

LEGAL & CONTRACTS

Physician Non-Compete Clauses, Explained: What They Mean and Whether Yours Is Enforceable

A physician non-compete bars you from practicing within a set radius (often 5–30 miles) for 1–2 years after leaving. What it means and when it's enforceable.



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A non-compete clause restricts where and when you can practice after leaving an employer — typically barring you from practicing in your specialty within a set radius (often 5–30 miles) of your employer's locations for a set period (often 1–2 years). Enforceability varies sharply by state: some states largely ban physician non-competes, others enforce "reasonable" ones readily. **Treat your specific clause as binding until a healthcare attorney licensed in your state tells you otherwise.** For physicians, this single clause often decides whether leaving a job means leaving a community.

BY THE NUMBERS

5–30 mi

typical non-compete radius

1–2 yrs

typical restricted period after leaving

by state

whether yours is enforceable

What does a non-compete actually restrict?

The mechanics are simple; the consequences aren't. A non-compete prohibits you from practicing — usually defined as practicing medicine in your specialty — within a defined geographic radius of your employer's sites, for a defined period after your employment ends. Three variables determine its real weight:

1. **Radius.** Commonly somewhere between 5 and 30 miles. In a dense city, 10 miles can be survivable; in a rural area, 30 miles can mean the entire region.
2. **Duration.** Most commonly 1–2 years. Long enough that you can't simply "wait it out" without income or relocation.
3. **Scope and anchor points.** The quiet killer. Does the restriction attach to the one clinic where you actually practice — or to every location your employer operates or later acquires? A health

system with 14 sites and a 15-mile radius per site can blanket an entire metro area with a clause that sounded modest on page 22.

Some clauses also restrict activity *during* employment, not just after — which matters enormously if you're thinking about building anything on the side. And many sit alongside non-solicitation clauses, which separately bar you from recruiting your employer's patients or staff even where you're free to practice.

Why it hits physicians harder than most professions: your patients, your referral network, your hospital privileges, and your family's life are all geographic. A broad non-compete can force a three-way bad choice — relocate, commute past the radius, or sit out of your specialty for a year or more.

States that largely ban or void physician non-competes.

FROM THE BRIEF

Typical terms at a glance

EXHIBIT		
TERM	COMMON RANGE	WHAT TO CHECK IN YOURS
Radius	5–30 miles	Measured from your site, or from every employer location?
Duration	1–2 years	Does the clock start at termination, regardless of who terminates?
Scope	Your specialty / "the practice of medicine"	Specialty-specific is narrower; "any medical practice" is broader
Trigger	Any separation	Does it apply even if the employer terminates you without cause?
During employment	Sometimes included	Does it restrict outside clinical activity while still employed?
Companion clause	Non-solicitation	Patients, staff, or both — and for how long?

A non-compete that applies even when *they* fire you without cause is a meaningfully worse clause than one triggered only by your resignation — and it's worth negotiating before signing. [How to Know If Your Physician Employment Contract Is Fair](#)

Is your non-compete enforceable?

This is a state-law question, and the honest answer is a pattern, not a rule. The landscape sorts into roughly three groups:

- **States that largely ban or void physician non-competes.** A handful of states — including California, Minnesota, North Dakota, and Oklahoma, with Indiana and Arkansas among those restricting them for physicians specifically — make most or all such clauses unenforceable. If you're employed in one of these states, your non-compete may be close to a dead letter — but confirm with counsel rather than assume, because exceptions (such as ownership-sale contexts) often survive.

- **States that restrict them.** Many states limit physician non-competes by duration, geography, income threshold, or buyout requirements, or direct courts to narrow overbroad clauses rather than enforce them as written.
- **States that enforce "reasonable" non-competes.** In much of the country, a clause with a defensible radius and duration will hold up, and courts weigh employer interests against the burden on the physician and the community's access to care.

There has also been federal movement: a federal rule attempting to ban most non-competes nationwide has been in legal flux and should not be relied on. The practical rule stands regardless of headlines: **don't act on "I heard non-competes aren't enforceable anymore."** Acting on a rumor about federal law, in a state that enforces these clauses, is how physicians end up litigating against a health system's legal department.

This varies by state — the pattern above tells you which question to ask, and a healthcare attorney licensed in your state answers it for your specific clause, usually as part of a contract review costing a few hundred dollars.

What does a non-compete usually **not** restrict?

