

Non-Compete Ban for Maryland Healthcare Professionals Set to Take Effect July 1, 2025

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Effective July 1, 2025, the second phase of Maryland's restrictions on non-compete agreements and conflict of interest provisions for healthcare professionals will go into effect, targeting employers who provide direct patient care. This follows the earlier phase of the law, which banned non-competes for veterinary professionals beginning June 1, 2024.

What Does This Mean for Healthcare Employers?

Healthcare employers can continue enforcing non-compete provisions in agreements executed before July 1, 2025. However, starting July 1, any newly signed agreement that includes a non-compete or conflict of interest clause for a qualifying healthcare provider may be partially or wholly unenforceable, depending on compensation and job function.

Key Provisions Under the Updated Maryland Statute

Under the amended Md. Code Ann., Labor & Employment §3–716, Maryland continues to prohibit non-compete agreements for employees in any profession who earn 150% or less of the state's minimum wage. The updated law expands these protections by banning non-competes for veterinary practitioners and veterinary technicians, as well as for licensed healthcare professionals who provide direct patient care and earn \$350,000 or less annually.

For healthcare professionals earning more than \$350,000 annually, non-compete agreements are still permitted but now face strict limitations: they may last no longer than one year and must be limited to a geographic radius of 10 miles from the provider's principal place of practice.

The amended law also introduces a new obligation for employers: upon a patient's request, they must disclose the new location of a former healthcare provider. Despite these expanded restrictions, the statute explicitly affirms that employers may still take steps to protect client lists and proprietary business information.

Best Practices for Healthcare Employers

In light of the upcoming change, employers should:

- Review and revise all employment agreements that will be signed on or after July 1, 2025
- Ensure HR and recruiting teams are informed and using compliant templates
- Plan for patient communication procedures tied to provider transitions

- Use alternative protections—like confidentiality and non-solicitation agreements—to safeguard business interests.

Even contracts signed before July 1 may still face scrutiny under Maryland's reasonableness standard for restrictive covenants.

Background on Non-Compete Reform

The updated statute stems from House Bill 1388, passed in 2024 as part of Maryland's growing effort to curtail restrictive employment practices in the healthcare and veterinary sectors. Nationally, the Federal Trade Commission's (FTC) attempt to implement a broad non-compete ban across every industry remains in limbo after district court challenges blocked enforcement. In March, FTC attorneys filed motions requesting a 120-day stay of the agency's appeals, citing the change of the presidential administration and a need to reassess its position under new leadership. It remains unclear whether non-competes will remain a policy priority at the federal level. As a result, state-level action, like Maryland's, has become the primary driver of non-compete reform.