

By: Hinojosa

S.B. No. 613

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of the practice of veterinary medicine;
increasing a civil penalty.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 801.002, Occupations Code, is amended by
amending Subdivisions (1) and (1-a) and adding Subdivisions (1-b)
and (1-c) to read as follows:

(1) "Affiliate" means a legal entity that directly or
indirectly controls, is controlled by, or is under common control
with another legal entity or that shares common branding with
another legal entity by means of:

(A) the ownership of, or the power to vote, more
than 25 percent of the outstanding shares or participation shares
of any class of voting security of a legal entity;

(B) the power to control in any manner the
election of a majority of the directors of, or individuals
exercising similar functions with respect to, a legal entity; or

(C) the power to exercise in any manner a
controlling influence over the management or policies of a legal
entity, including by ownership of equity or securities or by
contract.

(1-a) "Board" means the State Board of Veterinary
Medical Examiners.

(1-b) "Business entity" means an entity recognized by

1 law through which business for profit is conducted, including:

2 (A) a private equity firm, service management
3 organization, sole proprietorship, corporation, limited or general
4 partnership, limited liability company, limited liability
5 partnership, business trust, investment asset manager, real estate
6 investment trust, joint venture, joint stock company, holding
7 company, receivership, firm, organization, estate, association, or
8 other entity or successor in interest recognized by law through
9 which business for profit is conducted; and

10 (B) a wholly owned subsidiary, majority-owned
11 subsidiary, parent company, or affiliate of an entity or
12 association described by Paragraph (A).

13 (1-c) [~~(1-a)~~] "Certified veterinary assistant" means
14 a person who has been certified as a certified veterinary assistant
15 by the Texas Veterinary Medical Association and is employed by a
16 licensed veterinarian.

17 SECTION 2. Section 801.352, Occupations Code, is amended by
18 amending Subsection (a) and adding Subsections (c-1) and (e) to
19 read as follows:

20 (a) The professional services of a veterinarian may not be
21 controlled or exploited, including by contract, by a person who:

22 (1) is not a veterinarian; and

23 (2) intervenes between the veterinarian and the
24 veterinarian's client.

25 (c-1) Unless each owner, partner, or shareholder, as
26 appropriate, of a business entity holds a license to practice
27 veterinary medicine issued under this chapter:

1 (1) for purposes of Subsection (a), the business
2 entity is considered a person who is not a veterinarian; and

3 (2) for purposes of Subsections (b) and (c), the
4 business entity is considered a person who does not hold a license
5 to practice veterinary medicine.

6 (e) For purposes of this section:

7 (1) conduct prohibited by Section 801.506(b) is
8 considered to be an intervention with respect to a veterinarian's
9 practice of veterinary medicine; and

10 (2) a contract or other arrangement between a
11 veterinarian and another person that provides the person with a
12 controlling influence over the veterinarian's practice of
13 veterinary medicine, including by authorizing any conduct
14 prohibited by Section 801.506(b), is considered to be submission to
15 interference with the practice of veterinary medicine.

16 SECTION 3. Subchapter H, Chapter 801, Occupations Code, is
17 amended by adding Section 801.3525 to read as follows:

18 Sec. 801.3525. CERTAIN CONTRACTS AND CONTRACT PROVISIONS
19 PROHIBITED. (a) A contract between a veterinarian and a private
20 equity firm, or a person owned or controlled in any manner or to any
21 extent by a private equity firm, that involves either the
22 furnishing of business or management services to the veterinarian
23 or the purchase of property related to the veterinarian's practice
24 may not include a provision that prohibits the veterinarian from:

25 (1) competing with another veterinarian in which the
26 private equity firm or person has a financial interest; or

27 (2) disparaging or commenting on any issues involving

1 the quality of care, utilization of care, ethical or professional
2 standards or guidelines, or revenue-increasing strategies employed
3 or influenced by the private equity firm or person.

4 (b) A contract provision described by Subsection (a) is
5 void.

6 (c) A veterinarian may not enter into a contract described
7 by Section 801.506(b)(15) with a private equity firm or a person
8 owned or controlled in any manner or to any extent by a private
9 equity firm. A contract described by this subsection is void.

10 SECTION 4. Section 801.354, Occupations Code, is amended to
11 read as follows:

12 Sec. 801.354. AUTHORIZED BUSINESS PRACTICES. (a) It is not
13 a violation of this chapter for a veterinarian, or a business entity
14 authorized under this chapter to render veterinary services, to, in
15 connection with providing veterinary services:

16 (1) lease space for the purpose of providing
17 veterinary services;

18 (2) pay for franchise fees [~~or other services~~] on a
19 percentage-of-receipts basis; [~~or~~]

20 (3) sell, transfer, or assign accounts receivable to a
21 lending institution;

22 (4) repair, renovate, or replace any facility,
23 information system, or medical equipment owned or leased by the
24 veterinarian or business entity;

25 (5) provide accounting, financial planning, payroll,
26 bookkeeping, budget, investment, billing and collection, tax
27 compliance, or similar financial services;

1 (6) provide clerical, reception, secretarial,
2 messaging, scheduling, boarding, cleaning, or similar services;

3 (7) provide advertising, marketing, or public
4 relations services in compliance with rules adopted by the board;

5 (8) provide contract negotiation, drafting, or
6 similar legal services;

7 (9) assist in recruiting, training, including
8 continuing education, or legal and logistical peer review services;

9 or

10 (10) provide insurance, purchasing, or claims
11 services.

