



Maryland Governor Signs New Law Restricting Non-Competes for Healthcare and Veterinary Professionals: 5 Key Takeaways For Employers

Insights

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A new Maryland law will significantly restrict employers from using non-competition agreements for many healthcare and veterinary professionals. Gov. Wes Moore signed the legislation into law on April 25 – just two days after the federal government announced a ban on nearly all non-competes. This move aligns with a larger trend to promote worker mobility in the health sector, due in part to an uptick in hospital mergers and other healthcare consolidations. We'll give you five key takeaways and what you should do next.

5 Key Takeaways from Maryland's New Law

1. Background. Maryland's state law already bans the use of non-competes for employees making 150% of the minimum wage or less. The new legislation ([HB 1388](#)) adds more restrictions on **non-compete and conflict-of-interest provisions** in employment contracts with certain licensed health and veterinary professionals. The law was enacted just after the [Federal Trade Commission finalized a nationwide rule that aims to ban nearly all non-compete agreements](#). While the federal ban is being challenged in court, these new state restrictions will remain intact even if the FTC's rule is ultimately blocked.

2. Non-Competes Voided for Veterinary Professionals Starting Next Month. Beginning **June 1, 2024**, the law will void non-compete and conflict-of-interest provisions in employment contracts with employees who are licensed as veterinary practitioners or veterinary technicians under Maryland's Agriculture Code.

3. Non-Competes Banned for Healthcare Professionals Earning \$350,000 or Less. Beginning **July 1, 2025**, the law will ban non-compete and conflict-of-interest provisions in all agreements executed on or after that date with any employee licensed under the Maryland Health Occupations Article – which may include not only physicians and nurses but also pharmacists, dentists, occupational and physical therapists, chiropractors, psychologists, and others – if the employee provides direct patient care and earns total annual compensation of \$350,000 or less.

4. Non-Competes Restricted for Healthcare Professionals Earning Above \$350,000. For those same healthcare professionals who earn total annual compensation in excess of \$350,000, the use of non-compete or conflict-of-interest clauses in agreements executed on or after **July 1, 2025** will be

non-compete or conflict-of-interest clauses in agreements executed on or after **July 1, 2025**, will be materially limited. Specifically, non-competes for such employees will only be enforceable if they have a restricted period of one year or less, and if the geographic limitation is no greater than 10 miles from the professional's primary place of employment.

5. Employers Not Required to Notify Individuals Covered By Existing Agreements. The law does not impose any affirmative requirement on employers to notify individuals that their current noncompete is not enforceable. However, upon patient request, the law requires employers to inform patients of the new location where a former employee will be practicing.

What Should You Do Next?

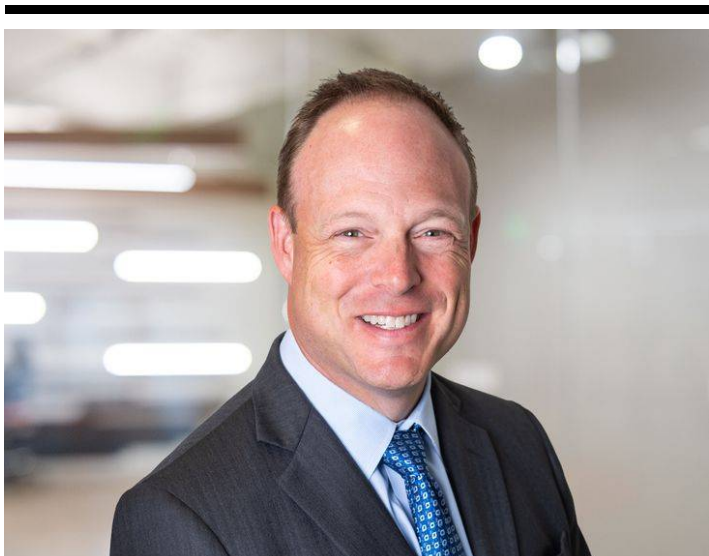
The new law is sweeping in its application. If you are in the healthcare industry and have employees in Maryland, you should take inventory of your existing agreements to help understand where adjustments may need to be made. By July 1, 2025, you must ensure that any agreements entered into with healthcare employees earning above the income threshold comply with the time and geographic scope restrictions of the new law. You should also take steps to ensure that current employees are aware they need to provide new employment information about departed practitioners to patients who request such information.

Even if you are located outside of Maryland, you should take notice as similar bills are under consideration in other states. We're sure to see more activity across the country in the coming weeks and months.

Conclusion

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