Minnesota Medical Association

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February 20, 2023

Dear Members of the Senate Judiciary and Public Safety Committee,

On behalf of the more than 10,000 members of the Minnesota Medical Association (MMA), I am writing in support of SF 405, which bans non-compete clauses in Minnesota. Simply put, non-compete provisions in physician contracts restrict competition and interfere with the patient/physician relationship.

In Minnesota, non-compete provisions are evaluated on their "reasonableness." In current healthcare settings, a physician must initiate a lawsuit against their employer and argue that their non-compete is unreasonable. This can be a significant financial and emotional burden on a physician and the patients they serve.

Many physicians are presented with a non-negotiable, non-compete provision within a prospective employment agreement, especially when new to practice. This limits their options to practice if they ever look for new employment. In addition to preventing physicians from practicing within a certain geographic area for a specified time, these provisions can also prevent them from informing their existing patients that they are leaving and providing their new location. A physician may be forced to leave the community and the patients they serve simply because they have a non-compete provision in their employment contract.

Employers argue that without non-competes, they will be at a significant financial loss when they invest in recruiting a physician, only to see that physician leave. There is nothing in this bill that prohibits an employer from recouping recruitment costs through other provisions in their employment contract. There are other, more positive, ways employers can encourage employees to stay. Non-competes create a hostage workforce culture where employees may want to leave but are forced to remain.

The MMA asks that Minnesota join the 12 other states that currently prohibit non-competes for physicians. Please support SF405.

Sincerely,

Will Nicholson, MD
President, Minnesota Medical Association