



The Hospital + Healthsystem
Association of Pennsylvania

Leading for Better Health

April 5, 2021

TO: Members of the House Health Committee

FROM: The Hospital and Healthsystem Association of Pennsylvania

SUBJECT: Oppose **House Bill 681**

The Hospital and Healthsystem Association of Pennsylvania (HAP), on behalf of its members—more than 240 acute and specialty hospitals and health systems—appreciates the opportunity to provide comments on proposed legislation banning restrictive covenants or non-compete agreements. HAP opposes the legislation and respectfully requests that you **vote “no” on House Bill 681**.

A non-compete agreement is an essential element of consideration for an employment agreement with a highly compensated professional. In addition to cash compensation and signing bonuses, hospitals and health systems make significant investments in recruiting and retaining practitioners by providing liability coverage, medical school loan forgiveness, credentialing with insurers, onboarding, and training.

Agreements that are signed by both the practitioner and the employer protect the investments made to attract these highly compensated individuals and, in turn, provide reliability to the patients and communities they serve. In any other industry an employer is able to protect their investments, and HAP believes that government should not dictate the contractual negotiations between an employer and prospective employee.

Other considerations:

- Eliminating non-compete agreements could facilitate a bidding process by health systems
- A bidding war for practitioners in both urban and rural areas **increases health care costs** for everyone, including patients
- There currently exists a mechanism for the courts to void a non-compete clause if it is deemed unreasonable or in conflict with community need

Finally, there should be serious consideration given to the impact of retroactivity of any legislation on the many existing contracts and economic relationships entered into in good faith.

Again, please vote “no” on House Bill 681.