

# HOUSE BILL No. 1235

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 22-5-8.

**Synopsis:** Noncompete clauses prohibited in physician contracts. Provides that an employer hospital may not require that an employee physician or a prospective employee physician sign a covenant not to compete against the employer hospital for any period of time after the termination of employment with the employer hospital. Provides that an employer hospital may not enforce any covenant not to compete against the employer hospital that is signed by the employer hospital and a former employee physician who is separated from employment under any circumstances. Provides that an employee physician, a prospective employee physician, or a former employee physician may bring a civil action against an employer hospital that attempts to enforce a covenant not to compete.

**Effective:** July 1, 2018.

---

---

**Morris, Judy**

---

---

January 11, 2018, read first time and referred to Committee on Employment, Labor and Pensions.

---

---



Second Regular Session of the 120th General Assembly (2018)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2017 Regular Session of the General Assembly.

## HOUSE BILL No. 1235

A BILL FOR AN ACT to amend the Indiana Code concerning professions and occupations.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 22-5-8 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2018]:

4       **Chapter 8. Restrictions on Covenants Not to Compete**

5       **Sec. 1.** As used in this chapter, "employee physician" means a  
6 physician licensed under IC 25-22.5 and employed by an employer  
7 hospital.

8       **Sec. 2.** As used in this chapter, "employer hospital" means a  
9 hospital licensed by the state department of health.

10       **Sec. 3.** It is hereby declared by the general assembly that a  
11 requirement that an employee physician who is an employee of an  
12 employer hospital must agree to the terms of a covenant not to  
13 compete as a condition of employment is not favored and is  
14 contrary to public policy.

15       **Sec. 4.** An employer hospital may not require that an employee  
16 physician or a prospective employee physician sign a covenant not  
17 to compete against the employer hospital for any period after



1 termination of employment with the employer hospital.

2       **Sec. 5. An employer hospital may not enforce any covenant not**  
3 **to compete against the employer hospital that is signed by the**  
4 **employer hospital and a former employee physician who is**  
5 **separated from employment under any circumstances. Any such**  
6 **contract is void and contrary to public policy.**

7       **Sec. 6. (a) An employee physician, a prospective employee**  
8 **physician, or a former employee physician may bring a civil action**  
9 **against an employer hospital to enforce section 4 or 5 of this**  
10 **chapter.**

11       **(b) If an employer hospital has violated section 4 or 5 of this**  
12 **chapter, a court may do the following:**

13       **(1) Award:**

14           **(A) actual damages;**

15           **(B) exemplary damages; and**

16           **(C) court costs and reasonable attorney's fees;**  
17 **to the prevailing employee physician, prospective employee**  
18 **physician, or former employee physician.**

19       **(2) Enjoin further violation of this chapter.**

