



Physicians Caring for Texans

**House Committee on Public Health
Testimony Supporting House Bill 4504
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Texas Medical Association
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Thank you, Chair VanDeaver and committee members for this opportunity to testify.

My name is Dr. Zeke Silva. I am chair of the Texas Medical Association’s (TMA’s) Council on Legislation. TMA represents more than 59,000 physician and medical student members across this state. I am testifying today on behalf of myself and TMA **in support of** House Bill 4504.

TMA appreciates the bill’s thoughtful consideration of non-compete agreements in health care, as non-compete agreements must strike a reasonable balance between the employer’s interests and the interests of the employee and the public.

Importantly, TMA has a large and diverse membership that includes physicians who are employers and owners of physician practices, as well as physicians who are employees of practices, hospitals, and other organizations. We seek to protect the physician’s right to practice medicine while respecting an employer’s ability to reasonably protect its legitimate business interests. TMA feels House Bill 4504 strikes an appropriate balance.

In the practice of medicine, noncompete agreements have special public policy concerns, as their use can impact continuity of care, access to needed medical services, and patients’ choice of a physician.

TMA agrees that a time limit of up to one year is a reasonable statutory limitation on the duration for a non-compete agreement and appreciates this balancing of interests. Likewise, TMA supports the buyout cap in House Bill 4504 of an amount not greater than the physician’s annual salary and wages. Further, TMA strongly agrees that the area covered by a non-compete agreement should be reasonable in geographic scope, so as not to place an undue hardship on physicians.

For clarification and to further ensure the fair and ethical use of non-compete clauses in the medical profession, TMA recommends several amendments:

- It is important that the five-mile radius be based on the physician’s primary site of practice, rather than all practice sites of the practice or business;
- We also seek changes to ensure that a non-compete is not enforceable against a physician who has been terminated without cause – for instance, due to downsizing or restructuring

efforts by an employer; and

- To protect against deceptive practices and promote transparency, TMA recommends amending the bill to require that the terms of non-compete agreements be clearly and conspicuously stated.

We look forward to working with Representative Bonnen to address our additional recommendations. Thank you again Chair VanDeaver and committee members, for this opportunity to testify today **in support** of House Bill 4504. I'm happy to answer any questions.