Pennsylvania Joins Growing Number of States Regulating Restrictive Covenants

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The Fair Contracting for Health Care Practitioners Act, signed into law on July 17, 2024, prohibits the use of some employer restrictive covenants for certain healthcare providers in Pennsylvania. Specifically, the law will void most employer non-compete arrangements if entered into after January 1, 2025 with physicians, nurse anesthetists, nurse practitioners, and physician assistants, thus allowing them flexibility to work for competitors or start their own practice after leaving their current employment. The following are some key highlights from the Act:

- Employers may enforce a non-compete if the restrictive period is one year or less against a practitioner who terminated the employment voluntarily.
- A non-compete clause tied to the sale of an ownership interest or asset transfer of a practice may be enforced.
- Contractual provisions to recover expenses directly attributable to the practitioner or related to relocation, training and establishment of a patient base is enforceable by employers.
- Within 90 days of a practitioner's departure, the employer must inform all patients seen by the practitioner within the past year about the practitioner's departure. Additionally, patients must be provided with information on how to transfer their medical records to the practitioner's new practice, if the patient chooses to follow their practitioner, and be notified that they may continue their care with another practitioner within the employer's practice.

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