

A-Engrossed Senate Bill 957

Ordered by the Senate March 24
Including Senate Amendments dated March 24

Sponsored by Senators BROADMAN, MCLANE, REYNOLDS, PROZANSKI; Senators MANNING JR, PATTERSON,
Representative BOWMAN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: The Act would ban noncompetes for certain medical providers. The Act would create exceptions to the ban. The Act takes effect when the Governor signs it. (Flesch Readability Score: 74.3).

[Digest: The Act would ban noncompetes for certain medical providers. The Act would create exceptions to the ban. (Flesch Readability Score: 68.8).]

voids noncompetition agreements between a licensed health care provider and another person, with specified exceptions.

Applies to noncompetition agreements entered into before, on or after the effective date of the Act.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to restrictive covenants in health care provider agreements; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. (1) As used in this section:

(a) **"Licensee" means an individual holding a valid license issued by the Oregon Medical Board.**

(b) **"Noncompetition agreement" means a written agreement between a licensee and another person under which the licensee agrees that the licensee, either alone or as an employee, associate or affiliate of a third person, will not compete with the other person in providing products, processes or services that are similar to the other person's products, processes or services for a period of time or within a specified geographic area after termination of employment or termination of a contract under which the licensee supplied goods to or performed services for the other person.**

(2)(a) **Notwithstanding ORS 653.295 (1) and (2), and except as provided in paragraph (b) of this subsection, a noncompetition agreement between a licensee and another person is void and unenforceable.**

(b) **A noncompetition agreement between a licensee and another person is valid and enforceable under the terms provided in ORS 653.295 and to the extent that the noncompetition agreement is between a licensee and a business entity:**

(A) **For which the licensee provides direct patient care services; and**

(B) **In which the licensee controls an ownership interest that is equivalent to at least five percent of the entire ownership interest that exists in the business entity.**

SECTION 2. A noncompetition agreement, as defined in section 1 of this 2025 Act, into

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **which a licensee, as defined in section 1 of this 2025 Act, enters before, on or after the ef-**
2 **fective date of this 2025 Act may not be enforced.**

3 **SECTION 3. This 2025 Act being necessary for the immediate preservation of the public**
4 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**
5 **on its passage.**

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