

- SUBJECT:** Requiring dental support organizations to register, creating civil penalty
- COMMITTEE:** Public Health — favorable, without amendment
- VOTE:** 8 ayes — Crownover, Naishtat, Blanco, Guerra, R. Miller, Sheffield, Zedler, Zerwas
- 0 nays
- 3 absent — Coleman, Collier, S. Davis
- SENATE VOTE:** On final passage, April 1 — 26-4 (Burton, Fraser, Hall, and Huffines)
- WITNESSES:** For — Steve Bresnen, Association of Dental Support Organizations; Bill Bingham, Texas Dental Association; (*Registered, but did not testify:* David Mintz, Texas Academy of General Dentistry; Tyler Rudd, Texas Academy of Pediatric Dentistry; Jim Rudd, Texas Society of Oral Maxillofacial Surgeons)
- Against — None
- On — (*Registered, but did not testify:* Nycia Deal, Texas State Board of Dental Examiners)
- DIGEST:** SB 519 would require certain businesses to register with and provide information to the secretary of state, create a penalty for non-compliant businesses, and require the secretary to share information with the State Board of Dental Examiners.
- Under the bill, “dental support organization” (DSO) would mean an entity that agreed to provide two or more business support services to a licensed dentist, including marketing, regulatory compliance, or financial services.
- The bill would require DSOs to register with the secretary of state and pay a fee by January 31 every year. DSOs would not be required to register before February 1, 2016. The registration would have to include:

- the name and business address of the DSO and each dentist for whom it agreed to provide two or more business support services;
- the name of each person, including dentists, who owned 10 percent or more of the DSO; and
- a list of business support services provided to each dentist.

An organization that began providing two or more business support services to a dentist after January 31 of any year would be required to register as a DSO with the secretary of state within 90 days of the execution date of an agreement. The DSO would be required to file a corrected registration each quarter as necessary.

The bill would not apply to:

- an accountant providing only accounting services;
- an attorney providing only legal counsel;
- an insurance company or agent providing only insurance policies to a business; and
- entities providing only investment and financial advisory services.

Any person who failed to file a required original or corrected registration would be liable for a civil penalty to the state. The attorney general would be required to file a lawsuit to collect the penalty, which could not exceed \$1,000. Each day a violation continued or occurred would be considered a separate violation.

The secretary of state would be required to share the information collected from the filed registrations with the State Board of Dental Examiners according to an interagency memorandum between the two entities.

The bill would change certain definitions in Occupations Code, ch. 254, related to DSOs to conform to the definitions contained in this bill.

The bill would take effect September 1, 2015.

**SUPPORTERS
SAY:**

SB 519 would provide necessary transparency to protect dental patients. While dental support organizations (DSOs) do not participate in the practice of dentistry, some have raised concerns regarding undue influence certain organizations may have exercised over dentists and their practices. The State Board of Dental Examiners does not have authority to regulate DSOs, and this bill would not create that authority. The bill would provide the board with important information on the identity of DSOs and who owns them, which would help the board in investigating any potential claims of unlawful behavior. It would provide a simple solution to a legitimate problem.

**OPPONENTS
SAY:**

SB 519 would create a new regulatory class by requiring DSOs to register with and pay a fee to the secretary of state. It would expand regulations to include DSOs and force them to pay a fee even though they do not engage in the practice of dentistry. This could stifle the innovation and efficiency DSOs bring to the practice of dentistry through their business support services.