

HOUSE BILL 240

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 63,  
relative to covenants not to compete signed by  
health care providers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 63, Chapter 1, is amended by adding the following language as a new, appropriately designated section:

63-1-148.

(a) A restriction on the right of an employed health care provider to practice his or her profession upon termination or conclusion of the employment relationship shall be deemed reasonable if:

(1) The restriction set forth in an employment agreement or other written document signed by the health care provider and the employing entity:

(2) The duration of the restriction is two (2) years or less; and

(3) The maximum allowable area of restriction is the greater of:

(A) The county in which the primary practice of the health care provider while employed is located; or

(B) A ten (10) mile radius from the primary practice site of the health care provider while employed.

(b) An agreement entered into in conjunction with the purchase or sale of a health care provider's practice, or all or substantially all of the assets of the practice, may restrict such health care provider's right to practice his or her profession, provided that the duration of the restriction and the allowable area of the restriction are reasonable under the circumstances. There shall be a rebuttable presumption that the duration and area of restriction agreed upon by the parties in such an agreement are reasonable.

(c) The provisions of this section shall apply to health care providers licensed under title 63, chapters 3, 4, 5, 6, 8, 9 and 11.

SECTION 2. This act shall take effect July 1, 2007, the public welfare requiring it.