

## FTC Announces Rule Banning Noncompetes

On April 23, the Federal Trade Commission [issued a final rule](#) to promote competition by banning noncompetes nationwide, protecting the fundamental freedom of workers to change jobs, increasing innovation, and fostering new business formation.

“Noncompete clauses keep wages low, suppress new ideas, and rob the American economy of dynamism, including from the more than 8,500 new startups that would be created a year once noncompetes are banned,” said FTC Chair Lina M. Khan. “The FTC’s final rule to ban noncompetes will ensure Americans have the freedom to pursue a new job, start a new business, or bring a new idea to market.”

Under the FTC’s new rule, existing noncompetes for the vast majority of workers will no longer be enforceable after the rule’s effective date. Existing noncompetes for senior executives - who represent less than 0.75% of workers - can remain in force under the FTC’s final rule, but employers are banned from entering into or attempting to enforce any new noncompetes, even if they involve senior executives. Employers will be required to provide notice to workers other than senior executives who are bound by an existing noncompete that they will not be enforcing any noncompetes against them.

AAFP President Steven P. Furr, MD, FAAFP shared, “The American Academy of Family Physicians (AAFP) is pleased to see the Federal Trade Commission (FTC) take concrete action to ban noncompete clauses in employee contracts. This decision puts patients first and ensures family physicians can pursue opportunities that value their expertise and continue to provide high-quality care that their communities need.

"We are also encouraged to see that the FTC intends for this ban to extend to many nonprofit entities. Nonprofit health systems often have significant financial assets and employ a large portion of physicians and clinicians. They should not be permitted to continue to restrict patient access and physician choice in employment.

"The AAFP remains committed to creating a level playing field for family physicians who work in

all practice settings, including small and independent practices, who may not have the resources to recruit and retain new physicians.

"We are hopeful that the elimination of noncompete clauses will encourage employers to pursue more collaborative ways to retain physicians and become employers of choice, while preserving long-term, meaningful patient-physician relationships."