

Regular Session, 2013

HOUSE BILL NO. 549

BY REPRESENTATIVES LEGER, ABRAMSON, BARROW, BILLIOT, WESLEY BISHOP, BROSSETT, TIM BURNS, BURRELL, CARTER, CHAMPAGNE, CHANEY, FOIL, GUILLORY, HUNTER, JAMES, LEBAS, LEOPOLD, MORENO, JIM MORRIS, SIMON, ST. GERMAIN, STOKES, THIERRY, AND PATRICK WILLIAMS AND SENATORS BROOME, HEITMEIER, AND MORRELL

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

RESEARCH & DEVELOPMENT: Establishes the MediFund for statewide advancement of biosciences and medical centers of excellence

1 AN ACT

2 To enact R.S. 36:651(CC), 802.23, and Chapter 37-A of Title 51 of the Louisiana Revised

3 Statutes of 1950, to be comprised of R.S. 51:2211 through 2216, and to repeal

4 Chapter 37 of Title 51 of the Louisiana Revised Statutes of 1950, comprised of R.S.

5 51:2201 through 2205, relative to a fund for support of scientific research and

6 development; to establish the MediFund as a special fund for advancement of

7 biosciences and medical centers of excellence; to provide for purposes of the fund;

8 to create and provide for the composition of a governing board for the fund; to

9 provide for duties and authority of the governing board; to provide guidelines for

10 programs and projects to be funded by the MediFund; to establish a termination date

11 for the MediFund; to repeal provisions relative to the Dedicated Research Investment

12 Fund; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 36:651(CC) and 802.23 are hereby enacted to read as follows:

1 §651. Transfer of boards, commissions, departments, and agencies to Department  
2 of Education; boards, commissions, and agencies within Department of  
3 Education

4 \* \* \*

5 CC. The MediFund Board (R.S. 51:2214) is hereby placed within the Board  
6 of Regents and shall exercise and perform its powers, duties, functions, and  
7 responsibilities in the manner provided in R.S. 36:802.23.

8 \* \* \*

9 §802.23. Transfer; MediFund Board

10 The MediFund Board, transferred by the provisions of R.S. 36:651(CC), is  
11 transferred to and placed within the Board of Regents and shall continue to be  
12 composed and selected as provided by law, and shall continue to exercise all of the  
13 powers, duties, functions, and responsibilities provided or authorized by the  
14 constitution or laws which are in the nature of policymaking, rulemaking, regulation,  
15 enforcement, or adjudication and also shall continue to exercise all advisory powers,  
16 duties, functions, and responsibilities provided by law.

17 Section 2. Chapter 37-A of Title 51 of the Louisiana Revised Statutes of 1950,  
18 comprised of R.S. 51:2211 through 2216, is hereby enacted to read as follows:

19 CHAPTER 37-A. LOUISIANA MEDIFUND

20 §2211. Purpose and goals

21 A. The provisions of this Chapter establish the MediFund as a special fund  
22 within the state treasury to support advancement of biosciences and medical centers  
23 of excellence in Louisiana. The governing board of the MediFund shall endeavor to  
24 achieve this purpose by coordinating and deploying public and private resources to  
25 strategically develop and enhance this state's competitiveness in biosciences and  
26 medical centers of excellence.

27 B. The goals of the MediFund shall include all of the following:

28 (1) Create regional and national medical centers of excellence for  
29 biosciences in order to promote destination health care.

1           (2) Contribute to improvement of health outcomes for consumers of health  
2           care services in Louisiana.

3           (3) Support strategic research and clinical partnerships.

4           (4) Facilitate a competitive process for funding program proposals and  
5           projects based on objectively determined potential for positive economic  
6           development impact in terms of job creation and generation of tax revenue.

7           §2212. Definitions

8           As used in this Chapter, the following terms shall have the meanings ascribed  
9           to them below:

10           (1) "Biosciences" means any of the branches of natural science dealing with  
11           the structure and behavior of living organisms, including but not limited to  
12           translational and regenerative research, development, manufacture, testing,  
13           marketing or distribution of pharmaceuticals, biotechnology products, biotechnology  
14           and health-related software, and medical devices that will eventually be used by  
15           health care providers to treat, cure, prevent, or mitigate disease or health conditions.

16           (2) "Board" means the MediFund governing board.

17           (3) "Fund" means the MediFund created by the provisions of this Chapter.

18           §2213. MediFund; creation

19           A. The MediFund, hereafter referred to as the "fund", is hereby created as  
20           a special fund in the state treasury. The source of monies for the fund may include  
21           but shall not be limited to any appropriation by the legislature, including federal  
22           funds; any public or private donations, gifts, or grants from individuals, corporations,  
23           nonprofit organizations, or other business entities; venture capital; and any other  
24           monies which may be provided by law.

