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Client Alert

Indiana Updates: Employee Leave Entitlements and Physician Non-Compete Agreements

New Leave Entitlements

WHAT'S NEW: Effective July 1, 2025, a new Indiana law requires employers to provide leave for employees to attend their child's school-related activities. Employers are not required to pay an employee for the time taken under this new leave law.

WHY IT MATTERS: Under the Act, an employee can take leave related to their biological child, adopted, child, foster child or step-child:

- To attend a conference regarding school attendance
- To attend a meeting regarding an Individualized Education Program (IEP) for a student with a disability.

Eligibility: All Indiana employers with at least one employee are covered by the Act. Additionally, all eligible employees are eligible for leave. There are no waiting periods or service requirements.

Amount of Leave: An employee is entitled to take leave for no more than one attendance conference or one IEP meeting per calendar year.

Notice: Employees must provide notice of the meeting at least five (5) days in advance. An employee must make a reasonable effort to schedule the conference or meeting as an electronic conference meeting.

Documentation: Employers can require employees to submit documentation that they attended the conference. The child's school can provide this documentation to employees upon request.

WHAT EMPLOYERS SHOULD DO: Indiana employers should think twice before disciplining, terminating or otherwise penalizing employees for taking time off to participate in their child's school meetings. Employees that comply with the requirements of the Act are protected from retaliation.

Employers should also review their attendance policies to ensure that it is compliant with this new requirement.

Bar on Physician-Hospital Non-Compete Agreements

WHAT'S NEW: Indiana amended its Physician Non-Compete Statute to invalidate non-compete agreements between physicians of all types and hospitals (or specific hospital-related entities) entered into after June 30, 2025.

WHY IT MATTERS: Following a nationwide trend, Indiana's legislature has passed an amendment to its non-compete statute. This amendment limits the enforceability of non-compete restrictions on physicians after their employment ends. This applies to all agreements entered into on July 1, 2025, or after, regardless of the duration or geographic scope of the agreement.

The law defines a "*noncompete agreement*" as:

"[A contract, or any part of a contract, to which a physician is a party that has the purpose or effect of restricting or penalizing a physician's ability to engage in the practice of medicine in any geographic area, for any period of time, after the physician's employment relationship with a hospital, a parent company of a hospital, an affiliated manager of a hospital, or a hospital system has ended."

This amendment does not apply retroactively to non-compete agreements already in place before July 1, 2025. Additionally, the ban does not apply to non-disclosure agreements, agreements not to solicit employees for a limited time, or agreements related to the sale of a business.

WHAT EMPLOYERS SHOULD DO: Indiana hospitals and hospital-related entities employing physicians in Indiana should immediately assess how the new amendment affects their protections against unfair competition and develop a plan for employment contracts and employee retention.

If you have any questions, please contact your HR Business Partner/Consultant.