

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Health Regulation Committee

BILL: SB 1022

INTRODUCER: Senator Storms

SUBJECT: H. Lee Moffitt Cancer Center and Research Institute

DATE: March 7, 2010 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Brown</u>	<u>Matthews</u>	<u>HE</u>	Fav/1 amendment
2.	<u>Stovall</u>	<u>Wilson</u>	<u>HR</u>	Favorable
3.	_____	_____	<u>JU</u>	_____
4.	_____	_____	<u>WPSC</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input checked="" type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill expressly grants sovereign immunity to the not-for-profit corporation governing the H. Lee Moffitt Cancer Center and Research Institute. The not-for-profit corporation is hereinafter referred to as the "Moffitt Center." This bill extends sovereign immunity to any not-for-profit subsidiary of the Moffitt Center.

Authority is provided for professional income generated by individuals employed or appointed by the Moffitt Center from practice activities to be shared with Moffitt Center subsidiaries.

This bill expands the authority for the Moffitt Center to enter into joint teaching and research programs beyond the University of South Florida to other state universities.

This bill substantially amends section 1004.43, F.S.

II. Present Situation:

Moffitt Center

Although established in law earlier, current statutory authority for the Moffitt Center is found in s. 1004.43, F.S., which also provides for its location at the campus of the University of South Florida (“USF”). The Moffitt Center is classified as a not-for-profit corporation acting as an instrumentality of the state.¹ Authority is provided for the Moffitt Center to create both not-for-profit and for-profit subsidiaries.²

The Moffitt Center opened in 1986, and became a National Cancer Institute Comprehensive Cancer Center in 2001. The Moffitt Center’s website lists as its mission “To contribute to the prevention and cure of cancer.”³

The Board of Regents approved the only not-for-profit subsidiaries, and these remain in operation. They are the H. Lee Moffitt Cancer Center and Research Institute Hospital, Inc., the H. Lee Moffitt Cancer Center and Research Institute Lifetime Cancer Screening Center, Inc., and the H. Lee Moffitt Cancer Center and Research Institute Foundation, Inc.⁴ Two for-profit subsidiaries exist, the Moffitt Technologies Corporation, approved by the State Board of Education, and the Moffitt Genetics Corporation, approved by the Board of Governors.

Board of Governors Ballot Initiative

In 2002, Florida voters approved a ballot initiative which, in part, established the Board of Governors in the State Constitution.⁵ In so doing, the delineation of responsibilities regarding various duties in public higher education changed. Many post-secondary duties assigned to the State Board of Education transferred to the Board of Governors. Legislation in 2007 replaced a number of references to the State Board of Education with the Board of Governors. At this time, the Legislature, in its discretion, amended s. 1004.43, F.S., to substitute the Board of Governors for the State Board of Education regarding the agreement with the Moffitt Center for land, facilities, and personnel use at the USF, and the approval of articles of incorporation.⁶

Sovereign Immunity

The state is immune from tort liability through the long-standing principle of sovereign immunity. Section 13, Article X, of the State Constitution, authorizes the Legislature to provide for lawsuits against the state. Section 768.28, F.S., modeled on the Federal Tort Claims Act, provides a waiver of sovereign immunity for tort liability and limits the waiver to a specified cap on damages.⁷ Tortious actions apply to injury or a loss of property, personal injury, or death caused through negligence or wrongful acts. Sovereign immunity is available to the state and its agencies or subdivisions. State agencies and subdivisions are defined to include:

¹ Reference is made to the not-for-profit corporation as the entity which actually governs the Moffitt Center.

² s. 1004.43(1), F.S.

³ Website: <www.moffitt.org>, last checked March 3, 2010.

⁴ *Survey of the H. Lee Moffitt Cancer Center and Research Institute*, L. David de La Parte (August 27, 2009).

⁵ The initiative placed the provision in sec. 7, art. IX, of the State Constitution.

⁶ ch. 2007-217, L.O.F., amended, in part, s. 1004.43(1) and (2), F.S.

⁷ s. 768.28(1), F.S.; Thomas A. Bustin & William N. Drake, Jr., *Judicial Tort Reform: Transforming Florida’s Waiver of Sovereign Immunity Statute*, 32 STETLR 469 (2003).

The executive departments, the Legislature, the judicial branch, and the independent establishments of the state, including state university boards of trustees, counties and municipalities; and corporations primarily acting as instrumentalities or agencies of the state, counties, or municipalities....⁸

The cap on damages for sovereign immunity is set at \$100,000 per claim, and \$200,000 per incident. Claims bills, however, authorized at the prerogative of the Legislature, may exceed these amounts.⁹

In McBride v. H. Lee Moffitt Cancer Center and Research Institute of Tampa, the Hillsborough County Circuit Court, Thirteenth Judicial Circuit, granted the defendant's motion to dismiss the case. In so doing, the court clarified that the Moffitt Center is entitled to sovereign immunity coverage based on its status as a corporation acting as an instrumentality of the state.¹⁰ The Second District Court of Appeal subsequently affirmed this decision.¹¹

Courts have included subsidiaries of the state within the scope of coverage of sovereign immunity.¹² The First District Court of Appeal has previously held that the "state and its subsidiaries are generally immune from tort liability...."¹³ However, case law does not specify whether sovereign immunity expressly extends to not-for-profit subsidiaries of the Moffitt Center.

III. Effect of Proposed Changes:

This bill clarifies that the Moffitt Center is a statewide resource for research and multidisciplinary approaches to patient treatment.

This bill updates obsolete authority provided to the State Board of Education to enter into an agreement regarding facility use on the University of South Florida campus and replaces it with the Board of Governors. This bill also expands the potential for mutual teaching and research programs beyond the University of South Florida to other state universities. Therefore, authority is provided to the Board of Governors to enter into agreements for these new projects.

This bill expressly provides sovereign immunity to the Moffitt Center and extends it to not-for-profit subsidiaries of the Moffitt Center.

This bill authorizes professional income generated by institute members (clinical or scientific faculty staff members) from practice activities to be shared between the Moffitt Center and its subsidiaries, at the discretion of the chief executive officer.

⁸ s. 768.28(2), F.S.

⁹ s. 768.28(5), F.S.

¹⁰ Case No. 95-7231 (1996).

¹¹ *McBride v. H. Lee Moffitt Cancer Center & Research Institute of Tampa, Inc.*, 683 So.2d 122 (Fla. 2nd DCA 1996).

¹² *See, i.e., Mosby v. Harrell*, 909 So.2d 323, 326 (Fla. 1st DCA 2005).

¹³ *Id.* at 326.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

Although there is no case law available specifically granting sovereign immunity status to not-for-profit subsidiaries of the Moffitt Center, it appears that it would apply. Therefore, no fiscal impact is expected.

C. Government Sector Impact:

The Board of Governors expects a minimal possible fiscal impact through implementation of this legislation. In fact, the potential exists for the state university system to benefit from increased revenue due to the ability of the Moffitt Center to enter into future partnerships with other universities.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

Barcode 290460 by Committee on Higher Education on February 18, 2010:

This amendment clarifies that technical and professional income generated from practice activities may be shared between the Moffitt Center and its subsidiaries subject to the approval of the chief executive officer. Alternatively, the sharing of university employee-derived income requires that both the chief executive officer and the dean or vice president of the university provide approval.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