25           B. All money received by the fund, except as otherwise provided by Article  
26           VII, Section 9(B) of the Constitution of Louisiana relative to the Bond Security and  
27           Redemption Fund, shall be deposited immediately upon receipt into the state  
28           treasury.

1           C. The monies in the fund shall be invested by the state treasurer in the same  
2           manner as monies in the state general fund. Interest earned on the investment of  
3           monies in the fund shall be credited to the fund following compliance with the  
4           requirements of Article VII, Section 9(B) of the Constitution of Louisiana. All  
5           unexpended and unencumbered monies in the fund at the end of each fiscal year shall  
6           remain in the fund.

7           D. The monies in the fund shall be used solely for the purposes provided in  
8           this Chapter.

9           §2214. Governing board; authority; duties

10           A. There is hereby established within the Board of Regents the MediFund  
11           Board, hereafter referred to as the "board", which shall be composed as provided in  
12           Subsection B of this Section. The commissioner of higher education shall take such  
13           actions as are necessary to have the roster of initial board members compiled on or  
14           before September 1, 2013, and to convene the first meeting of the board on or before  
15           November 1, 2013.

16           B. The board shall be composed of thirteen members, none of whom may be  
17           employed by an entity which is eligible to receive MediFund grants, as follows:

18           (1) One member appointed by the commissioner of higher education.

19           (2) Four members appointed by the governor who each possess significant  
20           experience in bioscience, translational, or regenerative research; or biomedical  
21           administration.

22           (3) One member appointed by the secretary of the Department of Health and  
23           Hospitals.

24           (4) One member appointed by the secretary of the Louisiana Economic  
25           Development.

26           (5) One member appointed by the speaker of the House of Representatives.

27           (6) One member appointed by the president of the Senate.

1           (7) Three members appointed in the number of one member apiece by each  
2           of the following organizations which collectively represent the top three regions of  
3           the state for National Institutes of Health funding amounts:

4           (a) Baton Rouge Area Chamber.

5           (b) Greater New Orleans, Inc.

6           (c) North Louisiana Economic Partnership.

7           (8) One member appointed by the Experimental Program to Stimulate  
8           Competitive Research (EPSCoR) Committee of the Board of Regents.

9           C. Board members shall serve without compensation and shall receive no per  
10          diem.

11          D. A simple majority of the members of a board shall constitute a quorum  
12          for the transaction of business. At its first meeting and annually thereafter with at  
13          least two-thirds of the members present, the board shall elect one of its members as  
14          chairman, one member as vice chairman, and one member as secretary.

15          E. The board shall adopt bylaws to provide for the governance of the board.  
16          The bylaws shall include but not be limited to procedures and grounds for the  
17          removal of any board member. Grounds for removal shall include conviction of a  
18          felony and may include failure to meet board attendance rules as provided in the  
19          bylaws.

20          F. Procedures for filling a vacancy created by the removal, resignation, or  
21          death of any board member prior to the end of the board member's term shall follow  
22          those used for initial appointments.

23          G. The board shall have the authority to take all of the following actions:

24          (1) Form a Research Advisory Council composed of representatives of the  
25          BioDistrict New Orleans, Pennington Biomedical Research Center, Ochsner Health  
26          System, Tulane University, and the BioMedical Research Foundation of Northwest  
27          Louisiana to determine priority research concentrations and commercialization  
28          strategies, or other matters as may be requested by the board.

1           (2) Form special committees, advisory councils, or similar bodies to study  
2           and make policy recommendations to the board concerning priority research areas,  
3           research commercialization strategies, or other matters as may be requested by the  
4           board.

5           (3) Enter into contracts as necessary for development of proposal evaluation  
6           criteria, coordination of a proposal evaluation process, or other functions related to  
7           evaluation of funding proposals and applications for funding submitted to the board.

8           (4) Promulgate all such rules, in accordance with the Administrative  
9           Procedure Act, as are necessary to carry out the programs and functions of the  
10          MediFund.

11          H. On or before January 1, 2015, and annually thereafter, the board shall  
12          submit to the House and Senate committees on health and welfare, the House and  
13          Senate committees on commerce, and the Louisiana Innovation Council a report  
14          which addresses funding activities undertaken by the MediFund in the most recent  
15          one-year period and any other information which the board deems appropriate to  
16          convey a clear understanding of the operations and impact of the MediFund on  
17          commercialization of bioscience research, improvement of health outcomes, number  
18          of new jobs created, and total economic benefit.

