

Rhode Island and Connecticut Enact Significant Changes for Physician Non-Compete Agreements

This summer, Rhode Island and Connecticut passed legislation restricting the use of non-competition provisions in physician employment and similar obligation agreements. The restrictions in the legislation are intended, overall, to protect patients' range of choices regarding medical care as a matter of public health policy. Mechanically, this is effected by limiting employers' or partners' abilities to contract so as to restrict a physician's ability to practice medicine at the end of the professional relationship.

The Rhode Island Governor signed a new bill into law (R.I. Gen. Laws § 5-37-33), prohibiting "non-compete" language in physician agreements. The law, effective July 12, 2016, establishes that "any restriction of the right of such physician to practice medicine shall be void and un-enforceable." Prohibited restrictions on a physician's rights include restrictions against:

- practicing medicine in any geographic area for any period of time;
- providing treatment, advising, consulting with, or establishing a physician/patient relationship with any current patient of the employer; and
- soliciting or seeking to establish a physician/patient relationship with any current patient of the employer.

Therefore, any existing non-competition or patient non-solicitation restrictions against a Rhode Island physician are no longer



enforceable whether in an agreement, policy or otherwise. The purchase and sale of a physician's practice is excluded from the above prohibition on physician covenants, however, provided that the restrictive covenant extends for a period of no more than five years.

Effective on July 1, 2016, Connecticut enacted Public Act No. 16-95, limiting the restrictions on physicians' non-compete agreements. The Connecticut law limits the allowable duration of any restriction to one year upon conclusion of a physician's employment; it further limits the geographical scope of any restriction to 15 miles from the primary site where such physician practices. The restrictions apply to new, amended or renewed physician agreements, but not those already in force. However, the law renders any physician non-compete obligations unenforceable if the physician's employment has been terminated without cause. In addition, the Connecticut law requires a heightened level of formality: each covenant not to compete in a new, amended or renewed agreement must be separately and individually signed by the physician.

Rhode Island and Connecticut join the increasing number of states that prohibit or restrict physician non-compete provisions. They join Massachusetts, as well, which passed M.G.L. c. 112 § 12X in 1977, which undertook the sweeping change of barring any employer restriction on a physician's right to practice medicine in any geographic area for any period of time after termination.

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