

Senate Study Bill 1106 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
HEALTH AND HUMAN SERVICES
BILL BY CHAIRPERSON EDLER)

A BILL FOR

1 An Act prohibiting employers from requiring certain mental
2 health professionals to enter into noncompete agreements and
3 including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 147.164 **Mental health professionals**
2 **— noncompete agreements prohibited.**

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "*Confidentiality agreement*" means an agreement between an
6 employer and an employee by which the employee agrees not to
7 disclose specified information designated by the employer as
8 confidential.

9 b. "*Mental health professional*" means the same as defined in
10 section 228.1, and includes all of the following:

11 (1) Individuals who are completing their supervisory
12 requirement under a temporary license.

13 (2) Licensed master social workers with a current and active
14 supervision plan on file with the board of social work.

15 c. (1) "*Noncompete agreement*" means an agreement between
16 an employer and an employee that restricts the employee from
17 performing any of the following:

18 (a) Work for a different employer for a specified period of
19 time.

20 (b) Work in a specified geographical area.

21 (c) Work for a different employer that is similar to
22 the employee's work for the employer who is a party to the
23 agreement.

24 (2) "*Noncompete agreement*" does not include any of the
25 following:

26 (a) A nonsolicitation agreement.

27 (b) A confidentiality agreement.

28 (c) An agreement prohibiting use or disclosure of trade
29 secrets or inventions.

30 d. "*Nonsolicitation agreement*" means an agreement between
31 an employer and an employee that prohibits solicitation by
32 the employee, upon termination of employment, of any of the
33 following:

34 (1) An employee of the employer to leave employment by the
35 employer.

1 (2) A customer of the employer to cease or reduce the extent
2 to which the customer does business with the employer.

3 2. An employer shall not require a mental health provider to
4 enter into a noncompete agreement.

5 3. A mental health professional subject to a noncompete
6 agreement who seeks a civil remedy to invalidate the agreement
7 shall be awarded court costs and attorney fees to be paid by
8 the employer enforcing the agreement.

9 4. A noncompete agreement entered into, or the renewal of
10 an existing agreement between, an employer and a mental health
11 professional on or after the effective date of this Act shall
12 be void and unenforceable.

13 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
14 importance, takes effect upon enactment.

15

EXPLANATION

16 The inclusion of this explanation does not constitute agreement with
17 the explanation's substance by the members of the general assembly.

18 This bill prohibits an employer from requiring a mental
19 health professional to enter into a noncompete agreement. The
20 bill defines "mental health professional" and "noncompete
21 agreement".

22 The bill provides that a mental health professional
23 subject to a noncompete agreement who seeks a civil remedy
24 to invalidate the agreement shall be awarded court costs
25 and attorney fees to be paid by the employer enforcing the
26 agreement.

27 A noncompete agreement entered into, or the renewal of an
28 existing agreement between, an employer and a mental health
29 professional on or after the effective date of the bill shall
30 be void and unenforceable.

31 The bill takes effect upon enactment.