

Texas Public POLICY FOUNDATION CENTER ON HEALTH AND FAMILIES



PHYSICIAN NON-COMPETE AGREEMENTS: HARMFUL TO PATIENTS AND DOCTORS

PHYSICIAN NON-COMPETE AGREEMENTS ERODE THE PHYSICIAN-PATIENT RELATIONSHIP

Non-compete agreements are eroding the physician-patient relationship. These agreements—common in Texas—deny [45% of American physicians](#) the ability to work at multiple care sites, open their own practices, offer free care to indigent populations, or continue treating their patients unless they relocate—sometimes hundreds of miles—from their former employer.

Non-compete agreements are not rare within healthcare, especially in an age of [increasing merger activity](#). Groups such as the American Hospital Association and large hospital systems see non-competes as a crucial tool to [recruit and retain staff](#). They also view non-competes as a means to [protect trade secrets](#), despite the fact intellectual property law already protects these secrets.

[According to a 2023 study](#) on disruption of the patient-primary care physician (PCP) relationship, 65% of patients saw their PCP for at least three years and 68% of patients tried to follow a departing PCP. However, [non-competes prohibit departing PCPs](#) from being able to treat their long-time patients when they set up shop somewhere else.

The policy recommendations that follow aim to:

- Restore the physician-patient relationship.
- Increase competition among healthcare providers and improve patient access to quality and affordable care.
- Ban or severely restrict physician non-compete agreements with hospitals in order to promote positive health outcomes for Texans

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PHYSICIAN NON-COMPETE AGREEMENTS HARM PHYSICIANS

According to the [American Medical Association](#), non-competes can increase physician shortages and burnout, leading to decreased patient healthcare access. Additionally, [non-competes stifle competition and decrease healthcare access and quality](#), leaving patients without acceptable care alternatives and severing the physician-patient relationship.

Despite the controversy around the use-case for non-competes, more and more evidence is suggesting non-competes suppress competition and land-lock physicians in place at the expense of their patients.

THERE IS A GROWING APPETITE TO BAN PHYSICIAN NON-COMPETE AGREEMENTS

While the Federal Trade Commission (FTC) [unsuccessfully attempted to ban non-competes](#) in 2024, four states—Oklahoma, North Dakota, Minnesota, Pennsylvania, and California—have banned all non-competes to protect the physician-patient relationship. Other states, such as [Colorado, Delaware, New Hampshire, and Massachusetts](#) significantly restrain the use of physician non-competes.

BANNING OR RESTRICTING PHYSICIAN NON-COMPETE AGREEMENTS HAS YIELDED POSITIVE RESULTS IN OTHER STATES

Data from states banning or restricting non-competes indicate that patients are better off without non-competes. For example, in states like Colorado, Delaware, and Massachusetts, [physician practices increased in number and were less likely to close](#) compared to states that did not prohibit non-competes in medicine.

TEXAS SHOULD BAN OR SEVERELY RESTRICT PHYSICIAN NON-COMPETE AGREEMENTS

Patient access to healthcare and strong patient-doctor relationships are essential for promoting more positive health outcomes for Texans. However, with every passing day that physicians are bound by non-competes, patients risk losing access to their doctors. It's time that Texas bans or further restricts non-competes in healthcare. The lives of patients depend upon it.

