

- SUBJECT:** Authority of physicians and chiropractors to form certain joint entities
- COMMITTEE:** Business and Industry — favorable, without amendment
- VOTE:** 7 ayes — Giddings, Elkins, Darby, Bailey, Bohac, Castro, Martinez
0 nays
2 absent — Solomons, Zedler
- WITNESSES:** For — Dr. Franz Klein, Taxes Chiropractic Association; (*Registered, but did not testify*: Jordan Berry, Texas Chiropractic Association; Dr. Kevin D. Kanz, Texas Chiropractic Association)
Against — None
- BACKGROUND:** The new Business Organization Code, effective January 1, 2006, and corresponding source law in the Texas Non-Profit Corporation Act, the Texas Revised Partnership Act, the Texas Professional Association Act, and the Texas Limited Liability Company Act permit doctors of medicine and osteopathy licensed by the Texas State Board of Medical Examiners and podiatrists licensed by the Texas State Board of Podiatric Medical Examiners to develop a non-profit corporation, partnership, professional association, or professional limited liability company (LLC) that is jointly owned, managed, and controlled by those practitioners to form a professional service that falls within the scope of their practice.
- DIGEST:** HB 3035 would amend the Business Organizations Code to allow physicians licensed by the Texas Medical Board and chiropractors licensed by the Texas Board of Chiropractic Examiners to form a non-profit corporation, a partnership, a professional association, or professional LLC that was jointly owned, managed, and controlled by the practitioners in order to perform professional services that fall within their practice, including:
- carrying out research in the public interest in medical science, medical economics, public health, sociology, or a related field;
 - supporting medical education in medical schools through grants or scholarships;

- developing the capabilities of individuals or institutions studying, teaching, or practicing medicine or chiropractic;
- delivering health care to the public; or
- instructing the public regarding medical science, public health, hygiene, or a related matter.

When physicians and chiropractors formed a jointly owned corporation, the authority of each of the practitioners would be limited by the scope of practice of the respective practitioners, and none could exercise control over the other's clinical authority, either through agreements, bylaws of the corporation, directives, financial incentives, or other arrangements that would assert control over treatment decisions. The bill would specify that the Texas Medical Board and the Texas Board of Chiropractic Examiners would continue to exercise regulatory authority over their respective licenses.

HB 3035 also would amend source law in the Texas Non-Profit Corporation Act, art. 2.01 (V.T.C.S., art. 1396-2.01), the Texas Professional Association Act, sec. 2 (V.T.C.S., art. 1528f), the Texas Limited Liability Company Act, art. 11.01 (V.T.C.S., art. 1528n), and the Texas Revised Partnership Act, sec. 2.02 (V.T.C.S., art. 6132b-2.02) to allow corresponding professional arrangements between physicians and chiropractors.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2007.