



Session 2019 Report

Week 3—March 18-22, 2019

Following is a summary of the priority issues impacting BioFlorida. This update accompanies the detailed BioFlorida legislative tracking report that includes over 100 bills impacting the life sciences industry.

Legislators began filing their priority bills in late summer, and the deadline for filing member bills was the first day of the legislative session, Tuesday, March 4, 2019. The following summarizes the priority issues impacting BioFlorida to date. Throughout the next 60 days we will continue to keep you updated on these important issues.

Budget Issues

Appropriations subcommittees release first round of budgets

Many of BioFlorida's priorities revolve around the state budget. In the fall, the first stages of budget development began when agencies submitted their legislative budget requests. Governor DeSantis then released his "Bold Vision for a Brighter Future" recommendations in January. This week, the subcommittee chairs published their first round of draft budgets and this is the first step in crafting each chamber's independent budget. These subcommittee budgets must be heard through the respective full Appropriations Committees and then be passed off the floor. The chambers will then move to "conference" where they will repeat the subcommittee, full Appropriations, and then chamber floor process while negotiating a final state budget. All of the current budget drafts are will continue to change at each level of review. We will continue to keep BioFlorida members updated on the priorities as the budget process moves forward.

Biomedical Research

House and Senate make an investment

BioFlorida supports the state's investment in biomedical research that can lead to breakthrough treatments and expand the industry and Florida's economy. Governor DeSantis has recommended level funding of these priorities. Both chambers of the legislature have submitted their first budget drafts which include investments in biomedical research. Please see the budget tracking chart attached to this report.

Economic Development

Senate funds Enterprise Florida, House eliminates state funding

Enterprise Florida, the state's official economic development organization, continues to face challenges in the House where chamber leaders have characterized incentives that are used to lure companies as "corporate welfare." In the first round of the House budget drafts, Enterprise Florida funding was cut from Chair Jay Trumbull's subcommittee recommendations. On the Senate side, they have funded Enterprise Florida at \$16 million. This is the first step of the legislative budget process, and we anticipate that legislative leaders will find middle ground between these two positions.



Tax Package

Concepts and fiscal impact in development

Single-subject tax relief concepts have been considered in both chambers, but it is too early for definitive decisions about tax package totals or components. While the appropriations process began this week with both chambers rolling out subcommittee budget recommendations, the total allocation for the tax package has yet to be released.

State economists have been “scoring” individual tax incentive and rollback bills for a fiscal impact. Based on that fiscal analysis, a selection of tax reduction concepts will ultimately be folded into each chamber’s “tax package” proposal.

Commercial Lease Tax Reduction

Florida is the only state with a tax on commercial leases, the current rate is 5.7% of and on the total rent or license fee for such real property. Over the last several years, the legislature has made an effort to reduce that tax burden. There are several bills that have different approaches to reductions in this tax. The allocation for the overall tax package has not yet been released; we expect a possible rollback on the commercial lease tax.

- [SB 618 Tax on Commercial Real Property](#) (Perry): referred, but has not yet been heard.
- [SB 1112 Taxation](#) (Gruters): the bill passed Commerce and Tourism unanimously on March 11, 2019.
- [HB 1271 Tax Exemption for Use of Real Property](#) (Caruso): referred, but has not yet been heard.
- [SB 1586 Tax Exemption for Use of Real Property](#) (Gruters): referred, but has not yet been heard.
- [SB 1642 Sales Tax on Commercial Real Property Rentals](#) (Gainer): referred, but has not yet been heard.

Research and Development Tax Credit

[SB 750 Research and Development Tax Credit](#) by Senator Joe Gruters increases the annual limit on research and development tax credits on corporate income taxes to \$35 million from the base \$9 million, this increased limit will apply to the 2019 allocation for expenses incurred in 2018 and to all the taxable years after. The bill passed the Commerce and Tourism committee unanimously, and the Office of Economic and Demographic Research did a revenue estimating conference on the fiscal impact. This exercise did show that in 2018, the total requested amount for the research and development tax credit was \$68,067,382.

Policy Issues

Prescription Drug Importation Program

House bills pass Appropriations/Senate Bill scheduled in Health Policy on March 25

[HB 19](#) by Rep. Tom Leek (R-Ormond Beach) and [SB 1452](#) by Senator Joe Gruters (R-Sarasota) create a Canadian Prescription Drug Importation Program for Florida within the Agency for Health Care Administration. The legislation provides eligibility criteria for prescription drugs, for Canadian suppliers, and for importers under the program and requires the AHCA to request federal approval of the program. Further, the bills require the Department of Business and



Professional Regulation to establish the International Prescription Drug Importation Program. The program implements the initiative supported by Governor DeSantis and House Speaker Jose Oliva (R-Miami Lakes). Senator Aaron Bean (R-Fernandina Beach) has also filed [SB 1528](#) which also establishes a Canadian Prescription Drug Importation Program. [HB 7073](#) introduced by the House Health Quality Subcommittee is linked to HB 19, and authorizes the Board of Pharmacy and DBPR to charge fees relating to the new permits.