19          §2215. MediFund program guidelines

20                 A. The board shall promulgate rules and regulations governing the use of  
21                 monies of the MediFund and shall adopt policies for governance of any program or  
22                 funding action that it implements prior to initiation of the program or funding action.  
23                 The rules and regulations of the MediFund shall establish a maximum amount or  
24                 percentage of total funds that may be awarded to any individual project recipient or  
25                 that may be utilized by the board for administrative expenses. The rules and  
26                 regulations provided for in this Section shall be adopted in accordance with the  
27                 Administrative Procedure Act.

28                 B. The board shall delineate the programs which it implements and the  
29                 functions that each program fulfills. For this purpose, the board shall implement a

1 tiered system of funding to consist of awards known as "planning grants", "program  
2 grants", and "proof of concept grants", with corresponding monetary ranges for each  
3 grant type.

4 C. Grants and other funding of the MediFund shall be committed only to  
5 public or not-for-profit entities.

6 D. The board shall apply the following guidelines for proposal selection,  
7 project monitoring, and matching funds:

8 (1) Proposal solicitation, review, selection, and monitoring processes shall  
9 be implemented in such a manner as to ensure efficient operations and the attainment  
10 of the following objectives:

11 (a) A proposal solicitation process which involves publicizing of board  
12 programs among academic, clinical, and research institutions and within relevant  
13 industries.

14 (b) A proposal review process which assures complete, competent, and  
15 objective review of all proposals.

16 (c) A grantee selection process which assures that funding will be awarded  
17 on a competitive basis.

18 (d) A project monitoring process which assures that each project is carried  
19 out according to plan and budget.

20 (e) A project data and outcomes tracking requirement, including grant  
21 monies spent, research activities, job creation, and local and regional economic  
22 impact.

23 (2) For all grants other than those classified by the board as "planning  
24 grants", the board shall establish through its rules and regulations certain criteria for  
25 matching resources to be contributed by MediFund grantees to support the respective  
26 program or project funded by the MediFund. Such matching resources may include  
27 cash, in-kind donations, other grant monies received to support the respective  
28 program or project funded by the MediFund, and any other resources as the board  
29 deems appropriate.

1        §2216. Termination2                    The provisions of this Chapter shall terminate on December 31, 2018.3            Section 3. Chapter 37 of Title 51 of the Louisiana Revised Statutes of 1950,  
4 comprised of R.S. 51:2201 through 2205, is hereby repealed in its entirety.5            Section 4. This Act shall become effective upon signature by the governor or, if not  
6 signed by the governor, upon expiration of the time for bills to become law without signature  
7 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
8 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
9 effective on the day following such approval.

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DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

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Leger

HB No. 549

**Abstract:** Establishes the MediFund for statewide advancement of biosciences and medical centers of excellence.

Proposed law establishes the MediFund as a special fund within the state treasury to support advancement of biosciences and medical centers of excellence in Louisiana.

Proposed law provides that the goals of the MediFund shall include:

- (1) Create regional and national medical centers of excellence for biosciences in order to promote destination health care.
- (2) Contribute to improvement of health outcomes for consumers of health care services in Louisiana.
- (3) Support strategic research and clinical partnerships.
- (4) Facilitate a competitive process for funding program proposals and projects based on objectively determined potential for positive economic development impact in terms of job creation and generation of tax revenue.

Proposed law creates the MediFund Board within the Board of Regents and provides the board with rulemaking authority. Requires the commissioner of higher education to have the roster of initial board members compiled on or before Sept. 1, 2013, and to convene the first meeting of the board on or before Nov. 1, 2013.

Proposed law provides that the board shall be composed of 13 members, none of whom may be employed by an entity which is eligible to receive MediFund grants, as follows:

- (1) One member appointed by the commissioner of higher education.



- (2) Four members appointed by the governor who each possess significant experience in bioscience, translational, or regenerative research; or biomedical administration.
- (3) One member appointed by the secretary of DHH.
- (4) One member appointed by the secretary of LED.
- (5) One member appointed by the speaker of the House of Representatives.
- (6) One member appointed by the president of the Senate.
- (7) Three members appointed in the number of one member apiece by each of the following organizations which collectively represent the top three regions of the state for National Institutes of Health funding amounts:
  - (a) Baton Rouge Area Chamber.
  - (b) Greater New Orleans, Inc.
  - (c) North Louisiana Economic Partnership.
- (8) One member appointed by the Experimental Program to Stimulate Competitive Research (EPSCoR) Committee of the Board of Regents.

Proposed law provides that board members shall serve without compensation and shall receive no per diem.

Proposed law requires the board to adopt bylaws to provide for the governance of the board. Provides that the bylaws shall include procedures and grounds for the removal of any board member. Further provides that grounds for removal shall include conviction of a felony and may include failure to meet board attendance rules as provided in the bylaws.

