

By: Hinojosa of Hidalgo

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.

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

- (1) engage in veterinary medicine;
- (2) employ a veterinarian to practice veterinary 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.