

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1468 (Delegates Hayes and Mautz)  
Health and Government Operations

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**State Board of Dental Examiners - Ownership, Management, and Operation of a  
Dental Practice**

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This bill requires a dental practice to be owned, managed, or operated only by a licensed dentist. Specified entities are exempt from this requirement, and an unlicensed person is authorized to conduct specified activities relating to a dental practice. The bill also authorizes a licensed dentist's heir to serve as the temporary owner of a dental practice under specified circumstances. The bill alters the definition of "practice dentistry." It also adds a new grounds for disciplinary action, prohibits a person from aiding or abetting the unauthorized practice of dentistry, establishes associated penalties, and enhances existing specified penalties. The State Board of Dental Examiners is authorized to issue cease and desist letters and assess civil fines for specified violations. The Department of Health and Mental Hygiene (DHMH) has to include an evaluation of an exemption from the dental practice ownership requirements in its Oral Health Safety Net Program annual report.

The bill generally takes effect July 1, 2016; however, the new prohibition (against aiding or abetting the unauthorized practice of dentistry), cease and desist authority, civil fine authority, and new and enhanced criminal penalty provisions take effect July 1, 2017. DHMH's new evaluation requirement terminates June 30, 2020.

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**Fiscal Summary**

**State Effect:** Potential minimal increase in general fund revenues from new civil fines. The new and enhanced criminal penalty provisions likely do not have a material impact on State finances or operations. The board can handle any increase in disciplinary action, and DHMH can handle the bill's evaluation requirement within existing budgeted resources.

**Local Effect:** The new and enhanced criminal penalty provisions likely do not have a material impact on local government finances or operations.

**Small Business Effect:** Potential meaningful as discussed below.

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## Analysis

### Bill Summary:

*Provisions of the Bill Effective July 1, 2016:* The bill alters the definition of “practice dentistry” to encompass being an owner, a manager, or an operator in any place in which a dental service or dental operation is performed intraorally; the bill repeals being a proprietor or conductor from this definition. “Practice dentistry” includes (1) patient evaluation, diagnosis, and determination of treatment plans; (2) determination of or influence on treatment options, including which specified materials and equipment should be used and where to obtain the materials and equipment; (3) determination and establishment of patient protocols, standards, and practice guidelines; and (4) any other decision that affects patient care and treatment.

Ownership, management, and operation of a dental practice includes (1) hiring, supervision, or termination of dentists, dental hygienists, and dental assistants; (2) direct supervision over training for dental hygienists and dental assistants; (3) preparation, ownership, or control of treatment records; and (4) ethical sharing of dental practice income, revenues, profits, or fees.

If a licensed dentist who was the owner of a dental practice dies and did not provide for the disposition of the dental practice, the licensed dentist’s heir may serve as an owner, regardless of whether the heir is a licensed dentist, for up to one year after the licensed dentist’s death. The State Board of Dental Examiners may extend this one-year period for up to six months to allow the heir sufficient time to sell or otherwise dispose of the dental practice. During this temporary ownership period, all patient care must be provided by an appropriately licensed professional. The heir’s temporary ownership may not affect the exercise of independent judgment of a licensed dentist who provides care at the dental practice.

Unlicensed persons may perform specified administrative activities, including owning or leasing real property or equipment used by a dental practice; bookkeeping, accounting, and tax preparation; payroll and billing services; advertising and marketing; information technology procurement; human resources; general office or property management and maintenance; and risk assessment.

The bill’s requirements relating to the ownership or management of a dental practice do not apply to specified entities, including specified clinics, a government agency, specified

nonprofit organizations, and a dental practice in which at least 75% of its patients on whom procedures are performed during the calendar year are Medicaid eligible. However, dentists, dental hygienists, dental assistants, and dental technicians employed by these exempt entities are still subject to licensure requirements and the authority of the State Board of Dental Examiners.

The bill adds the acceptance or tender of rebates or split fees as additional grounds for discipline for licensed dentists. In an action brought by the State Board of Dental Examiners against a licensed dentist, the dentist may not raise as a defense that a duty or obligation was delegated or assigned to a third party.

In its annual evaluation report on the Oral Health Safety Net Program, DHMH must include information relating to the bill's exception for dental practices that offer dental services to Medicaid-eligible patients from the bill's ownership and management provisions.

*Provisions of the Bill Effective July 1, 2017:* In addition to any other penalties or disciplinary action authorized, the board may issue a cease and desist order for conduct in violation of the ownership requirements established by the bill, as well as practicing dentistry or dental hygiene without a license, aiding or abetting the unauthorized practice of dentistry or dental hygiene, misrepresentation, specified practice limitations, dental laboratory work, or any other conduct that is grounds for discipline under existing law.

A person who practices or attempts to practice dentistry without a license, aids or abets the unauthorized practice of dentistry, or misrepresents authorization to practice dentistry is guilty of a felony and on conviction is subject to a fine of up to \$5,000 or imprisonment for up to one year for a first offense, or a fine of up to \$20,000 *per day* or imprisonment for up to five years for a subsequent offense. The board may also assess a civil fine of up to \$50,000 for these violations in accordance with board regulations. These provisions do not apply to a person whose license has lapsed for a period of six months or less.

