



To: House Commerce Committee
From: Jessa Barnard, Executive Director
Date: February 11, 2026
RE: Support for H. 205 Draft 1.3– Agreements Not to Compete

The Vermont Medical Society is the largest physician membership organization in the state, representing over 3,100 physicians, physician assistants and medical students across specialties and geographic locations. The mission of the VMS is to optimize the health of all Vermonters and the health care environment in which Vermont physicians and PAs practice medicine.

VMS strongly supports draft 1.3 of H. 205. As stated in our earlier testimony, noncompetes in health care not only limit clinician autonomy, but also can restrict patient access to and continuity of care. We support your Committee continuing to move this language forward as it is much more detailed and precise than the language currently being contemplated in H. 583.

In particular, VMS supports the new approaches in draft 1.3 specific to health care, including:

- **Nonsolicitation** (§ 495q (b)(4)(B), Page 3): Specifying that individuals who offered direct health care services can inform their former patients that they are continuing to practice, their new contact information and the patient's right to choose a provider.
 - o **We do suggest:** As we read the language, there is now a broad prohibition on noncompetes in health care, and a ban would extend beyond *employees* to former partners/owners, broadening this language to all health care providers rather than only employees.
- **Bar on noncompetes in health care** (§ 495q (e), Page 5): VMS strongly supports the language stating that any contract or agreement that creates or establishes the terms of a partnership, employment, or any other form of professional relationship with a health care provider is void and unenforceable.
 - o **We do suggest:** Additional clarity regarding the “notwithstanding” language (line 16) – this appears to only notwithstanding limits for senior executives and startups, but this leaves some confusion regarding the other exemptions in § 495q (d) such as sale of a business, dissolution of a partnership and severance agreements. VMS recommends that the language “notwithstanding” (d)(1),(2),(3) and (5).
- **Extending to all contracts related to health care services provided in the State** (§ 495q (e)(2), Page 6): This language supports Vermont-based health care providers who seek to hire employees who were initially under contract with an out of state physician or nursing service. This will help in local hiring and reducing Vermont's staffing health care costs. Health care facilities I have reached out to so far indicate that this benefit would outweigh any concern regarding this language dissuading staffing companies from serving Vermont. Similar language has been in place in New Mexico since 2017. I have reached out to my counterpart in New Mexico to inquire regarding any impacts on the ability to enter staffing contracts, but to date we have not heard this concern.
- **The approach to stay or pay provisions in § 495r**, including making the guardrails prospective.

Thank you for considering our comments on H. 205. Please contact me at any time at jbarnard@vtmd.org.