

ASSEMBLY HEALTH COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4003

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 23, 2020

The Assembly Health Committee reports favorably and with committee amendments Assembly Bill No. 4003.

As amended, this bill provides except as provided below, 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, is to be void and unenforceable with respect to the restriction.

Nothing in the bill is to 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; (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; or (5) any remaining provisions of the contract or agreement that do not establish a restriction on the right to practice medicine in a geographic area.

COMMITTEE AMENDMENTS:

The committee amendments:

- 1) make technical changes as to usage;
- 2) define the term “unique incentive”;

3) permit restrictive covenants that prohibit 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;

4) permit restrictive covenants that prohibit a physician from leaving a federally qualified health center to practice medicine within a five mile radius of the center for a period that is no longer than four years;

5) permit restrictive covenants that prohibit 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 as provided in the bill; and

6) remove the provision of the bill pertaining to nurses.