

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

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SENATE BILL 978  
PROPOSED COMMITTEE SUBSTITUTE S978-PCS35470-BCa-85

Short Title: Healthcare Competition Reforms.

(Public)

Sponsors:

Referred to:

May 4, 2026

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE WHISTLEBLOWER AND EMPLOYMENT PROTECTION TO  
3 HEALTHCARE WORKERS, TO LIMIT THE CHIEF EXECUTIVE OFFICER  
4 COMPENSATION OF NOT-FOR-PROFIT HOSPITALS THAT RECEIVE STATE  
5 FUNDS, AND TO EXEMPT THE DEPARTMENT OF STATE TREASURER FROM  
6 DEPARTMENT OF HEALTH AND HUMAN SERVICES REVIEW.

7 The General Assembly of North Carolina enacts:

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9 **PART I. WHISTLEBLOWER AND EMPLOYMENT PROTECTIONS FOR**  
10 **HEALTHCARE PROFESSIONALS**

11 **SECTION 1.1.** G.S. 75-1.1 is amended by adding a new subsection to read:

12 "(c1) The learned profession exception of this section applies to health care providers, as  
13 defined in G.S. 90-21.11, only for acts and omissions directly related to the provision of medical,  
14 dental, or other health care that are subject to litigation under Article 1B of Chapter 90 of the  
15 General Statutes."

16 **SECTION 1.2.(a)** Article 3 of Chapter 95 of the General Statutes is amended by  
17 adding a new section to read:

18 "**§ 95-28.1B. Health care professional whistleblower protection.**

19 (a) The following definitions apply in this section:

20 (1) Health care professional. – An individual who is a licensed physician,  
21 physician assistant, advanced practice registered nurse as defined by the North  
22 Carolina Board of Nursing, or registered nurse.

23 (2) Hospital. – Any of the following:

24 a. A facility that has an organized medical staff and is designed, used,  
25 and operated to provide health care, diagnostic and therapeutic  
26 services, and continuous nursing care primarily to inpatients where  
27 such care and services are rendered under the supervision and direction  
28 of physicians licensed under Article 1 of Chapter 90 of the General  
29 Statutes, to two or more persons over a period in excess of 24 hours.

30 b. A facility designated by the Centers for Medicare and Medicaid  
31 Services as a rural emergency hospital as defined under 42 C.F.R. §  
32 485.502 or under section 125 of Division CC of the Consolidated  
33 Appropriations Act of 2021, Public Law 116-260.

34 c. Any outpatient department, including a portion of a hospital operated  
35 as an outpatient department, on or off of the hospital's main campus,  
36 that is operated under the hospital's control or ownership and is



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classified as a Business Occupancy by the Life Safety Code of the National Fire Protection Association as referenced under 42 C.F.R. § 482.41.

d. Any hospital-owned medical practice.

(3) Medical staff bylaws. – A document that is required by a licensing, accrediting, or regulatory body that governs the organization and operation of a hospital's medical staff by defining the structure, roles, responsibilities, and relationships between the medical staff, stakeholders, hospital administration, and hospital governing board.

(4) Stakeholder. – An incorporator, officer, director, shareholder, or employee of a (i) professional corporation as defined by G.S. 55B-2 or (ii) domestic or foreign entity that provides nonclinical services to a professional corporation as defined by G.S. 55B-2 rendering professional service under Article 1 of Chapter 90 of the General Statutes.

(b) It is the policy of this State that health care professionals have the right to report violations of medical staff bylaws to appropriate authorities and make comments concerning patient care for the protection of the public. Therefore, no person, firm, corporation, or unincorporated association, or a stakeholder, may subject a health care professional to adverse action, including, but not limited to, withdrawal of hospital privileges, termination, demotion, compensation reduction, or hostile work environment for reporting a violation of medical staff bylaws or making comments concerning patient care."

**SECTION 1.2.(b)** G.S. 95-241(a)(1) reads as rewritten:

"(a) No person shall discriminate or take any retaliatory action against an employee because the employee in good faith does or threatens to do any of the following:

(1) File a claim or complaint, initiate any inquiry, investigation, inspection, proceeding or other action, or testify or provide information to any person with respect to any of the following:

...

f. ~~G.S. 95-28.1A~~.G.S. 95-28.1A or G.S. 95-28.1B.

...."

**SECTION 1.2.(c)** The North Carolina Board of Medicine may adopt rules to implement this section.

**SECTION 1.2.(d)** This section is effective when it becomes law and applies to employers, employees, and prospective employees on or after that date.

**SECTION 1.3.(a)** Chapter 66 of the General Statutes is amended by adding a new Article to read:

"Article 52.

"Limitations on Agreements With Health Care Professionals.

**"§ 66-515. Definitions.**

The following definitions apply in this Article:

(1) Health care professional. – An individual who is a licensed physician, physician assistant, advanced practice registered nurse as defined by the North Carolina Board of Nursing, or registered nurse.

(2) Medical staff bylaws. – As defined in G.S. 95-28.1B(a).

(3) Nondisclosure agreement. – An agreement that restricts the ability of a party to disclose information.

