[First Reprint]

ASSEMBLY, No. 4003

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 4, 2020

Sponsored by:
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SYNOPSIS

Restricts use of restrictive employment covenants for physicians and nurses.

CURRENT VERSION OF TEXT

As reported by the Assembly Health Committee on June 22, 2020, with amendments.

(Sponsorship Updated As Of: 5/7/2020)

AN ACT concerning health care professionals and supplementing Title 45 of the Revised Statutes.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. a. Except as provided in subsection b. of this section, any contract or agreement that creates or establishes the terms of a partnership, employment, or other form of professional relationship with a licensed physician, which includes any restriction of the right of the physician to practice medicine in any geographic area for any period of time after termination of the partnership, employment, or professional relationship, shall be void and unenforceable with respect to the restriction.

b. Nothing in this section shall be construed to render void or unenforceable:

(1) a restrictive covenant that prohibits a physician from leaving a hospital system or a group practice comprising 30 or more physicians to join any other hospital system or group practice comprising 30 or more physicians within a given geographic area;

[1](2) a restrictive covenant that prohibits a physician from leaving a hospital system or a group practice comprising 30 or fewer physicians to join any other hospital system or group practice comprising 30 or fewer physicians within a given geographic area;

(3) a restrictive covenant that prohibits a physician from leaving a federally qualified health center to practice medicine within a five mile radius of federally qualified health center for a period of time that is no longer than four years;

(4) a restrictive covenant that prohibits a physician from leaving a hospital system or a group practice when the hospital system or group practice provided the physician a unique incentive to join the hospital system or group practice, which incentive is expressly identified in the contract between the physician and the hospital system or group practice;[1] or

[1][(2)] (5)[1] any remaining provisions of the contract or agreement that do not establish a restriction on the right to practice medicine in a geographic area.

[1]c. For the purposes of paragraph (2) of subsection b. of this section, the term "unique incentive" may include, but shall not be limited to, commencing a new program or service, opening a new laboratory, providing a signing bonus of more than $50,000, or, in the case of a hospital system, opening a new practice group.[1]

[1][2. a. Except as provided in subsection b. of this section, any contract or agreement that creates or establishes the terms of a

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
Matter enclosed in superscript numerals has been adopted as follows:
[1]Assembly AHE committee amendments adopted June 22, 2020.

partnership, employment, or any other form of professional relationship with a certified nurse or advanced practice nurse, which includes any restriction of the right of the nurse to practice as a nurse in any geographical area for any period of time after the termination of the partnership, employment, or professional relationship, shall be void and unenforceable with respect to the restriction; provided, however, that nothing in this section shall be construed to render void or unenforceable the remaining provisions of the contract or agreement.**]**[1]

[1]**[**3.**]** 2.[1] This act shall take effect immediately, and shall apply to contracts and agreements entered into by physicians [1]**[**and nurses**]**[1] on or after the effective date of this act.