12 (b) The payment or receipt of consideration for services
13 described by Subsection (a) that is based on a percentage of gross
14 revenue, or a similar type of contract, is not a violation of this
15 chapter if the consideration is commensurate with:

16 (1) the value of the services provided; or

17 (2) the fair rental value of any space leased or
18 provided.

19 SECTION 5. Section 801.402, Occupations Code, is amended to
20 read as follows:

21 Sec. 801.402. GENERAL GROUNDS FOR LICENSE DENIAL OR
22 DISCIPLINARY ACTION. A person is subject to denial of a license or
23 to disciplinary action under Section 801.401 if the person:

24 (1) presents to the board dishonest or fraudulent
25 evidence of the person's qualifications;

26 (2) commits fraud or deception in the examination
27 process or to obtain a license;

1 (3) is chronically or habitually intoxicated,
2 chemically dependent, or addicted to drugs;

3 (4) engages in dishonest or illegal practices in, or
4 connected with, the practice of veterinary medicine or the practice
5 of equine dentistry;

6 (5) is convicted of a felony under the laws of this
7 state, another state, or the United States;

8 (6) engages in practices or conduct that violates this
9 chapter, a rule adopted by the board, or the board's rules of
10 professional conduct;

11 (7) permits another to use the person's license to
12 practice veterinary medicine or to practice equine dentistry in
13 this state;

14 (8) fraudulently issues a health certificate,
15 vaccination certificate, test chart, or other form used in the
16 practice of veterinary medicine or the practice of equine dentistry
17 that relates to the presence or absence of animal disease;

18 (9) issues a false certificate relating to the sale
19 for human consumption of inedible animal products;

20 (10) commits fraud in connection with the application
21 or reporting of a test of animal disease;

22 (11) pays or receives a kickback, rebate, bonus, or
23 other remuneration for treating an animal or for referring a client
24 to another provider of veterinary or equine dental services or
25 goods;

26 (12) performs or prescribes unnecessary or
27 unauthorized treatment;

1 (13) orders a prescription drug or controlled
2 substance for the treatment of an animal without first establishing
3 a veterinarian-client-patient relationship;

4 (14) refuses to admit a board representative to
5 inspect the person's client and patient records and business
6 premises during regular business hours;

7 (15) fails to keep the person's equipment and business
8 premises in a sanitary condition;

9 (16) commits gross malpractice or a pattern of acts
10 that indicate consistent malpractice, negligence, or incompetence
11 in the practice of veterinary medicine or the practice of equine
12 dentistry;

13 (17) is subject to disciplinary action in another
14 jurisdiction, including the suspension, probation, or revocation
15 of a license to practice veterinary medicine or to practice equine
16 dentistry issued by another jurisdiction;

17 (18) is convicted for an offense under Section [42.09](#),
18 [42.091](#), or [42.092](#), Penal Code;

19 (19) represents the person as a veterinarian without a
20 license issued under this chapter;

21 (20) practices veterinary medicine or assists in the
22 practice of veterinary medicine without a license issued under this
23 chapter, including by directly or indirectly aiding or abetting an
24 unlicensed person in connection with the practice of veterinary
25 medicine without the appropriate license; or

26 (21) violates Section [801.353](#) or a rule adopted by the
27 board related to confidentiality.

1 SECTION 6. Section 801.502, Occupations Code, is amended by
2 adding Subsections (c) and (d) to read as follows:

3 (c) Violation of an injunction issued under this section may
4 be punished as contempt. Instead of the fine authorized by Section
5 21.002(b), Government Code, the punishment for contempt under this
6 section is a fine of not more than \$1,000 for each day the violation
7 of the injunction continues.

8 (d) A district or county attorney who prevails in an action
9 brought under this section may recover reasonable attorney's fees
10 and court costs.

11 SECTION 7. Section 801.503, Occupations Code, is amended by
12 amending Subsections (a) and (b) and adding Subsections (c) and (d)
13 to read as follows:

14 (a) A person not licensed under this chapter, including a
15 corporation, organization, business trust, estate, trust,
16 partnership, association, or other legal entity, who violates this
17 chapter or a rule adopted by the board under this chapter is subject
18 to a civil penalty of \$5,000 [~~\$1,000~~] for each day of violation.

19 (b) The attorney general or a district or county attorney
20 may bring an action to recover a civil penalty authorized by this
21 section. At the request of the board, the attorney general shall
22 bring the [~~an~~] action [~~to recover a civil penalty authorized by this~~
23 ~~section~~].

24 (c) The venue provisions of Section 801.502(b) apply to an
25 action brought against a person subject to the civil penalty under
26 this section.

