

Illinois Amends Nurse Agency Licensing Act to Bar Non-Competes, Add Reporting, Contract Obligations

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Amendments to the Illinois Nurse Agency Licensing Act ([HB 4666](#)) aim to promote transparency and protections for healthcare workers, but, in practice, they make it more difficult for nurse staffing agencies to retain employees.

Under the new law, staffing agencies doing business in Illinois can no longer enter into covenants not-to-compete with nurses or certified nursing assistants. Similarly, nurse staffing agencies are prohibited from requiring any “buy-out” fee, placement fee, or other form of compensation if the nurse is hired by a healthcare facility. The law applies only to agreements entered into after the law’s effective date of July 1, 2022, so prior existing agreements need not be modified.

In addition to barring non-competes between nurse staffing agencies and nurses, HB 4666 also imposes significant reporting and compliance obligations on staffing agencies. Contracts between staffing agencies and healthcare facilities must include a schedule of all hourly bill rates per employee category, which may consist of “hourly pay rate, shift differential, weekend differential, hazard pay, charge nurse add-on, overtime, holiday pay, and travel or mileage pay.” Contracts also must provide a “full description of administrative charges” and, most significantly, include a provision that no less than 100 percent of the hourly rate should be paid to the contract nurse.

All such contracts must be submitted to the Illinois Department of Labor within five business days of execution. Copies of all supporting invoices to healthcare services personnel also must be maintained and submitted to the Department upon request.

Further, on a quarterly basis, nurse staffing agencies must submit comprehensive reports to the Illinois Department of Labor classified by county and provider type. The reports must include:

1. A list of the average amount charged to the healthcare facility for each individual employee category;
2. A list of the average amount paid by the nursing agency to employees in each individual employee category; and
3. A list of the average amount of labor-related costs paid by nursing agency for each employee category, including payroll taxes, workers’ compensation insurance, professional liability coverage, credentialing and testing, and other employee-related costs.

The Illinois Department of Labor will publish reports on its website of a compilation of the information reported.

HB 4666 is the latest in a series of steps making it more difficult for Illinois employers to

restrict and retain employees. In 2021, Illinois [amended the Freedom to Work Act](#) and placed restrictions, including a \$75,000 salary minimum, on all non-compete agreements (in every industry) within the state.

We encourage all nurse staffing companies with business in Illinois to reach out for guidance regarding how to implement a comprehensive plan to comply with the new law. This includes reviewing and updating employment and facility agreements and removing restrictive covenants, setting and documenting pay in a way that complies with the complexities of the new law, and establishing necessary recordkeeping and reporting practices.

Members of the Jackson Lewis [Healthcare Industry group](#) work with clients on all these issues daily. Please contact the Jackson Lewis attorney you work with or one of our industry group members if you have any questions about these key takeaways.

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