

- SUBJECT:** Allowing podiatrists and physicians to form business organizations
- COMMITTEE:** Public Health — favorable, without amendment
- VOTE:** 7 ayes — Gray, Capelo, Glaze, Hilderbran, Maxey, McClendon, Uresti
0 nays
2 absent — Coleman, Delisi
- SENATE VOTE:** On final passage, Local and Uncontested Calendar, April 15 — 30-0
- WITNESSES:** (*On House companion bill, HB 1572*)
For — Mark J. Hanna, Texas Podiatric Medical Association

Against — None
- BACKGROUND:** The Texas Revised Partnership Act, article 6132b VACS, governs the creation, powers, and duties of a partnership, which is defined as an association of two or more persons acting as co-owners of a business for profit. Article 1528n VACS governs the creation and powers of a limited liability company (LLC). A professional LLC is a company organized to render only one kind of professional service and has as its members only those individuals who are licensed or otherwise authorized to provide such a service. Chapter 9, art. 1396 VACS prohibits the formation of non-profit corporations that propose to engage in activities requiring a license that is not lawfully granted to corporations.
- DIGEST:** SB 871 would authorize physicians, both doctors of medicine and osteopathy, as well as podiatrists to form partnerships, limited liability companies, and non-profit corporations. The Board of Medical Examiners and the Board of Podiatric Medical Examiners would retain authority over the respective licenses involved.
- SB 871 would allow physicians and podiatrists jointly to own professional partnerships, limited liability companies, and non-profit corporations in order to perform professional services falling within the scope of their respective

practices. Neither could exercise control over the other's clinical authority or treatment decisions.

Non-profit corporations organized by physicians and podiatrists could perform professional services consisting of research, medical education, training, health care delivery, or public education.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house.

**SUPPORTERS
SAY:**

SB 871 would improve the ability of podiatrists to participate in managed health care delivery systems with physicians. Managed care organizations (MCOs), such as health maintenance organizations (HMOs) and preferred provider organizations (PPO's), dominate the delivery and financing of health care services. To maximize cost-effectiveness, MCOs generally contract with doctors or an organization of doctors to provide a wide range of services for their enrollees. This puts podiatrists at a disadvantage because their practice is limited to feet.

By allowing podiatrists to organize partnerships, limited liability companies, and non-profit corporations with doctors, SB 871 would increase the availability of providers and services to MCO enrollees. It would allow MCOs to contract with doctor groups that provide a fuller range of services. By gaining access to reimbursement through participation in a network, podiatrists also would be able to compete more effectively in an evolving health care market.

There would be no risk to the state in allowing doctors and podiatrists to form these business organizations. Although doctors of medicine and osteopathy can care for feet, they do not have the training and experience in a specialty that podiatrists offer. Podiatrists would not be expanding their scope of practice nor relinquishing any authority to a physician. They still would be regulated by the Board of Podiatric Examiners.

Last session, the Legislature enacted HB 1149, authorizing doctors and podiatrists to form professional associations, and there have been no negative consequences.

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OPPONENTS
SAY: No apparent opposition.

NOTES: On April 15, the House by 144-0 passed the companion bill, HB 1572 by S. Turner, which contains the same provisions as SB 871, but with a different organization. The House adopted an amendment by Rep. Hochberg that would authorize an accredited private medical school to employ or contract with physicians to provide medical services and retain all or part of the professional income generated by the physician. The Senate Health Services Committee on May 6 reported HB 1572 favorably as substituted, deleting the Hochberg amendment, and the bill was placed on the May 17 Senate Local and Uncontested Calendar.