



## COMMENTS OF THE MAINE HOSPITAL ASSOCIATION

### In Opposition to

**LD 1496 - *An Act to Prohibit Noncompete Clauses***

**April 19, 2023**

Senator Tipping, Representative Roeder and members of the Labor Committee, my name is Jeffrey Austin and this testimony is offered in opposition to LD 1496 on behalf of the Maine Hospital Association. The Maine Hospital Association (MHA) represents all 36 community-governed hospitals including 33 non-profit general acute care hospitals, 2 private psychiatric hospitals, and 1 acute rehabilitation hospital.

Hospitals are all over the map on the use of these clauses. Some use them; some don't; some don't now but may again if the economy shifts. Hospitals generally only use them with physicians.

The bill as drafted includes some exceptions, but none would apply to hospitals.

The existing law, both case law and statute, is quite restrictive. We would appreciate it if the existing exception that is being stricken in line 21 for situations where the employer seeks to protect its goodwill were left in the law.

The fact pattern of concern to us is that a physician, with no existing practice and no existing patient customer base takes a position with a hospital and is provided with patients who come to the hospital for care. The patients are attracted to the hospital because of the hospital's reputation.

If that physician then leaves – and if the patients follow and also leave the hospital practice – the goodwill that was used to attract those patients to the hospital in the first place is lost.

Finally, this law was just substantially changed two years ago and the federal government is looking at it now. There is no pressing need to adopt this legislation at this time.

Thank you for accepting our testimony.