

**SUBJECT:** Allowing podiatrists and physicians to form business organizations

**COMMITTEE:** Public Health — favorable, without amendment

**VOTE:** 5 ayes — Gray, Capelo, Maxey, McClendon, Uresti  
0 nays  
4 absent — Coleman, Delisi, Glaze, Hilderbran

**WITNESSES:** For — Mark Hanna, Texas Podiatric Medical Association  
Against — None

**BACKGROUND:** 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 that require a license that is not lawfully granted to corporations.

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 to carry on as co-owners a business for profit.

**DIGEST:** HB 1572 would authorize physicians (doctors of medicine and osteopathy) and podiatrists to form limited liability companies, non-profit corporations and partnerships. The Board of Medical Examiners and the Board of Podiatric Medical Examiners would retain their authority over the respective licenses of the doctors and the podiatrists who form such organizations.

HB 1572 would allow physicians and podiatrists to jointly own professional limited liability companies, partnerships, and non-profit organizations 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:**

HB 1572 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, which puts podiatrists at a disadvantage because their practice is limited to the feet.

By allowing podiatrists to organize limited liability companies, non-profit corporations, and partnerships with doctors, HB 1572 would bring podiatrists into a fuller range of organizations that contract with MCOs and increase the availability of providers and services to MCO enrollees. Although doctors of medicine (MDs) and osteopathy (DOs) can care for feet, they do not have the specialized focus and experience that podiatrists offer. By gaining access to reimbursement through participation in a network, podiatrists also would be better able to sustain their livelihood and compete in an evolving health care market.

There would be no risk to the state by allowing doctors and podiatrists to form limited liability companies, non-profit organizations, and partnerships. Podiatrists would not be expanding their scope of practice nor relinquishing any authority to a physician, and they still would be regulated by the Board of Podiatric Examiners. Last session, the Legislature enacted HB 1149, which authorized doctors and podiatrists to form a professional association, and there have been no negative consequences.

**OPPONENTS  
SAY:**

No apparent opposition.

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NOTES:

A similar bill, SB 871 by Barrientos, was reported favorably, without amendment, by the Senate Health Services Committee on March 31 and was recommended for placement on the Local and Uncontested Calendar.