

BILL ANALYSIS

Senate Research Center

S.B. 519
By: Schwertner
Health & Human Services
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Dental support organizations (DSOs) provide business support services to dentists. Examples of business support services include: the provision of office space, furnishings, and equipment; regulatory compliance; inventory or supplies; information systems; marketing and advertising; financial services; accounting, bookkeeping, or monitoring or payment of accounts receivable; payroll or benefits administration; billing and collection for services; reporting and payment of federal or state taxes; and insurance services.

The 83rd Legislature instructed the State Board of Dental Examiners (TSBDE) to survey its licensees and collect pertinent information about DSOs in order to assess their impact on the practice of dentistry in Texas.

S.B. 519 requires DSOs to register annually with the secretary of state and provide basic information such as the names and addresses of the DSO and each licensed dentist with which it contracts to provide business support services. The bill also permits TSBDE to access the information collected under the Act via interagency memorandum.

S.B. 519:

- Amends the Occupations Code section related to surveys conducted by TSBDE to remove a conflicting definition of "DSO."
- Requires DSOs to identify which business support services they provide to dentists.

S.B. 519 amends current law relating to the registration of dental support organizations, imposes a fee, requires an occupational registration, and provides a civil penalty.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subtitle A, Title 5, Business & Commerce Code, by adding Chapter 73, as follows:

CHAPTER 73. REGISTRATION OF DENTAL SUPPORT ORGANIZATIONS

Sec. 73.001. DEFINITIONS. Defines "business support services," "dental support organization," and "dentist" in this chapter.

Sec. 73.002. REGISTRATION REQUIRED. (a) Requires a dental support organization to annually register with the secretary of state (SOS).

(b) Provides that a dental support organization's registration under this section is considered registration of any subsidiary, contractor, or affiliate of the dental support organization through or with which the dental support organization provides business support services.

Sec. 73.003. EXEMPTIONS. Provides that this chapter does not require registration by:

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

Sec. 73.004. CONTENTS OF REGISTRATION; FEE. (a) Requires that the registration required by Section 73.002 include:

- (1) the name and business address of the dental support organization;
- (2) the name and business address of each dentist in this state with which the dental support organization has entered into an agreement to provide two or more business support services;
- (3) the name of each dentist who owns 10 percent or more of the dental support organization;
- (4) the name of each person who is not a dentist and owns 10 percent or more of the dental support organization; and
- (5) a list of all business support services provided to each dentist.

(b) Requires that a registration and each corrected registration be accompanied by a fee set by SOS in an amount necessary to recover the costs of administering this chapter.

(c) Provides that a registration or corrected registration is not effective until the dental support organization pays the fee required by this section.

Sec. 73.005. TIMING OF REGISTRATION; CORRECTION REQUIRED. (a) Requires that the registration required by Section 73.002, except as provided by Subsection (b), be filed with SOS not later than January 31 of each year for which the registration is effective.

(b) Requires a dental support organization that initially meets the requirement for registration under Section 73.002 after January 31 to file the registration required by that section not later than the 90th day after the date an agreement to provide business support services is executed.

(c) Requires a dental support organization to file a corrected registration each quarter as necessary.

Sec. 73.006. FAILURE TO FILE REGISTRATION OR CORRECTION. (a) Provides that a person who fails to file a registration or a corrected registration as required by this chapter is liable to the state for a civil penalty in an amount not to exceed \$1,000.

(b) Provides that each day a violation continues or occurs is a separate violation for the purpose of imposing the civil penalty.

(c) Requires the attorney general to file suit to collect the civil penalty provided by this section. Authorizes the suit to be filed in Travis County or any county where the dental support organization provides business support services.

Sec. 73.007. INTERAGENCY MEMORANDUM. Requires SOS and the State Board of Dental Examiners (TSBDE) to enter into an interagency memorandum to share the information collected by SOS under this chapter with TSBDE.

Sec. 73.008. APPLICABILITY. Provides that this chapter does not limit nonclinical business support services that may be provided to a dentist by a dental support organization.

SECTION 2. Amends Section 254.019, Occupations Code, by amending Subsections (a), (b), and (c), as follows:

(a) Redefines "business support services" and "dental support, rather than service, organization" in this section.

(b) Requires TSBDE to collect the following information from dentists licensed by TSBDE in conjunction with the issuance and renewal of each dental license:

(1)-(3) Makes no change to these subdivisions;

(4) whether the license holder contracts or enters into an agreement for business support services with a dental support organization, rather than whether the license holder is employed by or contracts with a dental service organization, and, if so, the name and address of the dental support organization, rather than dental service organization;

(5) and (6) Changes references to dental service organization to dental support organization; and

(7) if the license holder owns all or part of a dental support organization, whether the license's holder's practice, rather than that whether that practice, is party to a dental support agreement and, if so, the name and address of the dental support organization that provides services under the agreement. Makes conforming changes.

(c) Changes a reference to dental service organization to dental support organization and changes a reference to dental services to business support services.

SECTION 3. Provides that, notwithstanding Section 73.002, Business & Commerce Code, as added by this Act, a dental support organization is not required to register under that section before February 1, 2016.

SECTION 4. Effective date: September 1, 2015.