

**SENATE, No. 4068**

**STATE OF NEW JERSEY**

**221st LEGISLATURE**

INTRODUCED JANUARY 30, 2025

**Sponsored by:**

**Senator TROY SINGLETON**

**District 7 (Burlington)**

**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 (2) a restrictive covenant that prohibits a physician from leaving  
22 a hospital system or a group practice comprising 30 or fewer  
23 physicians to join any other hospital system or group practice  
24 comprising 30 or fewer physicians within a given geographic area;

25 (3) a restrictive covenant that prohibits a physician from leaving  
26 a federally qualified health center to practice medicine within a 10  
27 mile radius of federally qualified health center for a period of time  
28 that is no longer than four years;

29 (4) a restrictive covenant that prohibits a physician from leaving  
30 a hospital system or a group practice when the hospital system or  
31 group practice provided the physician a unique incentive to join the  
32 hospital system or group practice, which incentive is expressly  
33 identified in the contract between the physician and the hospital  
34 system or group practice; or

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

38 c. For the purposes of paragraph (2) of subsection b. of this  
39 section, the term “unique incentive” may include, but shall not be  
40 limited to, commencing a new program or service, opening a new  
41 laboratory, providing a signing bonus of more than \$50,000, or, in  
42 the case of a hospital system, opening a new practice group.

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

STATEMENT

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Except as provided below, this bill provides that 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 10 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.