



2017 Legislative Session

Non-Compete Clauses in Employment Contracts – Venue Fix

In 2015 SB-325 was signed into law and prevented non-compete clauses in health care employment contracts under most circumstances. The legislation provides for an interval of three years from the date of employment and specific provisions for repayment to the employer recruitment expenses for an employee who may terminate before the three year provision. The act does not apply to a health care practitioner who is a shareholder, owner, partner, or director of a health care practice. An agreement may provide for liquidated damages in an amount that is reasonable; a provision in an agreement fixing unreasonably large liquidated damages would be void.

This is a fair compromise for allowing non-compete clauses that are not overly restrictive for a new physician to practice medicine, protects the patient physician relationship, and at the same time buffers the employer for cost incurred in hiring a new employee.

However, in the time that it has been enacted, some employers have written contracts that make employment agreements subject to the laws of another state thus circumventing the non-compete restriction established by SB 325. The current legislation will fix this by making employment agreements and litigation arising out of the agreement subject only to the laws of New Mexico.

NMMS supports legislation that will make employment contracts, including non-complete clauses, subject only to the laws of New Mexico.

For more information please contact:

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