SENATE, No. 2435

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 7, 2020

Sponsored by:
Senator VIN GOPAL
District 11 (Monmouth)
Senator JOSEPH A. LAGANA
District 38 (Bergen and Passaic)

Co-Sponsored by:
Senator Stack

SYNOPSIS

Restricts use of restrictive employment covenants for physicians and nurses.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 4/19/2021)

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; or

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

2. 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 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.

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

STATEMENT

This bill provides that covenants in a contract or agreement that creates or establishes the terms of a partnership, employment, or other form of professional relationship that restrict the ability of a physician or nurse to practice in a geographic area for any period of

time after termination of the partnership, employment, or professional relationship, will be deemed void and unenforceable. The bill is not to be construed as invalidating any other provision of the contract or agreement.

In addition, the bill provides that it will not invalidate restrictive covenants that prohibit 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. This exception will not apply only to nursing contracts.