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I.D. # 40069

Opinion Committee

VIA Certified Mail
Article No: Z 732 306 909

RE: Opinion Request

RQ-1086

Dear General Morales:

Recently several corporate entities have attempted to enter into business arrangements with practicing veterinarians such that the arrangements employed have not previously been seen by the Texas State Board of Veterinarian Medical Examiners. These arrangements raise the following questions:

Question 1:

A corporation, not owned exclusively by veterinarians, buys an established veterinary clinic consisting of land, buildings, all the equipment, goodwill, trade name, business records, patient records, and drug inventory. Regardless of the relationship between the corporation and an unrelated veterinarian who will practice at the location, is the corporation's ownership of the clinic the practice of veterinary medicine prohibited by the Veterinary Licensing Act whenever animals are treated by a veterinarian at the clinic?

Question 2:

Assuming that a corporation not owned exclusively by veterinarians owns only that much of a veterinary practice as permitted by law, may that corporation enter into a "management agreement" with a veterinarian to operate the practice without violating the provisions of the Veterinarian Licensing Act, where the corporation:

- 1) receives a percentage of veterinarian's gross receipts,
- 2) is assigned all accounts of the veterinarian,
- 3) determines amount of veterinarian's time-off,

- 4) has approval of relief veterinarian,
- 5) requires veterinarian to deliver to it all patient records,
- 6) sets fees for all procedures,
- 7) requires veterinarian to carry liability insurance naming corporation as third party beneficiary, and
- 8) employs all office and technical staff

Question 3:

Assuming that a corporation not owned exclusively by veterinarians owns only that much of a veterinary practice as permitted by law, may that corporation enter into a "independent contractor agreement" with a veterinarian to operate the practice, without violating the provisions of the Veterinarian Licensing Act, where the corporation:

- 1) pays for the veterinarian's employee benefits (health insurance, retirement, etc.),
- 2) withholds the veterinarian's income and social security taxes,
- 3) sets the time periods that the veterinarian is at the clinic,
- 4) sets the time period allowed for each examination,
- 5) has sole authority to determine which patient-client may make an appointment and when, and
- 6) establishes a drug protocol

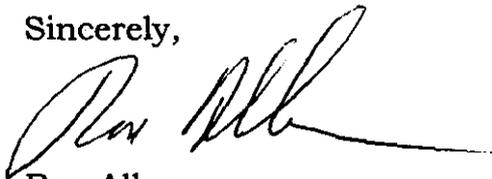
Question 4:

If any of these arrangements violate the provisions of the Veterinary Licensing Act, what action may the Board take against the veterinarian and/or the corporate entity?

Please provide the Board with an opinion under the provisions of TEX.GOV. CODE §402.042 (Vernon 1990). I have attached the Board's Brief for your consideration.

Should you have any questions, please call me at 305-7555.

Sincerely,



Ron Allen
Executive Director