This is the most useful and least-known part. A non-compete restricts the *practice of medicine* — and most of what it takes to build a practice isn't that. Forming a legal entity, obtaining or maintaining licensure, securing an NPI and EIN, building a brand and website, and setting up systems are generally not "practicing," and many physicians complete this foundation while still employed and fully inside their restrictions.

What *does* require caution: actually seeing patients within the restricted radius, advertising clinical services there, and soliciting your employer's patients or staff. Those are the acts that trigger the clause (and its non-solicitation sibling). The line between "building" and "practicing" is exactly what makes a reversible side-launch possible for many employed physicians — and exactly where you want the specific language reviewed first. [How to Test Your Own Practice Without Quitting Your Job](#)

Note also that a geographic non-compete restricts geography, not medicine: practicing outside the radius, or in some cases via telehealth to patients in other states where you're licensed, may sit outside the clause — but telehealth interactions with a non-compete are fact-specific and need counsel's read.

What people get wrong about non-competes

Mistake one: assuming it's unenforceable. The most expensive sentence in this topic is "my colleague said these never hold up." In enforcement-friendly states, they hold up routinely. The downside of guessing wrong isn't abstract — it's an injunction, legal fees, and a year of not practicing in your community.

Mistake two: reading the radius but not the anchor points. Physicians check "15 miles" and feel fine, then discover the restriction runs from every site in the system. Map it literally: draw the circles around every covered location and look at what's left. That map — not the mileage number — is what the clause means.

Mistake three: never reading it until resignation week. The time to understand your non-compete is when you're *thinking* about options, because it determines which options exist. If yours is broad and enforceable, your plan might mean building now and practicing on the side outside the radius, or via telehealth into other states, or negotiating a release. If it's narrow or void in your state, your options are far wider than you assumed. Either way, the clause is the first fact of any exit plan, not the last.

Reality check

- **You may be more trapped than you feared, or less.** Both happen. Physicians in ban states often discover their scary clause is largely void; physicians in enforcement states discover their "standard" clause really does blanket the metro. You don't know which you are until you check.
- **Enforcement is a business decision too.** Health systems don't litigate every departure, but you cannot plan around their forbearance — and even a cease-and-desist letter can disrupt a new practice's launch and credibility.
- **A legal review is cheap relative to the stakes.** A few hundred dollars (roughly \$300–600 for a physician-contract review) against the cost of relocating, sitting out a year, or defending an injunction.
- **Negotiation works best before signing.** Narrowing scope to your actual site, shortening duration, adding a without-cause-termination carve-out, or adding a buyout figure are all common asks. After signing, your options shrink to compliance, negotiation from weakness, or a legal challenge.
- **None of this is legal advice.** State law controls, facts matter, and the only opinion that protects you is from a healthcare attorney licensed in your state who has read your actual clause.

Frequently asked

What is a typical physician non-compete?

Commonly a 5–30 mile radius around the employer's location(s) for 1–2 years after separation, restricted to your specialty. The biggest variable is whether it anchors to one site or to every site the employer operates.

Are physician non-competes enforceable in every state?

No. A handful of states largely ban them, others restrict them by duration, geography, or income, and many enforce "reasonable" clauses readily. Treat yours as binding until reviewed by an attorney licensed in your state.

Can I start setting up my own practice while under a non-compete?

Generally, the foundational steps — entity formation, licensing, branding, systems — aren't the practice of medicine and don't violate a typical non-compete. Seeing patients inside the restricted area can. Get the specific language reviewed before any patient care. [How to Test Your Own Practice Without Quitting Your Job](#)

Does a non-compete apply if I'm fired?

Often yes — many clauses trigger on any separation, including employer-initiated termination without cause. This is one of the most valuable things to negotiate before signing.

Can my employer stop me from doing telehealth outside the radius?

It depends on the clause's wording and how your state treats telehealth under restrictive covenants — this is unsettled law and fact-specific. Don't assume; ask counsel.

What happens if I just ignore my non-compete?

In an enforcement-friendly state, you risk an injunction stopping you from practicing, damages, and legal fees — typically against an employer with far deeper legal resources. Know your clause's real status before testing it.

HOW OPENWELL CAN HELP

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The fastest way to find out where you stand is to check the actual language. Openwell's free contract check reads your non-compete and moonlighting clauses and returns a plain-English verdict — clear, caution, or blocked — in about two minutes. If the verdict is clear and you decide to build, we handle the entire launch from there.



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