

Kansas Lawmakers Propose Non-Compete Ban for Healthcare Professionals: Employer Takeaways + Three Steps to Prepare

Insights

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Kansas is the latest among a growing number of states to attempt to limit non-competes in the healthcare industry. Senate Bill 504, introduced by state Sen. Michael Murphy (R), aims to prohibit post-employment non-compete agreements, increasing employment mobility and patient access. If enacted, SB 504 would apply to all agreements entered into, renewed, amended, or extended on or after July 1, 2026. The bill would also void existing agreements with prohibited restrictions. Here's what you need to know about the pending legislation and how it could impact your business if it is ultimately signed into law.

Recent Limits on Restrictive Covenants

Over the past year, several states – including Arkansas, Colorado, Indiana, Montana, New Hampshire, Oregon, Texas, and Wyoming – enacted new laws banning or limiting restrictive covenants for healthcare professionals (though each jurisdiction's restrictions are slightly different). Missouri lawmakers have recently proposed a similar non-compete ban specific to physicians, although the legislature hasn't yet passed that measure.

States' efforts to limit restrictive covenants are set against the backdrop of the Federal Trade Commission's recent warning to several large healthcare employers and staffing firms urging them to review their non-compete agreements. These bans, alongside the FTC's efforts, have the power to reshape the healthcare market and require employers to reevaluate their contracts.

Top Takeaways from SB 504

Here are three key takeaways from the proposed Kansas bill:

- **Employers of “healthcare professionals” would be prohibited from requiring, enforcing, or attempting to enforce a non-compete agreement** (subject to the exception described below). Healthcare professionals are defined as licensed physicians and mid-level practitioners (such as midwives, nurse practitioners, and physicians' assistants) in the state of Kansas.
- **However, employers would be permitted to include a limited restriction during the first 24 months of employment, so long as the restriction:**
 - applies only if the employee **voluntarily terminates** their employment;

- is limited to a reasonable geographic area not exceeding 15 miles from the employer's primary practice location; and
- is accompanied by a mandatory financial buyout option equal to recruiting and relocation costs.

- **Employers would be prohibited from restricting healthcare professionals from notifying their patients of:**
 - their departure,
 - a new practice location, or
 - the patient's right to choose a healthcare provider.

3 Steps Employers Can Take to Prepare

As an employer of licensed physicians or mid-level providers in Kansas, we recommend you consider taking the following steps:

- 1. Review your existing employment agreements** with each provider and take inventory of relevant non-compete provisions.
- 2. Consider bolstering other permissible restrictive covenants** such as non-solicitation and confidentiality agreements.
- 3. Consult with counsel** if you're uncertain about your current employment agreements or how to structure compliant contracts in the wake of these changes.

Conclusion

If this bill passes in the legislature and is signed by Gov. Laura Kelly, it would have a profound effect on healthcare providers across the state. We will monitor developments and provide updates as needed. In the meantime, subscribe to [Fisher Phillips' Insight System](#) for updates. If you are an employer and have any questions regarding Senate Bill 504, contact your Fisher Phillips attorney, the authors of this Insight, any member of our [Employee Defection and Trade Secrets Practice Group](#), or any attorney in our [Kansas City office](#).

Grant Heiman, a law clerk in the Kansas City office, contributed to this Insight.

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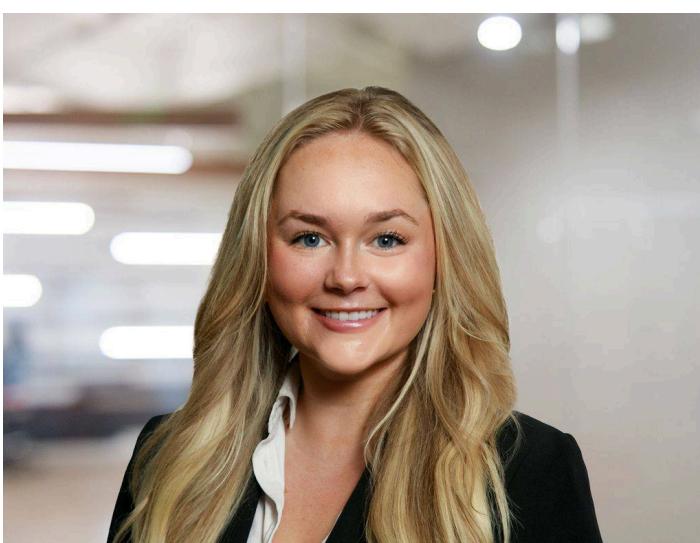


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