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## DIGEST

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### CONFERENCE COMMITTEE REPORT DIGEST

House Bill No. 549 by Representative Leger

#### **Keyword and oneliner of the instrument as it left the House**

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

#### **Report adopts Senate amendments to:**

1. Add "biomedical" to the causes to be advanced by fund.
2. Provide that monies in the fund are to be appropriated by the legislature to the MediFund Board through the Board of Regents and prohibits the supplanting of funds.
3. Provide for the relevant experience that all members of the board must possess.
4. Change board member appointment from the Experimental Program to Stimulate Competitive Research of the Board of Regents to the Sponsored Programs Committee of the Board of Regents.
5. Provide that the board may enter into contracts through the Sponsored Programs Unit of the Board of Regents.
6. Authorize the board to sue and be sued in the name of the MediFund Board.
7. Provide for administration of the MediFund Program by the Sponsored Programs Unit of the Board of Regents, and that all grant application review and selection processes shall follow the competitive request for proposals process and external review process as may be utilized by the Sponsored Programs Unit.
8. Provide that the use of all grant funds shall be subject to audit by the legislative auditor.
9. Add representatives to the membership of the Research Advisory Council.
10. Modify items that the board is to report on and change the legislative committees to

which the board submits reports from the Senate and House committees on health and welfare to the Senate and House committees on education.

11. Modify guidelines for proposal selection and monitoring.

**Report rejects Senate amendments which would have:**

1. Restricted the amount and uses of the monies that can be transferred or appropriated by the legislature to the MediFund.

**Report amends the bill to:**

1. Restricts the amount and uses of the monies that can be transferred or appropriated by the legislature to the MediFund and add that the restrictions shall not apply to any of the following:
  - a) tax or fee enacted after June 30, 2013, which provides by law for deposit into the fund, and
  - b) an initial, one-time deposit of up to \$250,000 of state funds, and
  - c) non-state funds.
2. Provides that 3% of the balance of the fund or an amount not to exceed \$600,000, whichever is lesser, shall be used for administrative fees to accomplish the purpose of proposed law, as approved by the MediFund board.
3. Adds representatives to the membership of the Research Advisory Council.

**Digest of the bill as proposed by the Conference Committee**

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

Proposed law provides that subject to appropriation by the legislature to the MediFund Board through the Board of Regents, the monies in the fund shall be used solely as provided in proposed law. Proposed law prohibits appropriations from the MediFund from supplanting funding for higher education from the state general fund. Further provides for certain restrictions in amount and uses of the monies that can be transferred or appropriated by the legislature to the MediFund in any fiscal year.

- (1) Transfers and appropriations into the fund shall not exceed 20% of the increase of state general fund and dedicated funds for the operating budget for higher education from the prior fiscal year. Provides exceptions for certain appropriations.

- (2) Transfers and appropriations into the fund shall not exceed \$25,000,000 in any fiscal year.

Proposed law provides that such restrictions shall not apply to any of the following:

- (1) Tax or fee enacted after June 30, 2013, which provides by law for deposit into the fund, and
- 2) An initial, one-time deposit of up to \$250,000 of state funds, and
- 3) Non-state funds.

Proposed law provides that 3% of the balance of this fund or an amount not to exceed \$600,000, whichever is lesser, shall be used for administrative fees to accomplish the purpose of proposed law, as approved by the MediFund board.

Proposed law requires that no grants of state monies shall be made to a not-for-profit institution if the grant does not include a public institution, unless no such institution possesses the expertise or interest. Requires that grants awarded to a public institution shall include a not-for-profit unless no not-for-profit in the state possesses the expertise or interest.

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

- (1) Create regional and national medical centers of excellence for biosciences and biomedicine 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 an 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, each of whom shall possess significant experience in biosciences, biomedical, translational, or regenerative research or applications, and none of whom may be employed by an entity that 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.
- (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 Sponsored Programs 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 Louisiana State University System Research Technology Foundation, New Orleans BioInnovation Center, BioDistrict New Orleans, Pennington Biomedical Research Center, Ochsner Health System, Tulane University, Willis Knighton Health System, Louisiana State University Health Sciences Center at New Orleans, Louisiana State University Health Sciences Center at Shreveport, Xavier 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 through the Sponsored Program Unit of the Board of Regents 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.
- (5) Sue and be sued in the name of the MediFund Board.

Proposed law provides that on or before Jan. 1, 2015, and annually thereafter, the board shall submit to the legislative committees on education, the legislative committees on commerce, and the Louisiana Innovation Council, a report which addresses funding activities undertaken and performance outcomes 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, grants, patents, spinoff companies, scientific discoveries, published research, and total economic benefit.

Proposed law provides that the MediFund Program shall be administered by the Board of Regents through its Sponsored Programs Unit, in accordance with the policies promulgated by the MediFund Board. All grant application review and selection processes shall follow the competitive request for proposals process and external review process as may be utilized by the Sponsored Programs Unit.

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. Provides that the use of all grant funds shall be subject to audit by the legislative auditor.

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, with emphasis on public-private collaboration.
  - (d) A project monitoring process which assures that each project is carried out according to plan and budget.
  - (e) Project data and outcomes tracking, including any grant monies spent, research activities, job creation, local and regional economic impact, published papers, patents, spinoff companies, scientific discoveries, new grants and published research.
- (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)