

SB 957 A -A3 STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

Prepared By: Brian Nieuburt, LPRO Analyst

Meeting Dates: 5/6, 5/15

WHAT THE MEASURE DOES:

The measure makes a noncompetition agreement void and unenforceable as between a business and a licensee of the Oregon Medical Board except if the licensee provided direct patient care services and had at least a five percent ownership interest in the business and the agreement would have otherwise been valid under Oregon law. The measure applies to noncompetition agreements entered into before, on, or after the measure's effective date. The measure declares an emergency and is effective on passage.

ISSUES DISCUSSED:

- Applicability to all OMB licensees
- Prevalence of physician employment by hospitals or other corporations and associated use of noncompetition agreements
- Applicability to agreements already made

EFFECT OF AMENDMENT:

-A3 Expands applicability of provisions to licensees of the Oregon Board of Dentistry.

BACKGROUND:

Noncompetition agreements between employers and employees prohibit the employee from competing with the employer in a specified geographic area and in providing products, processes, or services that are similar to those of the employer after the employment has terminated. ORS 653.295 sets out what is needed for a valid and enforceable noncompetition agreement. The noncompetition law does not prohibit bonus restriction agreements, non-solicitation agreements, or legal actions to protect trade secrets. The Senate Interim Committee on Judiciary and House Interim Committee on Judiciary met on May 30, 2024, and heard a presentation on noncompetition law and a then-proposed rule by the Federal Trade Commission. The committees also discussed reports of noncompetition agreements causing a scarcity of primary care physicians and medical specialists in some areas of Oregon.

Senate Bill 957 A bans noncompetition agreements with licensees of the Oregon Medical Board except those made with a business entity for which the licensee provides direct patient care and which the licensee controls an ownership interest of at least five percent.