

STATE OF NEW YORK

10722

IN SENATE

October 16, 2026

Introduced by Sens. HINCHEY, FAHY -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the labor law, in relation to prohibiting healthcare non-compete agreements and certain restrictive covenants

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

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

3 § 191-d. Healthcare non-compete agreements. 1. For purposes of this
4 section, the term:

5 (a) "healthcare non-compete agreement" means any agreement, or clause
6 contained in any agreement, between an employer and a covered healthcare
7 worker that prohibits or restricts such covered healthcare worker from
8 obtaining employment after the conclusion of employment with the employ-
9 er included as a party to the agreement;

10 (b) "covered healthcare worker" means any person holding any of the
11 licenses specified in this paragraph who, whether or not employed under
12 a contract of employment, performs or has performed work or services for
13 another person on such terms and conditions that they are, in relation
14 to that other person, in a position of economic dependence on, and under
15 an obligation to perform duties for, that other person. The provisions
16 of this paragraph shall apply to persons holding the following licenses:
17 a physician licensed pursuant to article one hundred thirty-one of the
18 education law, a physician assistant licensed pursuant to article one
19 hundred thirty-one-B of the education law, a chiropractor licensed
20 pursuant to article one hundred thirty-two of the education law, a
21 dentist licensed pursuant to article one hundred thirty-three of the
22 education law, a perfusionist licensed pursuant to article one hundred
23 thirty-four of the education law, a veterinarian licensed pursuant to
24 article one hundred thirty-five of the education law, a physical thera-
25 pist licensed pursuant to article one hundred thirty-six of the educa-
26 tion law, a pharmacist licensed pursuant to article one hundred thirty-
27 seven of the education law, a nurse licensed pursuant to article one
28 hundred thirty-nine of the education law, a podiatrist licensed pursuant
29 to article one hundred forty-one of the education law, an optometrist
30 licensed pursuant to article one hundred forty-three of the education
31 law, a psychologist licensed pursuant to article one hundred fifty-three

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

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1 of the education law, an occupational therapist licensed pursuant to
2 article one hundred fifty-six of the education law, a speech pathologist
3 or audiologist licensed pursuant to article one hundred fifty-nine of
4 the education law, or a mental health practitioner licensed pursuant to
5 article one hundred sixty-three of the education law.

6 2. No employer or its agent, or the officer or agent of any corpo-
7 ration, partnership, limited liability company, not-for-profit corpo-
8 ration or association or other entity, shall seek, require, demand or
9 accept a healthcare non-compete agreement from any covered healthcare
10 worker. Any healthcare non-compete agreement sought, required, demanded
11 or accepted after the effective date of this section shall be null,
12 void, and unenforceable.

13 3. (a) A covered healthcare worker may bring a civil action in a court
14 of competent jurisdiction against any employer or persons alleged to
15 have violated this section. A covered healthcare worker shall bring such
16 action within two years of the later of:

17 (i) when the prohibited healthcare non-compete agreement was signed;
18 (ii) when the covered healthcare worker learns of the prohibited
19 healthcare non-compete agreement;
20 (iii) when the employment or contractual relationship is terminated;
21 or
22 (iv) when the employer takes any step to enforce the healthcare non-
23 compete agreement.

24 The court shall have jurisdiction to void any such healthcare non-com-
25 pete agreement and to order all appropriate relief, including enjoining
26 the conduct of any person or employer; ordering payment of liquidated
27 damages; and awarding lost compensation, compensatory damages, reason-
28 able attorneys' fees and costs to the covered healthcare worker.

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

34 4. Nothing in this section shall be construed or interpreted as limit-
35 ing the protections of healthcare workers under any other provision of
36 federal, state, or local law, rule, or regulation relating to the abili-
37 ty of an employer to enter into an agreement with a prospective or
38 current covered healthcare worker that: (a) establishes a fixed term of
39 service and/or exclusivity during employment; (b) prohibits disclosure
40 of trade secrets; (c) prohibits disclosure of confidential and proprie-
41 tary client information; or (d) prohibits solicitation of clients of the
42 employer; provided that such agreements do not otherwise restrict compe-
43 tition in violation of this section.

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

48 6. Notwithstanding any other provision of this section to the contra-
49 ry, nothing in this section shall prohibit the inclusion and enforcement
50 of healthcare non-compete agreements or other similar covenants in the
51 sale of the goodwill of a business or the sale or disposition of a
52 majority of an ownership interest in a business by a partner of a part-
53 nership, a member of a limited liability company, or an entity for:

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

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

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

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

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

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

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

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

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

38 § 3. Severability clause. If any clause, sentence, paragraph, subdivi-
39 sion, section or part of this act shall be adjudged by any court of
40 competent jurisdiction to be invalid, such judgment shall not affect,
41 impair, or invalidate the remainder thereof, but shall be confined in
42 its operation to the clause, sentence, paragraph, subdivision, section
43 or part thereof directly involved in the controversy in which such judg-
44 ment shall have been rendered. It is hereby declared to be the intent of
45 the legislature that this act would have been enacted even if such
46 invalid provisions had not been included herein.

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