

## Alert | Labor & Employment



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### Maryland Restricts Noncompete Clauses for Veterinary and Health Care Professionals

Maryland is the latest jurisdiction to act against noncompete clauses, following in the footsteps of the Federal Trade Commission (FTC). As discussed in our [April 2024 GT Alert](#), the FTC issued a [final rule](#) banning noncompetes for most employees in the United States, which rule is scheduled to go into effect Sept. 4, 2024, if it is not enjoined by the federal court in Texas where it is currently being challenged.

On April 25, 2024, Maryland Governor Wes Moore signed into law new [legislation](#) banning noncompete and conflict of interest clauses for certain veterinary and health care professionals in Maryland. Maryland Code Section 3-716. The law, entitled *Noncompete and Conflict of Interest Clauses for Veterinary and Health Care Professionals and Study of the Health Care Market* (the “Act”), expands the current law, which already prohibits noncompetes for employees earning under 150% of the current minimum wage (currently, \$46,800 annually), and seeks to “encourag[e] job mobility, higher wages, and new firm creation” within the health care industry.

Pursuant to the Act, noncompete or conflict of interest provisions that restrict “the ability of an employee to enter into employment with a new employer or to become self-employed in the same or similar business or trade” will be prohibited for (1) veterinary practitioners or veterinary technicians licensed under Title 2, Subtitle 3 of Maryland’s Agriculture Article; and (2) direct patient care providers licensed under the Health Occupations Article (i.e., physicians, nurse practitioners, nurses, dentists, pharmacists, psychologists, optometrists, etc.) who earn \$350,000 or less in total annual compensation. For patient

care providers who earn more than \$350,000, the law materially limits noncompetes with respect to both the maximum allowable time (one year or less) and the geographic scope (10 miles or less from the professional's primary place of employment). Further, as to these higher-earning providers, the law also requires employers to notify patients of the provider's new location if asked.

The law becomes effective for covered veterinary practitioners and technicians on June 1, 2024, and for covered health care providers on July 1, 2025. Notably, these restrictions will apply only to agreements executed on or after these effective dates. Noncompetes contained in pre-existing agreements will remain enforceable. As of the date of this GT Alert, it does not appear that any legal challenges to the Maryland law have been filed. For now, employers with veterinary and health care employees in Maryland must examine their agreements to ensure compliance with the new law before it takes effect.

Notably, the new law does not impact non-solicit agreements, which remain legal in Maryland. Because this nationwide trend of disfavoring noncompete agreements is likely to continue, and because it is unclear what will happen with the FTC rule, it is a good time for all employers, not just health care employers in Maryland, to perform audits of their noncompete agreements. One of the purposes of the audit could be to analyze whether narrower non-solicit agreements would sufficiently protect corporate interests, particularly for lower wage workers. Further, all employers should ensure that they monitor changes in their own jurisdictions, as there are now many variations in the validity of these agreements from state to state.

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