

Legislative Analysis



CORD BLOOD STEM CELL BANKS AND RESEARCH

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House Bill 6291 (Proposed Substitute)
Sponsor: Rep. Glenn Steil, Jr.

House Bill 6292 (Proposed Substitute)
Sponsor: Rep. Jacob Hoogendyk, Jr.

House Bill 6293 (Proposed Substitute)
Sponsor: Rep. Leslie Mortimer

House Bill 6295 (Proposed Substitute)
Sponsor: Rep. David Law

Committee: Health Policy

Complete to 9-12-06

A REVISED SUMMARY OF HOUSE BILLS 6291-6293 AND 6295 AS SUBSTITUTED

Together, the bills would establish a network of cord blood stem cell banks; provide a tax credit for cash donations to the network of cord blood stem cell banks and for donations of cord blood to a cord blood stem cell bank; promote awareness of the network of cord blood stem cell banks and benefits of the uses of cord blood stem cells; and include "umbilical cord blood" as one of the technologies classified as "biotechnology" in the definition of "life sciences," which would make proposals involving cord blood stem cells eligible for funding under the 21st Century Jobs Trust Fund initiative. A more detailed description of each bill follows:

House Bill 6291

The bill would add a new section to the Public Health Code (MCL 333.2682) to require the Department of Community Health to establish a statewide network of cord blood stem cell banks. The DCH director would have to enter into contracts with qualified cord blood stem cell banks to assist in the establishment, provision, and maintenance of the network.

Entry into the network. To be eligible to enter the network and be a donor bank, a cord blood stem cell bank would have to satisfy each of the following:

- Obtain all required applicable federal and state licenses, accreditations, certifications, registrations, and other authorizations.
- Implement donor screening and cord blood collection practices adequate to protect donors and transplant recipients and to prevent transmissions of potentially harmful infections and other diseases.

- Establish confidentiality practices to protect the identity and privacy of patients and donors in accordance with federal and state law and consistent with HIPPA regulations for the release of the identity of donors, recipients, or identifiable records.
- Establish a system for encouraging donation by an ethnically and racially diverse group of donors.
- Develop adequate systems for communication with other cord blood stem cell banks, transplant centers, and physicians regarding the request, release, and distribution of cord blood units nationally. The systems would have to be consistent with HIPPA regulations promulgated to track recipients' clinical outcomes for distributed units.
- Develop an objective system for educating the public about benefits of donating and utilizing cord blood stem cells in appropriate circumstances.

Responsibilities of a donor bank entering the network. Each donor bank entering the network would have to acquire, tissue-type, test, cryopreserve, and store donated units of human cord blood in compliance with applicable federal regulations; make cord blood units collected under the bill's provisions available to transplant centers for stem cell transplantation; and allocate up to ten percent of the cord blood inventory each year for peer-reviewed research. The units allocated for this research could come from cord blood units which did not meet cell count standards for transplantation.

Board of directors. The bill would require a board of directors to govern and administer the state cord blood stem cell bank network. It would be composed of the DCH director and members appointed by the governor who represent each of the following: cord blood stem cell transplant centers, physicians from participating birthing hospitals, the cord blood stem cell research community, recipients of cord blood stem cell transplants, family members who have made a donation to a statewide cord blood stem cell bank, individuals with expertise in the social sciences, members of the general public, and a member of each network donor bank. The duration of the initial terms would be staggered from one to three years, after which time appointments would be for three-year terms.

The board would have to elect a chairperson. The board would be required to ensure that the donor banks within the network meet the requirements of being in the network on a continuing basis; encourage network cord blood banks to work collaboratively with other network banks but focus resources in their respective local or regional area; designate one or more established national or international cord blood registries as a statewide cord blood stem cell registry; and coordinate the donor banks in the network.

The bill is tie-barred to House Bill 6293.

House Bill 6292

The bill would add a new section to the Income Tax Act (MCL 206.272) to create a tax credit for individuals making a cash donation or donating cord blood to a cord blood stem

cell bank. For tax years that begin after December 31, 2006, a taxpayer could claim a credit against the tax imposed by the act that would be capped at 50 percent of the donation, up to \$100 for a single filer and \$200 for a joint filer:

- Cash donations made to the statewide network of cord blood stem banks established by the provisions of House Bill 6291; and
- Cash donations made to a qualified cord blood stem cell bank in the network.

A taxpayer who made a donation of cord blood to a cord blood stem cell bank under the provisions of House Bill 6291 could receive a tax credit of \$100. "Cord blood" would mean blood collected from the separated placenta or umbilical cord immediately after birth.

If the amount of the credit allowed under the bill exceeded the tax liability of the taxpayer for the tax year, that portion of the credit that exceeded the tax liability would have to be refunded.

The bill is tie-barred to House Bill 6291.

House Bill 6293

The bill would add a new section to the Public Health Code (MCL 333.2683) to require the Department of Community Health to develop and disseminate educational materials on the uses and benefits of cord blood cells, information on research results utilizing cord blood stem cells, and any other related materials and information to enable the public to make informed decisions about the utilization of cord blood stem cells. The purpose would be to promote public awareness and increase public knowledge about the statewide network of cord blood stem cell banks, cord blood banking options, and the benefits of cord blood stem cells,

Information and materials gathered and developed would have to be made available by the DCH to the public through the department's website. The department would have to provide each health facility or agency, cord blood bank, and health care professional copies of the same upon request at no charge.

The bill is tie-barred to House Bill 6291.

House Bill 6295

The bill would amend the Michigan Strategic Fund Act (MCL 125.2088a). The act defines the term "life sciences" as science for the examination or understanding of life or life processes, including, but not limited to, bioengineering, biomedical engineering, genomics, proteomics, molecular and chemical ecology, and biotechnology. "Biotechnology" includes any technology that uses living organisms, cells, macromolecules, microorganisms, or substances from living organisms to make or modify a product for useful purposes.

The bill would include in the definition of "biotechnology" umbilical cord blood.

(Recently enacted legislation that created the 21st Century Jobs Fund allows the fund to be used to provide loans, grants, and investments in the stock of private companies to entities producing products or services in any of four competitive edge technologies: life sciences, alternative energy sources, homeland security, and advanced manufacturing and materials. The fund consists of the proceeds of the sale of a portion of future tobacco settlement receipts.)

FISCAL IMPACT:

House Bill 6291 as substituted has fiscal implications for the Department of Community Health. The bill requires the Department of Community Health to establish a state network of cord blood stem cell banks, evaluate initial and continuing eligibility of banks that wish to participate, establish a board of directors to govern and administer the network. This function will require a Department financial commitment for staff and governing board costs, on an ongoing basis. House Bill 6294 is a related supplemental appropriation bill for \$5.0 million for the Department of Community Health to carry out these and other related functions, currently before the House Appropriations Committee.

House Bill 6293 as substituted has fiscal implications for the Department of Community Health. The bill requires the Department of Community Health to educate and inform the public, health care facilities, and health care professionals about the statewide network of cord blood stem cell banks, and the use of cord blood stem cells and banks. This function will require a modest Department financial commitment for staff and publication and distribution costs, on an ongoing basis.

(House Bill 6294 is a supplemental appropriation bill for \$5.0 million for the Department of Community Health to carry out these and other related functions, currently before the House Appropriations Committee.)

House Bill 6292 would result in an indeterminate reduction in income tax revenue.

House Bill 5295 would have no fiscal impact on the State of Michigan or its local units of government.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.