the physician's competitive activities (i) for a period of
27 more than one year, and (ii) in a geographic region of more than fifteen
28 miles from the primary site where such physician practices; or (B) be
29 enforceable against a physician if (i) such employment contract or
30 agreement was not made in anticipation of, or as part of, a partnership
31 or ownership agreement and such contract or agreement expires and is
32 not renewed, unless, prior to such expiration, the employer makes a
33 bona fide offer to renew the contract on the same or similar terms and
34 conditions, or (ii) the employment or contractual relationship is
35 terminated by the employer, unless such employment or contractual
36 relationship is terminated for cause.

37 (3) Each covenant not to compete entered into, amended or renewed
38 on and after July 1, 2016, until June 30, 2019, shall be separately and
39 individually signed by the physician.

40 (4) On and after July 1, 2019, no employment, partnership or
41 ownership contract or agreement entered into, amended or renewed
42 shall contain a covenant not to compete and each covenant not to
43 compete entered into, amended or renewed on and after said date shall
44 be void and unenforceable. Any physician who is aggrieved by a
45 violation of this subdivision may bring a civil action in the Superior
46 Court to recover damages, together with court costs and reasonable
47 attorney's fees, and for such injunctive and equitable relief as the court
48 deems appropriate.

49 (c) The remaining provisions of any contract or agreement that
50 includes a covenant not to compete that is rendered void and
51 unenforceable, in whole or in part, under the provisions of this section
52 shall remain in full force and effect, including provisions that require
53 the payment of damages resulting from any injury suffered by reason
54 of termination of such contract or agreement.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2019</i>	20-14p

PH *Joint Favorable*