

SECOND REGULAR SESSION

HOUSE BILL NO. 2979

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HARDWICK.

6359H.02I

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 191, RSMo, by adding thereto one new section relating to covenants not to compete involving physicians.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 191, RSMo, is amended by adding thereto one new section, to be
2 known as section 191.260, to read as follows:

191.260. 1. The provisions of this section shall be known and may be cited as the
2 **"Missouri Rural Doctors Act".**

3 **2. As used in this section, the following terms mean:**

4 **(1) "Covenant not to compete", an agreement or part of a contract of**
5 **employment in which the employee agrees to:**

6 **(a) Refrain from competition with an employer for a specific period of time upon**
7 **termination or conclusion of the employment;**

8 **(b) Refrain from competition with an employer within a particular geographic**
9 **area upon termination or conclusion of the employment; or**

10 **(c) Refrain from competition with an employer for a specific period of time and**
11 **within a particular geographic area upon termination or conclusion of the employment;**

12 **(2) "Nonprofit employer", an entity that employs one or more physicians and**
13 **that is owned or operated by a nonprofit corporation that is exempt from federal income**
14 **tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;**

15 **(3) "Physician", a physician licensed under chapter 334;**

16 **(4) "Research university hospital", a hospital, as defined in section 197.020,**
17 **owned or operated by a research university.**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in bold-face type in the above bill is proposed language.

18 **3. A covenant not to compete between a physician and a nonprofit employer**
19 **shall be valid and enforceable only if:**

20 **(1) The physician is providing health care services in a clinical setting;**

21 **(2) The covenant not to compete does not restrict the physician's competitive**
22 **activities for a period of more than three hundred sixty-five days; and**

23 **(3) The covenant not to compete does not restrict the physician's competitive**
24 **activities in a geographic area of more than five miles from the address of the office or**
25 **facility in which the physician provides health care services in a clinical setting.**

26 **4. The provisions of this section shall not apply to any covenant not to compete**
27 **between a physician and a research university hospital.**

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