

RESOLUTION

Subject: Restrictive Covenants

Submitted by: Greater Louisville Medical Society

Referred to: Reference Committee

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WHEREAS, a restrictive covenant (also referred to as a non-compete agreement or a covenant not to compete) limits or prevents a physician's practice of medicine, usually within a defined geographic region for a specified amount of time with a particular business interest; and

WHEREAS, restrictive covenants are subject to state law, with some states wholly disallowing non-compete agreements in physician contracts and others placing limitations on what stipulations may be considered reasonable in non-compete agreements; and

WHEREAS, the American Medical Association, in a Medical Ethics Opinion, states that restrictive covenants have the potential to restrict competition, disrupt continuity of care, and deprive the public of medical services; and

WHEREAS, in a state such as Kentucky where physician shortages are common in large geographic areas, and a restrictive covenant could force a physician to leave an already underserved area in order to seek new employment, furthermore, the case of *Charles T. Creech v. Brown* from the KY Supreme Court case in 2014 further limited restrictive covenants; now, therefore, be it

RESOLVED, that the Kentucky Medical Association work with the Kentucky Hospital Association, the individual hospitals and health care systems to eliminate restrictive covenants from their employed physician contracts; and be it further

RESOLVED, that if the Kentucky Medical Association's efforts to eliminate restrictive covenants with employed physicians contracted by hospital and health care systems are unsuccessful, the Kentucky Medical Association will then pursue legislative action.