27 (d) A district or county attorney who prevails in an action

1 brought under this section may recover reasonable attorney's fees
2 and court costs.

3 SECTION 8. Section 801.504(a), Occupations Code, is amended
4 to read as follows:

5 (a) A person, including an entity, commits an offense if the
6 person violates this chapter or a rule adopted by the board under
7 this chapter.

8 SECTION 9. Subchapter K, Chapter 801, Occupations Code, is
9 amended by adding Section 801.5045 to read as follows:

10 Sec. 801.5045. DUTY TO PROVIDE EVIDENCE OF CRIMINAL
11 OFFENSE. Notwithstanding Section 801.207, the board shall provide
12 to the appropriate prosecuting attorney a copy of any evidence in
13 the board's possession of an offense under Section 801.504.

14 SECTION 10. Sections 801.506(a) and (b), Occupations Code,
15 are amended to read as follows:

16 (a) A business entity [~~sole proprietorship, partnership, or~~
17 ~~corporation~~] may not engage in veterinary medicine unless each
18 [~~the~~] owner, [~~each~~] partner, [~~or each~~] shareholder, director, or
19 officer, as appropriate, holds a license to practice veterinary
20 medicine issued under this chapter.

21 (b) A business entity [~~corporation, organization, business~~
22 ~~trust, estate, trust, partnership, association, or other legal~~
23 ~~entity~~] not owned exclusively by one or more persons licensed to
24 practice veterinary medicine under this chapter may not:

25 (1) engage in veterinary medicine;

26 (2) employ a veterinarian to practice veterinary
27 medicine;

1 (3) determine the compensation of a veterinarian for
2 the practice of veterinary medicine;

3 (4) determine the fees or other amounts to be charged
4 by a veterinarian for the veterinarian's practice of veterinary
5 medicine;

6 (5) determine the number of patients a veterinarian
7 may see in a specified time or the number of hours a veterinarian
8 may work;

9 (6) determine the amount of time a veterinarian may
10 spend with a patient;

11 (7) own a drug, biologic, anesthetic, apparatus, or
12 other therapeutic or diagnostic substance or technique used in the
13 practice of veterinary medicine, unless owned in compliance with
14 applicable state or federal law;

15 (8) own or otherwise determine the content of patient
16 and business records of a veterinarian in violation of Section
17 [801.355\(f\)](#);

18 (9) mandate compliance with specific professional
19 standards, protocols, or practice guidelines relating to the
20 practice of veterinary medicine;

21 (10) place limitations or conditions on
22 communications the subject of which are primarily clinical between
23 a veterinarian and the veterinarian's clients;

24 (11) require a veterinarian to make a referral to
25 another provider of veterinary or equine dental services or goods
26 in violation of Section [801.402](#);

27 (12) reduce or delay any financial benefit owed to or

1 institute any adverse change to the working conditions of a
2 veterinarian in response to the veterinarian reporting a violation
3 of a law regulating the practice of veterinary medicine;

4 (13) require a veterinarian to violate Section 801.353
5 or a rule adopted by the board related to the confidential
6 relationship between the veterinarian and the veterinarian's
7 client;

8 (14) determine the coding and billing procedures for
9 the veterinarian's practice of veterinary medicine;

10 (15) enter into a contract with a veterinarian to
11 provide business or management services in exchange for a
12 percentage of revenue received directly or indirectly from:

13 (A) the performance of a veterinary service by
14 the veterinarian;

15 (B) the collection of the veterinarian's
16 accounts receivable; or

17 (C) fees or other amounts to be charged by the
18 veterinarian or passed through by the veterinarian directly or
19 indirectly to a client or insurer covering veterinary services;

20 (16) set conditions under which a veterinarian is
21 legally obligated to enter into a contract with a vendor or insurer;

22 (17) set conditions under which a veterinarian is
23 legally obligated to enter into a contract with another
24 veterinarian for the delivery of care; or

25 (18) exercise control over, exploit, be delegated the
26 power to approve, intervene in, or interfere with, a
27 veterinarian's:

1 (A) selection or use of a type or quality of
2 medical supplies, medical equipment, or pharmaceuticals in the
3 practice of veterinary medicine;

4 (B) professional medical judgment regarding the
5 health of an animal patient; or

6 (C) practice of veterinary medicine.

7 SECTION 11. Chapter 801, Occupations Code, as amended by
8 this Act, applies only to a contract entered into or renewed on or
9 after the effective date of this Act. A contract entered into or
10 renewed before the effective date of this Act is governed by the law
11 in effect on the date the contract was entered into or renewed, and
12 the former law is continued in effect for that purpose.

13 SECTION 12. Chapter 801, Occupations Code, as amended by
14 this Act, applies only to conduct that occurs on or after the
15 effective date of this Act. Conduct that occurs before the
16 effective date of this Act is governed by the law in effect on the
17 date the conduct occurred, and the former law is continued in effect
18 for that purpose.

19 SECTION 13. This Act takes effect September 1, 2025.