

New Connecticut Law Places Limitations on Physician Restrictive Covenants

A new Connecticut statute places significant limitations on the use of restrictive covenants (sometimes called non-compete agreements) for physicians. As the enforceability of restrictive covenants is determined on a state-by-state basis, the new law applies only to physicians practicing in Connecticut.

For restrictive covenants entered into, amended or renewed on or after July 1, 2016, the law prohibits such provisions from lasting for longer than one year after termination of employment and from extending beyond fifteen miles from the “primary site” where the physician practiced, determined on a generation of revenue basis.

In addition, a restrictive covenant entered into, amended or renewed on or after July 1, 2016 is not enforceable if (i) the employment agreement was not made in anticipation of, or as part of, a partnership or ownership agreement and the agreement expires and is not renewed unless, prior to the expiration, the employer made a bona fide offer to renew the agreement on the same or similar terms and conditions or (ii) the employer terminated the employment agreement without cause.

Other proposed provisions limiting restrictive covenants between physicians and hospitals, health systems, medical schools or their related medical foundations only to future employment by similar entities were not included in the final version of the law.

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