Prior Authorization

HB 559 Passes Health Market Reform

[SB 650](#) by Senator Debbie Mayfield (R-Vero Beach) addresses insurance prior authorization requirements. The bill requires insurance companies or pharmacy benefit managers to provide descriptions in clear and easily understandable language of the requirements for and restrictions on obtaining a prior authorization for coverage of a medical procedure, course of treatment, or prescription drug. The bill provides time requirements for denials or authorizations. In addition, the bill requires a health insurer to grant a protocol exemption if a preceding prescription drug or medical treatment is contraindicated, a preceding prescription drug is expected to be ineffective, the preceding prescription drug or treatment lacked efficacy or effectiveness or adversely affected the insured, or the preceding prescription drug or medical treatment is not in the best interest of the insured.

[HB 559](#) by Rep. Ralph Massullo, MD (R-Beverly Hills) requires health insurers to provide access on its website to the plan's current prior authorization requirements, restrictions, and forms. The bill requires a health insurer to expeditiously grant step therapy override determination requests under certain circumstances and requires health insurer to authorize coverage for prescription drugs if certain conditions are met.

Bait & Switch

Senate Bill passes Banking and Insurance

[SB 1180](#) by Senator Debbie Mayfield (R-Vero Beach) and [HB 1363](#) by Rep. Jayer Williamson (R-Pace) amend the Florida Insurance Code to provide additional consumer protections by prohibiting a health insurer or a health maintenance organization (HMO) from removing a covered prescription drug from its formulary except during open enrollment with some limited exceptions. The legislation also prohibits an insurer or HMO from reclassifying a drug to a more restrictive tier, increasing the out-of-pocket costs (e.g., copayment, coinsurance, or deductible) of an insured, or reclassifying a drug to higher-cost sharing tier during the policy year.

Immunization Registry

House Bill passes Health Care Appropriations/Senate Bill scheduled in Education on March 26

[HB 213](#) by Rep. Ralph Massullo (R-Lecanto) and [SB 354](#) by Senator Bill Montford (D-Tallahassee) eliminate unnecessary paperwork for physicians' offices by making it more convenient for parents to comply with school immunization rules. The bills require health care providers to report into the DOH SHOTS database any immunizations administered to children and college or university students, 18 to 23 years of age, at a college or university student health



care facility. Automated data uploaded from existing automated systems is an acceptable method for updating immunization information in the immunization registry.

Stem Cell Treatments

Bills have not moved in the House or Senate

[HB 65](#) by Reps. Chuck Clemons (R-Newberry) and Cary Pigman (R-Avon Park) and [SB 954](#) by Senator Lori Berman (D-Lantana) establish patient eligibility criteria and requirements relating to the access to and use of investigational stem cell treatments, require DOH to adopt rules, prohibits governmental interference in such stem cell treatments, require institutional review boards to oversee treatments, keep records, and submit reports, and prohibit the purchase or sale of stem cells. Neither bill has been heard since it was filed.

Telehealth

House Bills Pass/Senate Bill scheduled in Health Policy on March 25

[HB 23](#) by Rep. Clay Yarborough (R-Jacksonville) authorizes Florida licensed health care professionals to use telehealth to deliver health care services within their respective scopes of practice. The bill also authorizes out-of-state health care professionals to use telehealth to deliver health care services to Florida patients if they register with the DOH or the applicable board, meet certain eligibility requirements, and pay a fee. A registered telehealth provider may use telehealth, within the relevant scope of practice established by Florida law and rule, to provide health care services to Florida patients, but is prohibited from opening an office in Florida and from providing in-person health care services to patients located in Florida. The bill also establishes standards of practice for services provided using telehealth, including patient examination, record-keeping, and prohibition on prescribing controlled substances for chronic malignant pain. Additionally, the bill creates a tax credit for health insurers and health maintenance organizations (HMOs) that cover services provided by telehealth. [HB 7067](#) by the Health Quality Subcommittee requires DOH or the applicable regulatory board to charge a \$150 registration fee for out-of-state health care professionals seeking to provide health care services using telehealth to Florida residents. The bill also creates a biennial registration renewal fee of \$150 for those providers.

Additionally, Senator Gayle Harrell (R-Stuart) has filed [SB 1526](#) prohibiting Medicaid managed care plans from using providers who exclusively provide services through telehealth to achieve network adequacy, prohibiting a telehealth provider from using telehealth to prescribe a controlled substance, and prohibiting a health maintenance organization from requiring a subscriber to receive services via telehealth. This bill will be on the Health Policy agenda for March 25.