The bill specifies that a person whose license has lapsed for a period of six months or less is not subject to the existing criminal penalties for practicing or attempting to practice dental hygiene without a license, aiding or abetting the unauthorized practice of dental hygiene, or misrepresenting authorization to practice dental hygiene. However, the board may also assess a civil fine of up to \$50,000 for these violations in accordance with board regulations; again, the civil fine may not be assessed against a person whose license to practice dental hygiene has lapsed for a period of six months or less.

A person who violates specified provisions relating to dental laboratory work is guilty of a felony and on conviction is subject to a fine of up to \$2,000 *per day* or imprisonment for up to two years.

**Current Law:** Under the Health Occupations Article, individuals must obtain a license from the State Board of Dental Examiners in order to practice dentistry. “Practice dentistry” encompasses being a manager, proprietor, or conductor of or an operator in any place in which a dental service or operation is performed intraorally.

Dentists are subject to license denials as well as reprimands, probations, suspensions, and revocations on various grounds including fraudulently obtaining or using a license or fraudulently obtaining a fee; committing a felony involving moral turpitude; providing dental services while under the influence of drugs or alcohol; practicing dentistry in a professionally incompetent manner or grossly incompetent manner; having a suspended or revoked license in another state; allowing an unauthorized individual to practice dentistry or dental hygiene under their supervision; behaving dishonorably or unprofessionally; violating rules adopted by the board; and failing to comply with the U.S. Centers for Disease Control and Prevention’s guidelines on universal precautions (except in extreme situations as specified), among other enumerated actions. Dental hygienists are subject to discipline on similar grounds.

The board has the authority to impose a penalty of up to \$5,000 in addition to taking certain disciplinary actions or instead of suspending licenses to practice dentistry. Any such penalties are paid to the general fund.

A person who practices or attempts to practice dentistry without a license or misrepresents to the public regarding the person’s authorization to practice dentistry is guilty of a misdemeanor and on conviction is subject to a fine of up to \$2,000 or imprisonment for up to six months for a first offense, and a fine of up to \$6,000 or imprisonment for up to one year for a subsequent offense.

A person who unlawfully practices or attempts to practice dental hygiene, aids or abets the unauthorized practice of dental hygiene, or misrepresents to the public regarding the person’s authorization to practice dental hygiene is guilty of a misdemeanor and on conviction is subject to a fine of up to \$1,000.

A person who violates specified provisions relating to dental laboratory work is guilty of a misdemeanor and on conviction is subject to a fine of up to \$2,000 or imprisonment for up to six months.

The Oral Health Safety Net Program provides start-up funding to expand oral health capacity for underserved low-income and disabled individuals, including individuals enrolled in the Maryland Medical Assistance Program and in the Maryland Children’s Health Program. DHMH’s Office of Oral Health has to conduct an annual evaluation of the program and report specified information to the Governor and the General Assembly by November 1 of each year.

**Background:** The State Board of Dental Examiners is mandated to protect the public by regulating the practice of dentistry and dental hygiene in Maryland. Among the enumerated duties, the board issues licenses, adopts standards of practice for dentistry, investigates complaints based on alleged violations of regulations and statutes, and disciplines licensees. The board advises that there are 4,250 dentists and 2,958 dental hygienists in the State.

In 2014, the board proposed regulations that would have established that only a dentist may own, manage, conduct, operate, or be the proprietor of a dental practice. Additionally, the regulations would have specified that a person is not prohibited from providing goods or services for the support of the business of a dental practice as long as the person does not (1) provide goods or services in exchange for a percentage or share of revenue or profits of the dental practice or (2) exert authority or control over the clinical practice of dentistry. The regulations would have also specified that the following would not be considered to be exerting control over a dental practice: (1) a lease, mortgage agreement, or other arrangement regarding the use of space for dental offices, based on a nonpercentage fee reasonably related to the fair market value of the office space; or (2) agreements relating to the purchase, sale, financing, or lease of dental equipment, instruments, and supplies as long as the dentist maintained complete control over the instruments and supplies and the agreement did not include a revenue percentage fee. The regulations were not adopted.

Senate Bill 421/House Bill 766 of 2015 would have exempted certain clinics, government agencies, and nonprofit organizations from the authority of the board. Additionally, Senate Bill 887 of 2015 would have (1) removed managers, proprietors, and conductors of or operators in any place in which a dental service or operation is performed intraorally from the definition of “practice dentistry” and (2) exempted specified individuals from State licensure requirements, including those who provide administrative and related services to dental practices. Senate Bill 421 and House Bill 766 were withdrawn. Senate Bill 887 was referred to interim study by the Senate Education, Health, and Environmental Affairs Committee. In response, DHMH convened a stakeholder workgroup to study and make recommendations about ownership of dental practices in Maryland. The workgroup comprised dental providers, nonprofits, dental service organizations, and board representatives and considered which entities should be exempt from ownership requirements, what activities should be performed by a dentist, and what activities could be performed by an unlicensed party.

**Small Business Effect:** The bill requires dental practices to be owned, managed, and operated by licensed dentists. However, persons who are not licensed dentists are authorized to provide specified services for dental practices. The bill also authorizes an heir to temporarily own the dental practice of a licensed dentist who is deceased. Further, the bill adds an additional grounds for discipline, increases existing criminal penalties for several violations of law, and establishes new criminal penalties for persons who aid or

abet the unauthorized practice of dentistry. Violators may also be subject to civil fines, as assessed by the board.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of the Attorney General, Department of Health and Mental Hygiene, Department of Legislative Services

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