

1 AN ACT relating to health service providers.

2 *Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 216B IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section:*

6 *(a) "Covenant not to compete" means a covenant or agreement, including a*
7 *provision of a contract of employment, between a health service provider*
8 *and employee that restrains, prohibits, or otherwise restricts an employee's*
9 *ability, following the termination of the employee's employment, to compete*
10 *with his or her former employer;*

11 *(b) "Employee" means an individual employed by, contracted with, or*
12 *otherwise receiving financial remuneration from a health service provider*
13 *for providing health services; and*

14 *(c) "Health service provider" means a health facility as defined in KRS*
15 *216B.015 that employs individuals to provide health services.*

16 *(2) A health service provider shall not enter, enforce, or threaten to enforce a*
17 *covenant not to compete with any employee.*

18 *(3) An employee may bring a civil action against a former health service provider or*
19 *other person that attempts to enforce a covenant not to compete against him or*
20 *her in violation of this section.*

21 *(4) An action under this section shall be brought within two (2) years of the latter of*
22 *the date the:*

23 *(a) Covenant not to compete was signed;*

24 *(b) Employee learns of the covenant not to compete;*

25 *(c) Employment relationship is terminated; or*

26 *(d) Employer takes any step to enforce the covenant not to compete.*

27 *(5) The court shall have jurisdiction to void any covenant not to compete with an*

1 employee and to order all appropriate relief, including an order enjoining the
2 conduct of any health service provider, awarding damages, and awarding
3 reasonable attorney fees and costs.

4 (6) A health service provider shall not discharge, threaten, or otherwise discriminate
5 or retaliate against an employee for bringing a civil action pursuant to this
6 section.

7 (7) Every health service provider shall post a copy of this section or a summary
8 approved by the Cabinet for Health and Family Services in the same location as
9 other employee notices required by state or federal law.

10 (8) Any health service provider who violates the provisions of this section shall be
11 assessed a civil penalty by the Cabinet for Health and Family Services of not less
12 than one hundred dollars (\$100) nor more than one thousand dollars (\$1,000) for
13 each violation.

14 (9) Any covenant not to compete as defined in this section, in a contract or
15 agreement is void and unenforceable.