



To: House Committee on General & Housing
From: Jessa Barnard, Executive Director
Date: April 15, 2026
RE: S. 230 – Fair Employment Practices – Agreements Not to Compete in Healthcare

The Vermont Medical Society is the largest physician membership organization in the state, representing over 3,100 physicians, physician assistants and medical students across specialties and geographic locations. The mission of the VMS is to optimize the health of all Vermonters and the health care environment in which Vermont physicians and PAs practice medicine. We have also sought input from a range of other health care associations regarding the impact of noncompetes and healthcare.

VMS supports addressing healthcare practices in S. 230. We support including in S. 230 language from H. 205 and H. 583, which would have barred the use of noncompetes for health care providers, as well as addressed nonsolicitation and nondisparagement clauses. We have not heard any opposition to moving forward with this language – rather we believed H. 205 was moving forward so that language was not necessary in H. 583. Our recommended language is attached at the end of my testimony.

Background Concerns with Agreements Not to Compete in Health Care

Noncompete clauses are extensive in health care. [Estimates](#) from the American Medical Association is that they affect between 37% and 45% of physicians nationwide; they may impact [up to 45%](#) of health care workers as a whole. The primary ethical and policy issues with noncompetes in health care are that they can **restrict patients' access to care, disrupt care continuity by forcing providers to move or stop practicing, and limit clinician autonomy, potentially harming communities, especially in underserved areas.**

The **Federal Trade Commission (FTC)** and American Medical Association have both voiced concerns with the impact of noncompetes in health care. Last September, Federal Trade Commission Chairman Andrew N. Ferguson [sent letters](#) to several large healthcare employers and staffing firms urging them to conduct a comprehensive review of their employment agreements—including any noncompetes or other restrictive agreements—to ensure they are appropriately tailored and comply with the law. See the announcement [here](#). The letters state that: “Noncompetes may have particularly harmful effects in healthcare markets where they can restrict patients’ choices of who provides their medical care—including, critically, in rural areas where medical services are already stretched thin.”

In 2024, the **American Medical Association (AMA)** adopted policy H-265.987, stating that the AMA “opposes all restrictive covenants between employers and physician employees.” In 2023, the AMA adopted policy to “support policies, regulations, and legislation that prohibits covenants not-to-compete for all physicians in clinical practice who hold employment contracts with for-profit or non-profit hospital, hospital system, or staffing company employers.” The enforcement of noncompetes raises significant issues about the patient-physician relationship and the continuity of patient care. AMA Council on Ethical and Judicial Affairs Ethics Opinion 11.2.3.1 acknowledges this concern, stating in part that “Covenants-not-to-compete restrict competition, can disrupt

continuity of care, and may limit access to care.” Continuity of patient care is particularly concerning when the patients treated by the physician against whom the noncompete is enforced have chronic conditions and finding another physician to provide adequate care is problematic. In short, noncompetes in health care can:

- **Restrict Patient Access:** Noncompetes can limit where and when patients can access care, especially in rural or underserved areas where options are already scarce.
- **Disrupt Care Continuity:** Patients who have a relationship with a specific provider may be unable to continue that relationship if a noncompete forces the provider to relocate or change practices.
- **Reduce Clinician Autonomy:** Noncompetes can restrict clinicians’ ability to practice medicine and limit their professional freedom, impacting career development.
- **Increase Health Disparities:** Removing noncompetes can help reduce health disparities by increasing the number of available specialists and improving access to care.

VMS Supports a Prohibition on Noncompetes for Healthcare Professionals

At least four states have statutes that ban noncompetes for physicians and/or health care providers in all contexts: **Arkansas, Massachusetts, New Hampshire, and Wyoming**. Many additional state laws ban noncompetes in health care with certain exceptions that vary from state to state including: **Oregon, Maryland, Florida, Rhode Island, Montana, Colorado, South Dakota, Indiana, Louisiana, Indiana and Pennsylvania**.¹

Vermont Medical Society supports a broad ban, such as the states listed above, that apply to all health care providers.

Nonsolicitation

VMS believes that over restrictive nonsolicitation agreements can prevent health care professionals from serving or communicating with patients in a way that limits continuity of necessary health care services. We strongly support language in that states that a health care provider could provide notice of their change in employment.

Non-disparagement

H. 583, a bill focused on the growing role of private equity in health care, included a provision addressing non-disparagement agreements. The underlying intent is that health care providers should be able to raise concerns and discuss issues regarding quality of care, patient safety, ethical or professional challenges in the practice of medicine, regardless of ownership of their practice. California Senate Bill 351, enacted in October 2025, models language regarding limiting the use of non-disparagement agreements in health care.

Out of state Contracts

To address contracts that may have been entered with an out of state employer/staffing agency, VMS recommends adopting language like that adopted by New Mexico in Senate Bill 82 of 2017

¹ [KFF](#) parses somewhat differently – stating that as of 2024 15 states and DC prohibit noncompetes, with some that apply to all health care professionals and some that apply to certain categories of health care professionals.

that specifies a covenant not to compete applies to services offered in this state and the employment contract cannot be subject to the laws of another state

Recommended language for health care providers:

(a) Any contract or agreement that creates or establishes the terms of a partnership, employment, or any other form of professional relationship with a health care provider regarding the provider's provision of health care services in this State shall be void, unenforceable, and against public policy if the contract or agreement: *[from H. 205]*

(1) includes any restriction of the right of such health care provider to provide health care services in any geographical area for any period of time after the termination of such partnership, employment, or professional relationship, with respect to such restriction; *[from H. 205]*

(2) restricts the ability of a separating health care provider to provide notice of the provider's change of employment to individuals to whom the separating provider provided direct health care service. The notice may include:

- (i) that the health care provider is continuing to practice the provider's profession;
- (ii) the health care provider's new professional contact information; and
- (iii) the individual's right to choose a provider. *[pulled from definition of nonsolicitation agreement in H.205- otherwise language unchanged]*

(3) restricts a health care provider from making to a third party a statement about another party to the contract or agreement or about another person specified in the agreement as a third-party beneficiary of the agreement, the effect of which causes or threatens to cause harm to the other party's or person's reputation, business relations, or other economic interests *[from definition of non-disparagement from H. 583 as introduced]*

(4) makes the agreement subject to the laws of another state; or *[from H. 205]*

(5) requires any litigation arising out of the agreement to be conducted in another state *[from H. 205]*

(b) The provisions of subsection (a)(1) do not apply to restrictions that limit a provider who contracts with a third-party company for non-clinical business support services from opening a business within a specific territory supported by a different third-party company providing such non-clinical services *[New proposed language clarifying that such clauses are outside of the scope of a noncompete clause]*

(c) The provisions of this section shall apply to all agreements entered into on or after July 1, 2026. *[from H. 205]*

Thank you for considering our comments on S. 230. We would be happy to participate in any further work regarding noncompetes and how they apply in the health care setting. Contact me at any time at jbarnard@vtmd.org.