

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)

SYNOPSIS

Restricts use of restrictive employment covenants for physicians and nurses.

CURRENT VERSION OF TEXT

As introduced.



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

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

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

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

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

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

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26 2. a. Except as provided in subsection b. of this section, any
27 contract or agreement that creates or establishes the terms of a
28 partnership, employment, or any other form of professional
29 relationship with a certified nurse or advanced practice nurse, which
30 includes any restriction of the right of the nurse to practice as a
31 nurse in any geographical area for any period of time after the
32 termination of the partnership, employment, or professional
33 relationship, shall be void and unenforceable with respect to the
34 restriction; provided, however, that nothing in this section shall be
35 construed to render void or unenforceable the remaining provisions
36 of the contract or agreement.

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

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STATEMENT

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

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

5 In addition, the bill provides that it will not invalidate restrictive
6 covenants that prohibit a physician from leaving a hospital system
7 or a group practice comprising 30 or more physicians to join any
8 other hospital system or group practice comprising 30 or more
9 physicians within a given geographic area. This exception will not
10 apply only to nursing contracts.