[HB 947](#) by Rep. Loranne Ausley (D-Tallahassee) defines telehealth, who can provide telehealth, and the practice standard for a telehealth provider. This bill has not been heard.

In addition to these issues and budget items, BioFlorida is monitoring approximately 100 pieces of legislation on behalf of its members. More information will be forthcoming on budget-related issues as the budgeting process begins in the few weeks. The 2019 BioFlorida Government Affairs Priorities can be [found here](#), and a complete legislative tracking list is attached.



If there is anyone who is interested in joining the BioFlorida Government Relations Committee please email admin@bioflorida.com. The Government Relations Committee helps address the legislative priorities and goals of BioFlorida and also formulates advocacy positions in support or opposition of proposed legislation.

We hope this brief legislative update is helpful. If you have any questions about specific bills or the budget process, please email Alli Liby-Schoonover at Allison.LibySchoonover@mhdfirm.com.

Budget Tracker

Issue	<u>Governor DeSantis Budget Recommendations</u>	<u>House APC 19-01</u>	<u>Senate Bill 2500</u>
James and Esther King Biomedical Research Program	\$10 million	\$10 million	\$10 million
Bankhead & Coley Cancer Research Program	\$10 million	\$10 million	\$10 million
Florida Consortium of National Cancer Institutes Centers Program	\$62,228,743	\$62,228,743	\$62,228,743
Endowed Chair of Cancer Research – Mayo Clinic	\$2 million	\$2 million	\$2 million
Ed and Ethel Moore Alzheimer’s Disease	\$5 million	\$5 million	\$5 million



Research Program			
Enterprise Florida	\$16 million	Not funded at the subcommittee level.	\$16 million
Economic Development “Tools”	<p>\$36,528,149</p> <p>Funds in Specific Appropriation 2321 are provided to make payments and tax refunds for the following programs: Qualified Target Industry (QTI) Business Tax Refund; QTI Tax Refund - Brownfield Redevelopment Bonus; Brownfield Redevelopment Tax Refund; High-Impact Business Performance (HIPI) Grant; Qualified Defense Contractor and Space Flight (QDSC) Business Tax Refund. Payments may only be made for projects that meet the statutory eligibility requirements. Funds may not be released for any other purpose and may only be disbursed when projects are certified to have met all contracted performance requirements. Funds provided in Specific Appropriation 2321 from the Economic Development Trust Fund represent local matching funds.</p>	<p>\$23,400,000</p> <p>Funds provided in Specific Appropriation 2321 are provided to make payments and tax refunds in Fiscal Year 2019-20 for the following programs: Qualified Target Industry (QTI) Business Tax Refund; QTI Tax Refund - Brownfield Redevelopment Bonus; Brownfield Redevelopment Tax Refund; High-Impact Business Performance (HIPI) Grant; and Qualified Defense Contractor and Space Flight (QDSC) Business Tax Refund. Payments may only be made for projects that meet the statutory eligibility requirements. Funds may not be released for any other purpose and may only be disbursed when projects are certified to have met all contracted performance requirements. Funds provided in Specific Appropriation 2321 from the Economic Development Trust Fund represent local matching funds. The Department of Economic Opportunity must provide monthly reports, within 10 business days after the end of each month,</p>	<p>\$26,700,000</p> <p>Funds provided in Specific Appropriation 2321 are provided to make payments and tax refunds in Fiscal Year 2019-2020 for the following programs: Qualified Target Industry (QTI) Business Tax Refund; QTI Tax Refund - Brownfield Redevelopment Bonus; Brownfield Redevelopment Tax Refund; High-Impact Business Performance (HIPI) Grant; and Qualified Defense Contractor and Space Flight (QDSC) Business Tax Refund. Payments may only be made for projects that meet the statutory eligibility requirements. Funds may not be released for any other purpose and may only be disbursed when projects are certified to have met all contracted performance requirements. Funds provided in Specific Appropriation 2321 from the Economic Development Trust Fund represent local matching funds. The Department of Economic Opportunity must provide monthly reports within ten business days after the end of each month to the Executive Office of the Governor’s Office of Policy and Budget, the chair of the Senate Appropriations Committee, and the chair of the</p>

