

Q1a: What are the two Professional Service Entities allowed under the License Behavior Analyst (LBA) Act and licensed by IDFPR?

A Professional Service Corporation (PSC) is a type of corporation that provides professional services, while a Professional Limited Liability Company (PLLC) is a type of limited liability company that provides professional services.

1. PSC - (060) Professional Service Corporation New Application Checklist
 - o <https://idfpr.illinois.gov/content/dam/soi/en/web/idfpr/forms/online/-060-professional-service-corporation-user-guide.pdf>
2. PLLC - (248) Professional Limited Liability Company New Application Checklist
 - o <https://idfpr.illinois.gov/content/dam/soi/en/web/idfpr/forms/online/-248-limited-liability-company-user-guide.pdf>

Q1 Prior to registering a PLLC with IDFPR, what does the business need to amend with IL SOS via the LLC-5.25 form?

A: Prior to registering a professional LLC with the Illinois Department of Financial and Professional regulations must contain the term Professional Limited Liability Company, PLLC or P.L.L.C. in its name. The specific professional service must also be stated in its purpose, for example, to provide applied behavior analysis services. See details in the checklists above.

Q2 Are there any differences if the non-licensed owner is a spouse?

A: No difference relating to CPOM.

Q3 Does the conversation process from LLC to PLLC involve getting a new Tax ID?

A: It depends on your individual entity structure and complexity of how membership interests are held. Our understanding from IRS guidance is generally no. If you are not changing the structure and moving from a general LLC (example, a mammal) to a PLLC (specifically an elephant), then you are maintaining the same structure and can use the same EIN number. It is different if you are moving from an LLC to a Professional Service Corporation (PSC), which is a change in business structure and may need an EIN change.

Q4 If you are transitioning to MSO, does that mean new insurance contracts and employee agreements, since the new clinician-owned entity is responsible for these pieces? Can you clarify whether this means we need to re-hire our employees?

A: Part of the process in compliance with CPOM is your existing entity, which has the insurer's contracts and provides direct services, would ideally convert to a professional service entity (PLLC/PSC). If you have non-licensed owners and decide to open an MSO, that will be a new LLC or corporation.

Direct service staff (techs and LBA) will need to be employed by the professional service entity and will not need to be re-hired, as the current entity (for example an LLC) structure stays the same and converts to a professional service entity (in the example an PLLC). The professional service entity can employ administrative staff.

In an MSO arrangement, administrative staff is often employed by the new MSO.

Q5 If a PLLC provides ABA services but is owned by a related service licensed professional, not an LBA, is it out of compliance?

Arguably yes, but there are inconsistencies in the law. Current IDFPR guidance says yes. Our group has had discussions with IDFPR; they do not want to be a barrier, and there is work to do based on each related service practitioner's scope of practice and licensure laws. We believe this will be ironed out. The key is to provide services within the scope of practice of your professional license and avoid protected titles if not appropriately licensed.

Q6 Will this be enforced in 2027? Or sooner? We have until 2027 to register with IDFPR?

A: It will not be enforced before January 2027. Yes, you have before January 2027 to register with IDFPR.

Q7 Can S-Corp change to PSC? What is recommended?

A: An S-Corp is an IRS tax designation. A professional service corporation (PSC) as a business entity is a creation of IL state law entity. Most professional corporations are generally taxed as an S-Corp by the IRS. If your corporation is taxed as an S-Corp, that should not change by converting it to a professional service corporation.

Q8 Can an LBA also be an owner of the MSO?

A: Yes. Depending on your circumstances, you do have to manage the arrangement to avoid prohibited self-referrals. Engage an attorney to clean this up to comply with fraud and abuse laws.

Q9 Do you have advice on working with payers if your owner is changing? Will filing amendments to your articles of incorporation require new contracts with payers?

A: This depends on how these payers will execute their processes. In many situations, you can convert your current entities (a mammal) to a more specific entity structure (an elephant) (see answer to Q4) without the need for new payer contracts. Maybe ownership is not changing, just a name change (easy scenario). Needing an EIN change would be a more complicated situation and may require a new insurer contract. ILABA and the Coalition will be engaging payers to have these discussions.

Q10 If you are not currently an LLC with a licensed owner, all the options include changing your EIN and re-contracting with payers?

A: That is not correct in all circumstances. It depends on how you want to pivot. You need a professional service entity with a licensed owner to comply with CPOM.

Q11 If an organization needs to seek legal advice, what is the next step, and what other resources do they need?

A: There seems to be a lot of misinformation, or maybe not enough good information is available. Most likely consulting with a reputable attorney who is familiar with healthcare transactional law and professional licensing. May need to consult with an accountant or tax professional as well. ILABA and the Coalition may have resources for you. Data collection is coming. Recommend consulting with a professional.