

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1633

PRINTER NO. 3486

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

August 29, 2023

PRIME SPONSOR

Representative Frankel

DESCRIPTION

House Bill 1633 prohibits the enforcement of certain noncompete covenants entered into by health care practitioners and employers, provides for certain exceptions and requires employers to provide notice to patients regarding a practitioner’s departure.

The bill provides that noncompete covenants can be enforced by employers if:

- The health care practitioner was not dismissed by the employer; and
- The length of the covenant is no more than one year.

The bill allows employers to recover reasonable expenses from health care practitioners if such expenses are:

- Directly attributable to the practitioner and accrued within three years prior to separation (unless separation is caused by dismissal of the practitioner);
- Related to relocation, training and establishment of a patient base; and
- Amortized over a period of up to five years from the date of the practitioner’s separation.

The bill provides that noncompete covenants entered into with a health care practitioner with an interest in a business entity are void or unenforceable as a direct result of:

- The sale of an ownership interest or all or substantially all of the assets of the business entity;
- A transaction resulting in the sale, transfer or other disposition of the control of the business entity; or
- The health care practitioner’s receipt of an ownership interest in the business entity.

The bill requires employers to provide notice to patients regarding the practitioner’s departure and ways the patient can either continue receiving care from the departed practitioner or be assigned a new practitioner within the existing employer. This notification must be provided within 90 days of the practitioner's departure and applies only to patients who have an ongoing outpatient relationship with and have been seen in the last year by physicians, certified registered nurse practitioners or physician assistants.

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The bill requires the Health Care Cost Containment Council to perform a study on the effects of this act within three years.

This act shall take effect January 1, 2025.

FISCAL IMPACT:

Enactment of House Bill 1633 will have no fiscal impact on Commonwealth funds. The Health Care Cost Containment Council is able to accommodate the study within its existing budget and staffing levels.