(4) Non-compete clause or clause. – An agreement that restricts a party from engaging in certain types of employment or business activities for a specified period of time within a specified geographic area.

**"§ 66-516. Nondisclosure agreements limited.**

1       (a) Any nondisclosure agreement entered into with a health care professional must  
2 explicitly state that it does not restrict the health care professional from reporting safety concerns,  
3 ethical violations, or illegal activities.

4       (b) No health care professional may be required to enter into a nondisclosure agreement  
5 that would do any of the following:

6           (1) Prevent the health care professional from discussing patient safety concerns  
7 with licensing agencies, accrediting bodies, or other regulatory or oversight  
8 entities.

9           (2) Restrict the health care professional's ability to report to the appropriate  
10 authorities violations of law, medical ethics, or medical staff bylaws.

11 **"§ 66-517. Certain non-compete clauses prohibited.**

12 An employment contract for a health care professional employed by a hospital, as defined in  
13 G.S. 95-28.1B, shall not contain a non-compete clause.

14 **"§ 66-518. Provision of information.**

15 Any policy, nondisclosure agreement, non-compete clause, medical staff bylaw, or any other  
16 type of contractual agreement with a health care professional shall not prohibit the provision of  
17 new practice information upon request by a patient, and, if available, the recipient of that request  
18 shall provide that information upon that request.

19 **"§ 66-519. Remedies.**

20       (a) A nondisclosure agreement or non-compete clause that violates this Article is void  
21 and unenforceable.

22       (b) A health care professional who prevails in an action under this Article challenging the  
23 enforceability of a nondisclosure agreement or non-compete clause is entitled to damages plus  
24 reasonable attorneys' fees and costs."

25           **SECTION 1.3.(b)** This section is effective July 1, 2026, and applies to contracts  
26 entered into, modified, or renewed on or after that date.

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28 **PART II. NONPROFIT HOSPITAL CEO COMPENSATION LIMITS**

29       **SECTION 2.(a)** Article 5 of Chapter 131E of the General Statutes is amended by  
30 adding a new section to read:

31 **"§ 131E-99.1. Hospital compensation fairness.**

32       (a) Definitions. – The following definitions apply in this section.

33           (1) Chief executive officer. – The highest-ranking executive in a hospital who is  
34 responsible for making major corporate decisions and managing overall  
35 operations, regardless of the individual's actual job title.

36           (2) Compensation. – Salary; bonus payments, whether based on performance or  
37 otherwise; incentive payments; severance payments; loans to be repaid on  
38 terms, including interest less burdensome than the going market rate; value of  
39 use of hospital-provided vehicles, housing, or other perquisites not generally  
40 available to employees; stock or stock options and any dividends or other  
41 benefits of the ownership of stock or stock options.

42           (3) Minimum compensation. – The value of the annual compensation received by  
43 a full-time employee of a qualifying hospital who receives the minimum wage  
44 defined in G.S. 95-25.3. If no employee receives the minimum wage defined  
45 in G.S. 95-25.3, the minimum compensation shall be the value of the annual  
46 compensation received by the lowest-paid, full-time employee of a qualifying  
47 hospital.

48           (4) Qualifying hospital. – A hospital licensed under this Article that accepts funds  
49 from the State and is exempt from taxation under section 501(c)(3) of the  
50 Internal Revenue Code (26 U.S.C. § 501(c)(3)).

1       **(b) Chief Executive Officer Compensation.** – No chief executive officer of a qualifying  
2 hospital shall receive an annual compensation that is more than 400 times greater than the  
3 minimum compensation.

4       **(c) Civil Penalty.** – If the chief executive officer of a qualifying hospital receives an  
5 annual compensation that is more than 400 times greater than the minimum compensation, the  
6 qualifying hospital shall be assessed a civil penalty equal to the amount of the chief executive  
7 officer's annual compensation.

8       **(d) Reporting and Payment.** – No later than March 1 of each year, all qualifying hospitals  
9 shall report to the Commission the minimum compensation and chief executive officer  
10 compensation for the preceding year. The Commission shall notify any qualifying hospital of any  
11 civil penalty owed under subsection (c) of this section no later than April 1 of each year, and any  
12 civil penalties must be paid by a qualifying hospital no later than May 1 of each year.

13       **(e) Rules.** – The Commission shall have the authority to adopt rules necessary to  
14 implement the provisions of this section."

15       **SECTION 2.(b)** There is appropriated from the General Fund to the North Carolina  
16 Medical Care Commission the sum of fifty thousand dollars (\$50,000) in nonrecurring funds for  
17 the 2026-2027 fiscal year to be used to administer the reporting provisions of G.S. 131E-99.1, as  
18 enacted by subsection (a) of this section.

### 19 **PART III. EXEMPT STATE TREASURER FROM DHHS REVIEW**

20       **SECTION 3.** G.S. 131E-184 is amended by adding a new subsection to read:

21       **"(i)** The Department shall exempt from review any new institutional health service  
22 established, developed, or acquired by any entity working in partnership or conjunction with the  
23 Department of State Treasurer."  
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### 25 **PART IV. EFFECTIVE DATE**

26       **SECTION 4.** Unless otherwise provided, this act is effective when it becomes law.  
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