Proposed law authorizes the board to take all of the following actions:

- (1) Form a Research Advisory Council composed of representatives of the BioDistrict New Orleans, Pennington Biomedical Research Center, Ochsner Health System, Tulane University, and the BioMedical Research Foundation of Northwest Louisiana to determine priority research concentrations and commercialization strategies, or other matters as may be requested by the board.
- (2) Form special committees, advisory councils, or similar bodies to study and make policy recommendations to the board concerning priority research areas, research commercialization strategies, or other matters as may be requested by the board.
- (3) Enter into contracts as necessary for development of proposal evaluation criteria, coordination of a proposal evaluation process, or other functions related to evaluation of funding proposals and applications for funding submitted to the board.
- (4) Promulgate all such rules, in accordance with the Administrative Procedure Act, as are necessary to carry out the programs and functions of the MediFund.

Proposed law provides that on or before Jan. 1, 2015, and annually thereafter, the board shall submit to the legislative committees on health and welfare, the legislative committees on commerce, and the Louisiana Innovation Council, a report which addresses funding activities undertaken by the MediFund in the most recent one-year period, and any other information which the board deems appropriate to convey a clear understanding of the operations and impact of the MediFund on commercialization of bioscience research, improvement of health outcomes, number of new jobs created, and total economic benefit.

Proposed law requires the board to promulgate rules and regulations governing the use of monies of the MediFund and adopt policies for governance of any program or funding action that it implements prior to initiation of the program or funding action. Requires the rules and regulations of the MediFund to establish a maximum amount or percentage of total funds that may be awarded to any individual project recipient or that may be utilized by the board for administrative expenses.

Proposed law requires the board to delineate the programs which it implements and the functions that each program fulfills. For this purpose, proposed law provides that the board shall implement a tiered system of funding to consist of awards known as "planning grants", "program grants", and "proof of concept grants" with corresponding monetary ranges for each grant type.

Proposed law stipulates that grants and other funding of the MediFund be committed only to public or not-for-profit entities.

Proposed law requires the board to apply the following guidelines for proposal selection, project monitoring, and matching funds:

- (1) Proposal solicitation, review, selection, and monitoring processes shall be implemented in such a manner as to ensure efficient operations and the attainment of the following objectives:
  - (a) A proposal solicitation process which involves publicizing of board programs among academic, clinical, and research institutions and within relevant industries.
  - (b) A proposal review process which assures complete, competent, and objective review of all proposals.
  - (c) A grantee selection process which assures that funding will be awarded on a competitive basis.
  - (d) A project monitoring process which assures that each project is carried out according to plan and budget.
  - (e) A project data and outcomes tracking requirement, including grant monies spent, research activities, job creation, and local and regional economic impact.
- (2) For all grants other than those classified by the board as "planning grants", the board shall establish through its rules and regulations certain criteria for matching resources to be contributed by MediFund grantees to support the respective program or project funded by the MediFund. Such matching resources may include cash, in-kind donations, other grant monies received to support the respective program or project funded by the MediFund, and any other resources as the board deems appropriate.

Proposed law provides that proposed law shall terminate on Dec. 31, 2018.

Proposed law repeals present law which creates the Dedicated Research Investment Fund for support of biomedical and biotechnological research and development.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 36:651(CC), 802.23, and R.S. 51:2211-2216; Repeals R.S. 51:2201-2205)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Changes the placement of the MediFund Board from the Department of Health and Hospitals to the Board of Regents.
2. Changes definition of "biosciences".
3. Adds venture capital as a source of funding that can be deposited in the MediFund.
4. Increases MediFund Board membership from 11 to 13 by adding one member appointed by the commissioner of higher education and one member appointed by the Experimental Program to Stimulate Competitive Research (EPSCoR) Committee of the Board of Regents.
5. Provides the MediFund Board with additional authority, including forming a Research Advisory Council.
6. Adds "proof of concept grants" as an additional award type.
7. Deletes threshold for matching resource requirement.

House Floor Amendments to the engrossed bill.

1. Deletes provision that powers, duties, and functions of the board are independent of the commissioner of higher education.
2. Changes responsibilities regarding establishment of the initial board from the DHH secretary to the commissioner of higher education.
3. Deletes authority for board members to receive reimbursement for expenses incurred.
4. Adds representatives of Ochsner and Tulane to the membership of the Research Advisory Council.
5. Changes the date of the initial report of the board from January 1, 2014 to January 1, 2015. Requires the report to also be submitted to the House and Senate committees on commerce and the Louisiana Innovation Council.