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## DIGEST

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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.