

**COMPREHENSIVE CANCER CENTERS
PROPOSED AMENDMENT TO SENATE BILL 378**

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PURPOSE: To amend S.B. 378 to include changes to add an exclusion for physicians who are stakeholders or hold any ownership interest in a practice. This amendment would ensure that physicians who have a vested interest in a practice are not automatically exempt from noncompetition covenants, aligning with the bill's intent to protect physician mobility while acknowledging the unique considerations of ownership interests.

EXPLANATION: Matter in (1) *blue bold italics* is new language in the original bill; (2) *green bold italic underlining* is new language proposed in an amendment; and (3) ~~red bold strikethrough~~ is deleted language in the original bill.

Sec. 30. NRS 613.195 is hereby amended to read as follows:

613.195 1. A noncompetition covenant is void and unenforceable unless the noncompetition covenant: (a) Is supported by valuable consideration; (b) Does not impose any restraint that is greater than is required for the protection of the employer for whose benefit the restraint is imposed; (c) Does not impose any undue hardship on the employee; and (d) Imposes restrictions that are appropriate in relation to the valuable consideration supporting the noncompetition covenant.

2. A noncompetition covenant may not restrict, and an employer may not bring an action to restrict, a former employee of an employer from providing service to a former customer or client if: (a) The former employee did not solicit the former customer or client; (b) The customer or client voluntarily chose to leave and seek services from the former employee; and (c) The former employee is otherwise complying with the limitations in the covenant as to time, geographical area and scope of activity to be restrained, other than any limitation on providing services to a former customer or client who seeks the services of the former employee without any contact instigated by the former employee. -Any provision in a noncompetition covenant which violates the provisions of this subsection is void and unenforceable.

3. A noncompetition covenant may not apply to a physician or an employee who is paid solely on an hourly wage basis, exclusive of any tips or gratuities.

3. (a) Notwithstanding the provisions of subsection 3, a noncompetition covenant may be enforceable against a physician if, and only if, the physician holds a shareholder position or any percentage of ownership interest in the practice from which they are departing. In such cases, the enforceability of the noncompetition covenant shall be subject to the reasonable protection of the practice's business interests, provided that it does not impose any undue hardship on the physician or excessively restrict their professional mobility.