

# FTC Agrees To Vacate Biden-Era Noncompete Ban

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The Federal Trade Commission (FTC) will vacate a Biden-era policy banning noncompete clauses in health care and other industries, a rule that faced backlash from the hospital industry.

In a 3-1 vote, the commissioners took steps to dismiss appeals against the ban in two appeals court cases, one in the Eleventh Circuit (Case No. [24-13102](#)) and one in the Fifth Circuit (Case No. [24-10951](#)).

The Biden FTC had appealed two separate district court decisions that had found the rule unlawful.

FTC Chair Andrew Ferguson and Commissioner Melissa Holyoak issued a statement on their vote and Commissioner Mark Meador, who also voted to take steps to vacate the appeals, issued a concurring statement. Commissioner Rebecca Slaughter, who was fired by President Donald Trump earlier this year and was later reinstated after a district court ruling, voted against vacating the appeals and issued an opposing statement.

The Eleventh Circuit had previously granted the Trump administration extra time to decide on a stance in the appeals case, and Ferguson had indicated he wanted to reconsider the rule banning noncompetes.

Multiple hospital lobby organizations argued against the rule in the appeals court cases. In an amicus brief in the Fifth Circuit case, the American Hospital Association (AHA) and the Federation of American Hospitals (FAH) argued FTC failed to consider how the rule banning noncompete agreements would negatively impact the hospital labor ecosystem, as the rule would only apply to taxpaying hospitals and health systems and not nonprofit entities.

“This disequilibrium could reduce the available supply of highly-trained, highly-skilled labor for for-profit hospitals in particular markets, driving up the price for such labor or at least creating serious instability in those markets,” AHA said in the brief. “Market distortions of this kind would arise in the context of an already-challenging workforce shortage for America’s hospitals.”