		<p>to the Executive Office of the Governor, the chair of the Senate Appropriations Committee, and the chair of the House Appropriations Committee regarding all escrow activity relating to the Quick Action Closing Fund and the Innovation Incentive Fund programs. Such report must include information regarding any funds and interest earnings returned to the appropriate fund in the state treasury, and the anticipated payment date(s) of all funds held in escrow. The Department of Economic Opportunity shall provide monthly reports to the Executive Office of the Governor, the chair of the Senate Appropriations Committee, and the chair of the House Appropriations Committee on the status of economic development programs administered by the department under chapter 288, Florida Statutes.</p>	<p>House Appropriations Committee regarding all escrow activity relating to the Quick Action Closing Fund and the Innovation Incentive Fund programs. Such report must include information regarding any funds and interest earnings returned to the appropriate fund in the state treasury, and the anticipated date(s) of all funds held in escrow. The Department of Economic Opportunity shall provide monthly reports to the Executive Office of the Governor's Office of Policy and Budget, the chair of the Senate Appropriations Committee, and the chair of the House Appropriations Committee on the status of economic development programs administered by the department under chapter 288, Florida Statutes.</p>
<p>Tax Incentives</p>	<p>The Governor proposed a \$335 million tax cut package with a focus on sales tax holidays and a major property tax cut. Ultimately, the tax package will be decided through the legislative process.</p>	<p>The House has not yet proposed a tax package.</p>	<p>The Senate has not yet proposed a tax package.</p>
<p>Additional Biomedical</p>	<p>Most of these special funding initiatives are placed by the legislature</p>	<p>\$10,576,930 Moffitt Cancer Center and Research Institute</p>	<p>\$10,576,930 Moffitt Cancer Center and Research Institute</p>



<p>Research Funding</p> <p>(This is a general list, if any BioFlorida member has a specific inquiry please reach out.)</p>	<p>and therefore not included in the Governor's recommended budget.</p>	<p>The funds in Specific Appropriation 146 shall be transferred to the H. Lee Moffitt Cancer Center and Research Institute to support the operations of this state university system entity. Funds in Specific Appropriation 146 may be transferred to the Agency for Health Care Administration and used as state matching funds for the H. Lee Moffitt Cancer Center and Research Institute to adjust the Medicaid inpatient reimbursement and outpatient trend adjustments applied to the H. Lee Moffitt Cancer Center and Research Institute and other Medicaid reductions to its reimbursements up to the actual Medicaid inpatient and outpatient costs. In the event that enhanced Medicaid funding is not implemented by the Agency for Health Care Administration, these funds shall remain appropriated to the H. Lee Moffitt Cancer Center and Research Institute to continue the original purpose of providing research and education related to cancer.</p> <p>\$3 million</p> <p>Live Like Bella Initiative to advance progress toward curing pediatric cancer.</p>	<p>The funds in Specific Appropriation 146 shall be transferred to the H. Lee Moffitt Cancer Center and Research Institute to support the operations of this state university system entity. Funds in Specific Appropriation 146 may be transferred to the Agency for Health Care Administration and used as state matching funds for the H. Lee Moffitt Cancer Center and Research Institute to adjust the Medicaid inpatient reimbursement and outpatient trend adjustments applied to the H. Lee Moffitt Cancer Center and Research Institute and other Medicaid reductions to its reimbursements up to the actual Medicaid inpatient and outpatient costs. In the event that enhanced Medicaid funding is not implemented by the Agency for Health Care Administration, these funds shall remain appropriated to the H. Lee Moffitt Cancer Center and Research Institute to continue the original purpose of providing research and education related to cancer.</p> <p>\$3 million</p> <p>Live Like Bella Initiative to advance progress toward curing pediatric cancer.</p> <p>\$750,000</p> <p>Live Like Bella Childhood Cancer Foundation</p>
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		<p>\$1 million</p> <p>University of Miami - Sylvester Comprehensive Cancer Center</p> <p>The nonrecurring funds provided in Specific Appropriation 2450A shall be transferred to the University of Miami - Sylvester Comprehensive Cancer Center for the purpose of Firefighter Cancer Research. The funds shall be utilized to: expand firefighters access to cancer screenings across the state; enable prevention and earlier detection of the disease; identify exposures that account for increased cancer risk; and field test new technology and methods that measure exposure in the field. The University of Miami - Sylvester Comprehensive Cancer Center shall develop a report on cancer research outcomes and cancer mitigation efforts being examined. The report shall be submitted to the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Governor by June 19, 2020 (HB 4091).</p> <p>\$50,000</p>	<p>\$100,000</p> <p>Sylvester Comprehensive Cancer Center – Firefighters’ Cancer Research</p> <p>The nonrecurring funds provided in Specific Appropriation 2450A shall be transferred to the University of Miami- Sylvester Comprehensive Cancer Center for the purpose of Firefighter Cancer Research. The funds shall be utilized to: expand firefighters access to cancer screenings across the state; enable prevention and earlier detection of the disease; identify exposures that account for increased cancer risk; and field test new technology and methods that measure exposure in the field. The University of Miami - Sylvester Comprehensive Cancer Center shall develop a report on cancer research outcomes and cancer mitigation efforts being examined. The report shall be submitted to the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Governor by June 15, 2020 (Senate Form 1215).</p> <p>\$250,000</p> <p>University of Miami Miller School of Medicine – Florida Stroke Registry</p> <p>\$200,000</p>
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