

**Ohio Hospital Association
Opponent Testimony
Senate Bill 126
Ohio Senate Health Committee
January 24, 2024**

Chairman Huffman, Vice-Chair Johnson, Ranking Member Antonio and members of the Senate Health Committee, thank you for the opportunity to provide testimony in opposition to Senate Bill 126, which regulates noncompete provisions in certain health care employment contracts.

Established in 1915, OHA is the nation's first state-level hospital association. OHA exists to collaborate with member hospitals and health systems to ensure a healthy Ohio. OHA currently represents 250 hospitals and 15 health systems throughout Ohio, including non-profit and for-profit members. The association is governed by a 20-member Board of Trustees with representation from small and large hospitals, teaching facilities and health care systems with a committee and task force structure.

First, we would like to express our appreciation to Senator Johnson for his work to revise his proposal from the last general assembly. We are hopeful to continue a positive dialogue on the bill as it moves through the committee process.

Noncompete provisions are necessary because they allow hospitals to protect the critical, and often costly, investments made to better serve their communities with high-quality, accessible care.

When a hospital hires a new practitioner, especially in the case of specialty or underserved areas, they must incur not only the cost of recruiting a provider and paying their significant salary, but also the acquisition of specialized medical office space with integrated IT systems, expensive medical testing equipment and highly trained clinical and administrative support staff. Many hospitals and health systems would be unable to invest the considerable financial and human resources needed to ensure success if they had no assurance those investments would provide a reasonable benefit to the community and return on the hospital's investment. This is a particular concern in small and rural communities, where there are already limited health care providers and reduced access to care. Diminishing small and rural hospitals' ability to utilize noncompete clauses will significantly impede their ability to bring health care providers to their communities where they already struggle to recruit new providers. It will also put hospitals in Ohio's border communities at a competitive disadvantage with their counterparts in neighboring states who do not have similar laws in place.

Additionally, OHA is concerned that Senate Bill 126 would also put non-profit hospitals at a competitive disadvantage because for-profit hospitals and physician practices are not subject to the terms of the bill. Why should other employers of physicians and advanced practice practitioners be

able to protect their significant investment in providers, but a non-profit hospital cannot? We are very concerned with the flawed policy of treating similarly situated health care providers differently.

While we recognize the bill is intended to create a fair and level employer and employee relationship, we are concerned that SB 126 as introduced will create an uneven playing field by treating similar health care entities differently and result in negative consequences for hospitals that invest considerable time and resources to recruit and retain health care professionals. Most importantly, this bill will result in reduced access to health care services in many communities that already lack access because hospitals will not be able to invest the necessary resources to recruit and retain providers.

Thank you for your time and consideration. We look forward to continuing our work on this legislation.