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, January 14, 2020. 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.

Opening Day of Session
The 2020 Legislative Session commenced this week. Judging by remarks of our state leaders and the pace of the first week of the legislative session, legislators are making up for a relatively slow interim committee process.

Senate President Bill Galvano, R-Bradenton, spoke to the Senate on Tuesday to open the 2020 Legislative Session. He emphasized the need to put aside personality and politics for good policy, urging Senators to prioritize the big picture for Florida instead of their personal agendas. He stressed that the Senate had the opportunity to set the bar for the 2020’s through debating and exchanging ideas while maintaining civility and decorum.

House Speaker Jose Oliva, R-Miami Lakes, was more policy-focused in his remarks to the House. He emphasized fiscal restraint, stressing that “spending is not caring, solving is caring.” He aims to pass a budget with reduced per-capita spending, a robust tax break, and a stronger commitment to reserve balances.

Speaker Oliva identified healthcare as his top priority and the chief challenge facing the state. He referred to the “Healthcare Industrial Complex,” made up of hospitals, medical device manufacturers and pharmaceutical companies, as the “Great Robber-Barons of our time,” a term defined by “government manipulation, monopolizing industry and price gouging.” The Speaker identified stand-alone ERs, exorbitant drug prices, an insufficient supply of primary care physicians, and scope of practice as issues within Florida’s healthcare space. He explicitly stated his support for allowing advanced nurse practitioners to practice independently, honoring a nurse practitioner instead of a physician before his remarks – a striking gesture that disrupts the tradition of the legislature.

Governor Ron DeSantis kicked off his second legislative session with the official “State of the State” speech themed around a “season of opportunity.” Governor DeSantis called
for fiscal rectitude, saying, “Florida needs to tax lightly, spend wisely and regulate reasonably” and proposing a $91.4-billion budget – a 0.4% increase from last year. Despite the flat second budget recommendation, the Governor looks to push forward several initiatives.

Governor DeSantis began by calling for more legislative action on water quality issues. He advanced a number of proposals, including $300 million for the Everglades, more money for water quality improvements ($200 million over four years), $100 million for the Florida Forever land acquisition program, $280 million for water storage, and $50 million for beach restoration.

In what he has called “The Year of the Teacher,” the Governor is holding to his proposal to raise teachers’ salaries to $47,500, despite resistance from the House and education unions. This would make Florida number two in the nation for public school teachers’ salaries. Governor DeSantis also proposed replacing the Best and Brightest teacher bonus program with a new initiative and said that the replacement of Common Core would be released in the coming days.

In order to strengthen the economy, the Governor highlighted the importance of “workforce education” and called for the streamlining of occupational licensing requirements. Additionally, he stressed E-Verify reform as a way to protect against foreigners taking American jobs.

The Governor also cited several accomplishments from 2019, including appointing 3 Supreme Court justices, passing bills on drug importation and a patient savings plan, and providing effective hurricane recovery grants in the wake of Hurricanes Michael, Irma, Matthew, and Hermine.

With the direction set by Florida’s leaders, the legislature spent the remainder of the week digging into these policy issues and hundreds more. It’s going to be a hectic nine weeks!

Budget Issues
Many of BioFlorida’s priorities revolve around the state budget. Governor DeSantis unveiled his 2020-2021 "Bolder, Brighter, Better Future" budget recommendations in November. The legislature can consider these recommendations as they allocate the budget during Session. Big picture, the Governor’s recommendations total $91.4 billion. Some highlights of the Governor’s recommended budget include $300 million in tax relief, $50 million for the Job Growth Grant Fund, and $16 million for Enterprise Florida. Finally, the Governor has included level funding for biomedical research for programs such as King, Moore, and Bankhead-Coley research programs as well as the Florida Consortium of National Cancer Institutes Centers Program and the endowed chair of cancer research.

Governor DeSantis’ budget recommendations, as well as the individual agency recommendations filed in September, will be part of the budget conversation over the
next several weeks. The House and Senate appropriation subcommittee chairs will meet, prepare, and present their budget recommendations. This will begin the legislative component of the budget process as it moves from the subcommittee level to the full appropriation chairs and then to the budget conference process. We will continue to keep BioFlorida members updated on the priorities as the budget process moves forward.

**Biomedical Research**

*Governor’s Recommendations await legislative action*

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; the legislature has had initial presentations from the agencies as they begin building budgets at the subcommittee level and there have been favorable signs for these budget priorities. Over the next several weeks, as the subcommittees roll out their budget recommendations, we will continue to provide updates.

