STATE OF NEW YORK

10981

IN ASSEMBLY

April 14, 2026

Introduced by M. of A. BURDICK -- read once and referred to the Committee on Labor

AN ACT to amend the labor law, in relation to prohibiting non-compete agreements for certain medical professionals

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. The labor law is amended by adding a new section 191-d to read as follows:

§ 191-d. Non-compete agreements; medical professionals. 1. As used in this section, the following terms shall have the following meanings:

(a) "Covered health related professional" means a physician licensed pursuant to article one hundred thirty-one of the education law, a physician assistant licensed pursuant to article one hundred thirty-one-B of the education law, a chiropractor licensed pursuant to article one hundred thirty-two of the education law, a dentist licensed pursuant to article one hundred thirty-three of the education law, a perfusionist licensed pursuant to article one hundred thirty-four of the education law, a veterinarian licensed pursuant to article one hundred thirty-five of the education law, a physical therapist licensed pursuant to article one hundred thirty-six of the education law, a pharmacist licensed pursuant to article one hundred thirty-seven of the education law, a nurse licensed pursuant to article one hundred thirty-nine of the education law, a podiatrist licensed pursuant to article one hundred forty-one of the education law, an optometrist licensed pursuant to article one hundred forty-three of the education law, a psychologist licensed pursuant to article one hundred fifty-three of the education law, an occupational therapist licensed pursuant to article one hundred fifty-six of the education law, a speech pathologist or audiologist licensed pursuant to article one hundred fifty-nine of the education law, or a mental health practitioner licensed pursuant to article one hundred sixty-three of the education law.

(b)(i) "Non-compete agreement" means any agreement, or clause contained in any agreement, between an employer and a covered health related professional that:

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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(1) Prohibits the covered health related professional from engaging in the practice of medicine with a new employer;

(2) Imposes financial penalties or repayment obligations, or requires reimbursement of bonuses, training expenses, or similar payments that:

(A) apply to a covered health related professional that has been employed by:

(I) a hospital;

(II) a parent company of a hospital;

(III) an affiliated manager of a hospital; or

(IV) a hospital system; and

(B) are based solely or primarily on the covered health related professional's decision to continue engaging in the practice of medicine with a new employer;

(3) Requires the covered health related professional as a condition of engaging in the practice of medicine with a new employer, regardless of geographic area or specialty, to:

(A) obtain employer consent; or

(B) submit to equitable relief; or

(4) Imposes indirect restrictions that have the effect of limiting or deterring the covered health related professional's practice of medicine with a new employer.

(ii) The term "non-compete agreement" does not include nondisclosure agreements that protect confidential business information or trade secrets.

2. No employer or its agent, or the officer or agent of any corporation, partnership, limited liability company, not-for-profit corporation or association or other entity, shall seek, require, demand or accept a non-compete agreement from any covered health related professional. Any non-compete agreement sought, required, demanded or accepted after the effective date of this section shall be null, void, and unenforceable.

3. (a) A covered health related professional, may bring a civil action in a court of competent jurisdiction against any employer or persons alleged to have violated this section. A covered health related professional shall bring such action within two years of the later of: (i) when the prohibited non-compete agreement was signed; (ii) when the covered health related professional learns of the prohibited non-compete agreement; (iii) when the employment or contractual relationship is terminated; or (iv) when the employer takes any step to enforce the non-compete agreement. The court shall have jurisdiction to void any such non-compete agreement and to order all appropriate relief, including enjoining the conduct of any person or employer; ordering payment of liquidated damages; and awarding lost compensation, compensatory damages, reasonable attorneys' fees and costs to the covered health related professional.

(b) For the purposes of this subdivision, liquidated damages shall be calculated as an amount not more than ten thousand dollars per covered health related professional. The court shall award liquidated damages to every covered health related professional affected under this section, in addition to any other remedies permitted by this section.

4. Nothing in this section shall be construed or interpreted as limiting the protections of individuals under any other provision of federal, state, or local law, rule, or regulation relating to the ability of an employer to enter into an agreement with a prospective or current covered health related professional that: (a) establishes a fixed term of service and/or exclusivity during employment; (b) prohibits disclo-

sure of trade secrets; (c) prohibits disclosure of confidential and proprietary client information; or (d) prohibits solicitation of clients of the employer; provided that such agreements do not otherwise restrict competition in violation of this section.

5. Nothing in this section shall be construed to amend, modify, impair, or otherwise affect the application of enforcement of section two hundred two-k of this chapter, nor shall it be interpreted to create any conflict or inconsistency with such provision.

6. Notwithstanding any other provision of this section to the contrary, nothing in this section shall prohibit the inclusion and enforcement of non-compete agreements or other similar covenants in the sale of the goodwill of a business or the sale or disposition of a majority of an ownership interest in a business by a partner of a partnership, a member of a limited liability company, or an entity for:

(a) any such partner of a partnership or member of a limited liability company owning at least a fifteen percent interest in such partnership or limited liability company; or

(b) any such person or entity owning fifteen percent or more ownership interest in a business.

7. Any non-compete agreement that is permissible or enforceable under this section shall:

(a) meet all requirements for determining enforceability under the common law of New York, including but not limited to: (i) it is reasonable in time, geography, and scope; (ii) it does not impose an undue hardship on the employee; (iii) it does not harm the public; (iv) it is necessary to protect the employer's legitimate business interests; and (v) its restrictions are no greater than necessary to protect the legitimate business interests of the employer. A non-compete agreement that is reasonable in time pursuant to subparagraph (i) of this paragraph shall not contain a term of restriction greater than one year; and

(b) provide for the payment of salary during the period of enforcement of the non-compete agreement.

8. No choice of law provision or choice of venue provision that would have the effect of avoiding or limiting the requirements of this section shall be enforceable if the covered health related professional is and has been, for at least thirty days immediately preceding the covered individual's cessation of employment, a resident of New York or employed in New York, including individuals who work remotely in another state but who report to a New York worksite or office or who report to a New York-based supervisor.

9. Every employer shall inform their employees of their protections and rights under this section by posting a notice thereof pursuant to section forty-five of this chapter. Such notice shall be posted conspicuously in easily accessible and well-lighted places customarily frequented by employees and applicants for employment.

§ 2. The labor law is amended by adding a new section 45 to read as follows:

§ 45. Notice to employees related to non-compete agreements. The department shall be tasked with developing a notice to inform employees of their protections and rights pursuant to section one hundred ninety-one-d of this chapter. Such notice shall be provided to employers for distribution to employees and posted on the department's website.

§ 3. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in

its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

§ 4. This act shall take effect on the thirtieth day after it shall have become a law and shall be applicable to contracts entered into or modified on or after such effective date and shall have no retroactive effect; provided, however, that section two of this act shall take effect on the one hundred eightieth day after it shall have become a law. Effective immediately, the addition, amendment, and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.