



TO: The Honorable Members of the PA House Appropriations Committee

FROM: Alex Halper, Director, Government Affairs

DATE: May 26, 2021

RE: Oppose H.B. 681 – intervening in private contracts

The PA Chamber urges you to oppose H.B. 681, which would prohibit noncompete agreements in the healthcare industry and is scheduled to be considered by the committee today.

Employers seek to include restrictive covenants in employment contracts for a variety of reasons, many of which may be particularly relevant in the healthcare industry. Hospitals and independent practices invest considerably to recruit healthcare professionals and provide the infrastructure, operational support, advanced medical equipment, continuing education and training and the patient base often necessary for a provider to establish a practice.

These employers should not be prohibited from pursuing an agreement in which a potential hire commits, for a period of time, to refrain from leaving and starting a competing practice after the employer has made this investment to help facilitate the provider's success. These noncompete agreements do already have limits, however, and may be deemed unenforceable if found to be unduly restrictive or an impediment to patients' access to care.

We appreciate the intent behind H.B. 681 but do not believe government should intervene in private contract matters in which all parties have the freedom to negotiate and decide the final outcome.

We urge you to oppose this bill. Please contact Alex Halper at ahalper@pachamber.org or 717-645-8730 with questions or to discuss.