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Earlier this month, the Federal Trade Commission (FTC) closed the book on its attempt to impose a nationwide ban on non-compete agreements. On September 5, 2025, the Commission voted to dismiss its appeals and “accede to the vacatur” of the Non-Compete Clause Rule.

Translation: the FTC isn't going to fight the federal court decisions that struck down the rule.

For those of you keeping score at home, that means the FTC's sweeping ban, announced with fanfare in early 2023 (see my post [FTC Proposes to Ban Worker Noncompetes](#)) and dead on arrival in federal court in 2024 (see my post [You Need to Know What the Order Striking the FTC's Ban on Non-Competes Means for You](#)), won't be coming back, at least not in its original form.

But if you think the FTC has packed up its briefcase and gone home, think again. The agency has shifted its strategy, and it's one that medical group leaders need to watch closely.

The New Playbook: Case-by-Case Enforcement

In dropping the appeal, FTC Chairman Andrew Ferguson and Commissioner Melissa Holyoak highlighted their dissent at the time the Commission first adopted the rule in 2023. Their position, which is now the Commission's majority position, is that non-competes should be evaluated individually, not outlawed across the board.

And, that's where things get interesting, especially for medical group leaders.

On September 4, 2025, the day before moving to dismiss its appeals, the FTC issued a Request for Information (RFI) to the public. The RFI seeks details about the real-world use and abuse of non-competes. It invites employees, employers, and industry participants, especially in healthcare, to identify who is using these agreements, for what roles, how they're enforced, and with what consequences.

The agency is particularly concerned about non-competes for nurses, physicians, and other medical professionals, warning that such clauses may restrict patients' choices of who provides their medical care.

In other words, while the categorical ban is dead, the FTC is gearing up to bring enforcement actions against employers whose non-competes it views as overbroad, anticompetitive, or unjustified.

The RFI runs through a detailed list of 13 questions. Among other things, the FTC is asking:

- Which employers are currently using non-competes, and for which positions?
- What are the salary ranges of the roles covered?
- How long do the restrictions last, and how broad is their geographic scope?
- Are employees avoiding job opportunities or leaving the industry altogether because of these agreements?
- Have non-competes harmed innovation, limited business formation, or contributed to shortages in healthcare markets?

The FTC even drills down into healthcare-specific issues: Have non-competes affected wages, labor mobility, or the cost and quality of healthcare services? Have they made it harder for providers to hire physicians and nurses?

Responses are due November 3, 2025. You can be sure that advocacy groups, health systems, and professional societies will weigh in.

Warning Shots

If the RFI represents reconnaissance, the FTC's next move showed that it's setting up to take action.

On September 10, Chairman Ferguson issued warning letters to several large healthcare employers and staffing companies.

Although the specific recipients were not disclosed, nor were copies of the individual letters, the FTC did post the letters' template. It urges recipients to conduct a "comprehensive review" of their employment agreements, including any non-competes, to ensure they are narrowly tailored and legally compliant. It warns that non-competes may be "overbroad in duration or geographic scope" or inappropriate for certain roles entirely. And it makes clear that the Commission views aggressive enforcement under Section 5 of the FTC Act as a top priority in healthcare labor markets.

What This Means for Medical Group Leaders

So where does this leave physician groups and other healthcare employers?

1. The federal ban is gone, but the problem isn't. You can forget about a one-size-fits-all prohibition, but the FTC's attention to non-competes, especially in healthcare, is intensifying.
2. The FTC wants names. The RFI specifically asks for identification of employers still using non-competes. That means competitors, former employees, and advocacy groups could put your organization under the microscope by responding to the RFI.
3. Healthcare is in the crosshairs. Between the warning letters and the RFI's pointed questions, the Commission is openly signaling that physician, nurse, and other medical professional non-competes are on its priority list. When combined with rural access to care, it's become a red hot button.
4. Case-by-case enforcement is unpredictable. Unlike a bright-line rule, this approach means uncertainty. Agreements that may pass muster in one context could be challenged in another, depending on how the FTC frames the facts.
5. The PR angle matters. Even if a noncompete is ultimately enforceable under state law, being publicly targeted by the FTC could create reputational headaches with patients, staff, and referral sources.

Takeaways

The demise of the FTC's rule might look like a reprieve, but it's really a pivot. Instead of swinging a broad hammer, the Commission is taking aim at case-specific anticompetitive behavior via covenants not to compete. For medical groups, that means the safer play is not to wait for an FTC letter to arrive.

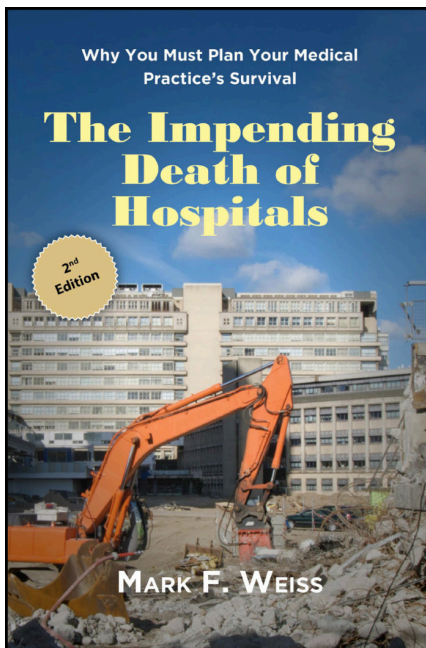
Now is the time to:

- Audit your existing non-competes, especially those covering physicians, nurses, and other frontline providers.
- Narrow the scope, duration, and geography of restrictions where possible.
- Consider alternatives, such as non-solicitation or confidentiality provisions that protect your interests without drawing the FTC's fire.
- Be mindful of state laws, which remain the baseline rules of the road.

The FTC's categorical ban may be buried, but its war on "unreasonable" non-competes is alive and well.

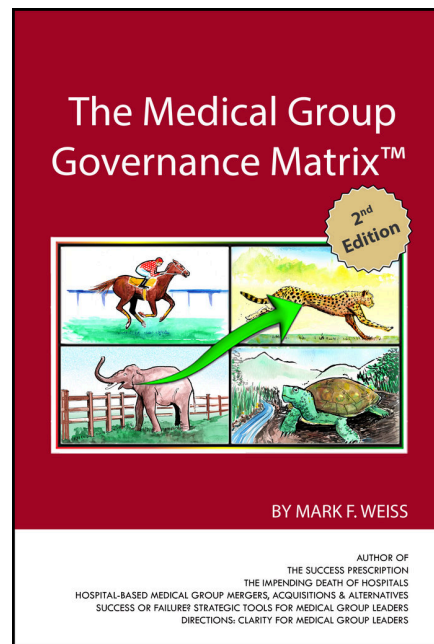
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