

**SUBJECT:** Licensing requirements for personal emergency alarm systems companies

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

**VOTE:** 6 ayes — Delisi, Laubenberg, Dawson, Jackson, Truitt, Zedler

0 nays

3 absent — Coleman, McReynolds, Solis

**SENATE VOTE:** On final passage, April 7 — 26-0

**WITNESSES:** For — Dave England, Bobby Zugg, Texas Independent Medical Alert Association; Bill Pewitt, Lifeline Systems, Inc.

Against — None

On — Stephen Mills, Department of State Health Services

**BACKGROUND:** Companies selling and installing personal emergency alarm systems — medical alerts that people may have installed in their homes to contact help in case of a fall or other medical emergency — are regulated by the Department of State Health Services, mostly by rule.

**DIGEST:** SB 568 would require a person or company offering personal emergency alarm systems to hold a license. It would not apply to government employees, hospitals, or law enforcement.

To obtain a biennial license, an applicant would have to be over 18 years old and could not have been convicted of a class A misdemeanor or greater offense without pardon or a class B misdemeanor within the past five years. The applicant also could not have been found incompetent, suffering from habitual drunkenness or addicted to drugs or have been discharged from the military without an honorable discharge. An applicant also could be denied if convicted of a class B misdemeanor more than five years ago.

The license application would have to include identifying information of the applicant and any partners, including social security number and fingerprints from the applicant and any shareholder with more than a 25 percent stake, a business description and qualifying experience, and a Department of Public Safety report of any class B misdemeanor or greater offenses. DSHS would perform a background check, including a federal background check.

Licensees would have to carry a general liability insurance policy or equivalent insurance and file a certificate of insurance with the Department of State Health Services. Failure would result in suspension of a license. The general liability policy would be \$100,000 for bodily injury, \$50,000 for personal injury, and \$200,000 aggregate.

Companies would have to designate a single manager who would hold a license and who had not been subject to disciplinary action. Owners, shareholders, installers, salespeople, or others who could enter a client's home also would have to register biennially with the Department of State Health Services (DSHS). Registrants would have to submit identifying and background information, and DSHS would have to conduct a criminal background check to verify that the registrant had not been convicted of a crime that would make the registrant ineligible for licensure.

Political subdivisions would be prohibited from offering alarm systems if they already did not offer them on September 1, 1999, were not smaller than 80,000 residents, or where other services did not exist. Fees could not exceed the cost of monitoring. They would not be prohibited from offering systems in connection with a criminal investigation, on property owned by the subdivision, or in other law enforcement capacities.

Licensees would be exempt from authorization, fee, tax, or bond requirements for municipal, county or other political subdivision work. The political subdivision could collect a reasonable fee for the use of a central alarm installation in a police office and an inspection fee for or suspension of a device that caused multiple false alarms.

The bill would create offenses and establish penalties. It would be a third-degree felony (two to 10 years in prison and an optional fine of up to \$10,000) to falsify knowingly fingerprints or photographs submitted to DSHS or have multiple violations and a class A misdemeanor (up to one year in jail and/or a maximum fine of \$4,000) to violate or contract with a

person who was in violation of the requirements. A violation also could be punishable by a \$5,000 a day civil penalty and an administrative penalty of between \$50 and \$5,000, depending on the violation.

HHSC would set fees at a level needed to administer alarm system company licensing and establish the forms, processes, and continuing education requirements for licensure. Standard renewal terms, grounds for disciplinary action, disciplinary processes, hearings, appeals, and enforcement terms would apply. Information about alarm systems would be confidential and could not be disclosed.

The bill would take effect September 1, 2005.

**SUPPORTERS  
SAY:**

SB 568 would codify the existing DSHS rules governing personal alarm systems companies. The department and the industry have worked closely together to develop a licensing and regulatory structure that would permit the efficient operation of businesses and protect the public's interests.

**OPPONENTS  
SAY:**

The FBI background check requirement would be overkill. A Department of Public Safety check would be sufficient.