

March 12, 2026

Senate Committee on Judiciary
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: In Opposition to SB 2160, AN ACT RELATING TO LABOR AND LABOR RELATIONS – RHODE ISLAND NONCOMPETITION AGREEMENT ACT

Chairman LaMountain and members of the Senate Judiciary Committee,

On behalf of CVS Health, I am writing in opposition to Senate Bill 2160. As one of Rhode Island's largest employers—with nearly 7,000 employees across more than 60 stores, corporate offices, clinics, and distribution centers—this legislation would significantly affect our operations and disrupt long-standing compensation agreements with our colleagues.

First, I want to recognize Chairman LaMountain for his collaboration and willingness to engage with us on improvements to the bill. As drafted, the legislation reflects meaningful compromises from both CVS Health and the Chairman. The bill would establish the highest income threshold for noncompetition agreements in New England—and among the highest in the country—by prohibiting such agreements for employees earning less than \$125,000 annually. This marks a substantial expansion from current law—the Rhode Island Noncompetition Agreement Act of 2019—under which noncompetition agreements are unenforceable for workers earning 250% or less of the federal poverty level (approximately \$37,650).

The bill would take effect on January 1, 2027, and would immediately invalidate all existing noncompetition agreements for employees whose earnings are below the new income threshold. Additionally, the bill exempts certain financial institutions from state regulation of noncompetition agreements altogether.

While we have worked diligently to help shape the compromise language described above, we remain seriously concerned about one key change in the bill, compared to current law: the removal of the existing statutory exemption for non-solicitation agreements—agreements that prevent former employees from soliciting customers or business partners post-employment. Prohibiting such post-employment restrictions entirely would significantly restrict employers' ability to protect core business relationships and legitimate competitive interests. This seemingly small change from existing law would affect potentially thousands of active agreements protecting CVS Health and impose substantial compliance costs. Beyond the impact to CVS, we urge Rhode Island policymakers to consider how such a sweeping change may affect the state's regional and national competitiveness. To be clear, if the bill is enacted as drafted, Rhode Island would be an outlier as the vast majority of states allow non-solicitation agreements in employment contracts.

As the Committee considers this proposal, it remains essential to strike the right balance between protecting workers from overly broad restrictions and preserving employers' ability to safeguard intellectual property,

confidential information, and trade secrets. At CVS Health, post-employment noncompetition restrictions are part of broader and tailored restrictive covenant agreements. We approach such agreements, which are an industry standard, thoughtfully and compliantly and as a legitimate component of our compensation and talent-management strategies for executives and key employees. These agreements most often accompany equity grants, bonuses, and other long-term incentives that help us attract and retain high-performing leaders in Rhode Island.

For these reasons, we respectfully urge the Committee to oppose Senate Bill 2160.

Sincerely,

A handwritten signature in black ink, appearing to read "SL", written in a cursive style.

Steven Larrabee
Lead Director, State Government Affairs
CVS Health