

By: Bonnen, Lalani

H. B. No. 4504

A BILL TO BE ENTITLED

1 AN ACT

2 relating to restrictions on covenants not to compete for physicians
3 and certain health care practitioners.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 15.50, Business & Commerce Code, is
6 amended by amending Subsections (a) and (b) and adding Subsections
7 (b-1) and (d) to read as follows:

21 (1) the covenant must:

22 (A) not deny the physician access to a list of the
23 physician's [his] patients whom the physician [he] had seen or
24 treated within one year of termination of the contract or

1 employment;

2 (B) provide access to medical records of the

3 physician's patients upon authorization of the patient and any

4 copies of medical records for a reasonable fee as established by the

5 Texas Medical Board under Section 159.008, Occupations Code; and

6 (C) provide that any access to a list of patients

7 or to patients' medical records after termination of the contract

8 or employment shall not require such list or records to be provided

9 in a format different than that by which such records are maintained

10 except by mutual consent of the parties to the contract;

11 (2) the covenant must provide for a buyout [~~buy out~~] of

12 the covenant by the physician in an amount that is not greater than

13 the physician's total annual salary and wages at the time of

14 termination of the contract or employment [at a reasonable price

15 ~~or, at the option of either party, as determined by a mutually~~

16 ~~agreed upon arbitrator or, in the case of an inability to agree, an~~

17 ~~arbitrator of the court whose decision shall be binding on the~~

18 ~~parties]~~; [and]

19 (3) the covenant must provide that the physician will

20 not be prohibited from providing continuing care and treatment to a

21 specific patient or patients during the course of an acute illness

22 even after the contract or employment has been terminated; and

23 (4) the covenant must:

24 (A) expire not later than the one-year

25 anniversary of the date the contract or employment has been

26 terminated;

27 (B) limit the geographical area subject to the

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1 covenant to no more than a five-mile radius from the location at
2 which the physician primarily practiced before the contract or
3 employment terminated; and

4 (C) have terms and conditions clearly and
5 conspicuously stated in writing.

6 (b-1) For the purposes of Subsection (b), the practice of
7 medicine does not include managing or directing medical services in
8 an administrative capacity for a medical practice or other health
9 care provider.

19 SECTION 2. Subchapter E, Chapter 15, Business & Commerce
20 Code, is amended by adding Section 15.501 to read as follows:

21 Sec. 15.501. COVENANTS NOT TO COMPETE AGAINST HEALTH CARE
22 PRACTITIONERS. (a) In this section, "health care practitioner"
23 means:

(3) a physician assistant licensed under Chapter 204,

(b) A covenant not to compete relating to the practice of dentistry or nursing, or practice as a physician assistant, as applicable, is not enforceable against a health care practitioner unless the covenant:

7 (1) provides for a buyout of the covenant by the health
8 care practitioner in an amount that is not greater than the
9 practitioner's total annual salary and wages at the time of
10 termination of the practitioner's contract or employment;

19 SECTION 3. Section 15.52, Business & Commerce Code, is
20 amended to read as follows:

21 Sec. 15.52. PREEMPTION OF OTHER LAW. The criteria for
22 enforceability of a covenant not to compete provided by Sections
23 [~~Section~~ 15.50 and 15.501 [~~of this code~~] and the procedures and
24 remedies in an action to enforce a covenant not to compete provided
25 by Section 15.51 [~~of this code~~] are exclusive and preempt [~~any~~]
26 other law, including [~~criteria for enforceability of a covenant not~~
27 ~~to compete or procedures and remedies in an action to enforce a~~

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1 ~~covenant not to compete under~~ common law ~~or otherwise~~].

2 SECTION 4. The changes in law made by this Act apply only to
3 a covenant not to compete entered into or renewed on or after the
4 effective date of this Act. A covenant not to compete entered into
5 or renewed before the effective date of this Act is governed by the
6 law in effect on the date the covenant was entered into or renewed,
7 and the former law is continued in effect for that purpose.

8 SECTION 5. This Act takes effect September 1, 2025.