**Tax Package**

*Individual concepts under legislative review*

With over 3,400 bills filed, there are numerous proposals on tax breaks and incentives; including rolling back the tax on commercial leases, eliminating taxes on diapers, repealing the tax on renewable energy sources, and the annually proposed sales tax holidays such as “Back to School” and “Hurricane Preparedness.” Over the next several weeks, state economists will “score” these individual bills for a fiscal impact. Then these individual proposals may move through the committee process and then some will ultimately folded into each chamber’s “tax package” proposal. It is too early in the process to determine which proposals make the final cut, but it will be largely based on each proposal’s individual fiscal impact and how those add up to the larger total the presiding officers will allocate for the entire tax package.

**Commercial Lease Tax Reduction**

Florida is the only state with a tax on commercial leases, the current rate is 5.5% 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. This year, this approach is more narrowly focused because of fiscal constraints. **SB 1778 Taxation of Real Property** by Senator Joe Gruters and **HB 1141** by Representative Mike Caruso would exempt from sales and use tax certain property that is rented, leased, subleased or licensed to a small business, which is defined as a business that employs nine or fewer total employees. The bills have been filed but not yet heard.

**Research and Development Tax Credit**

**SB 576 Research and Development Tax Credit** by Senator Joe Gruters increases the annual limit on research and development tax credits on corporate income taxes to $50 million from the base $9 million as well as allocates the first $10 million to businesses in the cleantech industry. The bill passed the first committee of reference, Commerce and Tourism, unanimously.
**Policy Issues**

**Prescription Drug Benefits and Pharmacy Benefit Managers**

*Bills filed*

**SB 1444** by Senator Gayle Harrell and **HB 961** by Reps. Jackie Toledo and Randy Fine create the Prescription Drug Cost Reduction Act which provides that pharmacy benefit managers have a fiduciary duty and obligation to specified individuals and entities; requiring group health plans, health insurers, and certain pharmacy benefit managers to base plan beneficiaries’ and insureds’ coinsurance obligations for certain prescription drugs on specified drug prices; providing circumstances under which contracts between health insurers or health maintenance organizations and pharmacy benefit managers are void and against the public policy. The bills have been filed but not yet heard.

**SB 1682** by Senator Jose Javier Rodriquez creates the “Prescription Drug Price Transparency Act” which authorizes specified pharmacies and pharmacists to contract with pharmacy benefit managers, requires group health plans, health insurers, and certain pharmacy benefit managers to base plan beneficiaries’ and insureds’ coinsurance obligations for certain prescription drugs on specified drug prices, and requires pharmacy benefit managers to allow insurers, health maintenance organizations, and payors access to specified records, data, and information. The bill has been filed but not yet referenced.

**SB 1338** by Senator Tom Wright authorizes the Office of Insurance Regulation to examine pharmacy benefit managers, requires health insurers and health maintenance organizations, or pharmacy benefit managers on behalf of health insurers and health maintenance organizations, to annually report specified information to the office, and specifies the requirements relating to brand-name and generic drugs in contracts between pharmacy benefit managers and pharmacies or pharmacy services administration organizations. The bill has been filed but not yet heard.

**Prior Authorization**

*Bills filed*

**SB 820** by Senator Gayle Harrell (R-Stuart) and **HB 373** by Rep. Ralph Massullo, MD prohibit insurance companies from excluding coverage for certain cancer treatment drugs and provides additional requirements and procedures around step-therapy protocols. SB 820 also prohibits health insurers from retroactively denying a claim if the insurance company verified the subscriber’s eligibility at the time of treatment or provided an authorization number. Both bills were filed during the fall committee weeks but have not yet been heard.

**Bait & Switch**

*Bills filed*

**SB 696** by Senator Debbie Mayfield and **HB 561** by Rep. Thad Altman requires individual and group health insurers and HMOs to provide notice of prescription drug formulary changes to current and prospective insureds and the insureds’ or subscribers’ treating physicians and specifies the requirements for a notice of medical necessity submitted by the treating physician. The legislation also requires insurers to apply certain reductions in out-of-pocket expenses for prescription drugs toward an insured’s cost-
sharing obligation. Both bills were filed during the fall committee weeks but have not yet been heard.

**Stem Cell Treatments**

*Bills filed*

HB 313 by Representative Byron Donalds and SB 512 by Senator Travis Hutson authorize the administration of nonembryonic stem cells and the use of such cells in health care products; authorizes the importation of any sterile compound, drug, or other treatment containing nonembryonic stem cells under certain circumstances; and requires a stem cell bank to obtain or otherwise carry professional liability insurance. Both bills were filed during the fall committee weeks but have not yet been heard.

**Select Committee on the Integrity of Research Institutions**

On December 30, 2019, Speaker Oliva announced the creation of a Select Committee to Determine Extend of Foreign Meddling in Taxpayer-Funded Research. The Speaker said the committee’s direction will include investigation of improper or illegal activities involving Florida’s research universities, medical research facilities, and individuals associated with such institutions. Chaired by Speaker Designate Sprowls, the committee’s first scheduled meeting is January 21, 2020. The *agenda* includes a review of the charge to committee and overview of foreign corruption of U.S. research institutions.

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 2020 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.