

2. AN AMENDMENT TO BE OFFERED BY REPRESENTATIVE YOUNG OF INDIANA OR HIS DESIGNEE, DEBATABLE FOR 10 MINUTES

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**AMENDMENT TO
RULES COMMITTEE PRINT 114-22
OFFERED BY MR. YOUNG OF INDIANA AND MR.
HARRIS OF MARYLAND**

Page 6, line 19, strike "409K" and insert "409L".

Page 15, after line 6, insert the following:

1 **SEC. 1002. PRIZE COMPETITIONS.**

2 Part B of title IV of the Public Health Service Act
3 (42 U.S.C. 284 et seq.) is amended by adding at the end
4 the following:

5 **"SEC. 409K. PRIZE COMPETITIONS FOR IMPROVING**
6 **HEALTH OUTCOMES AND REDUCING FED-**
7 **ERAL EXPENDITURES.**

8 "(a) ESTABLISHMENT; GOALS.—The Director of
9 NIH shall establish and implement an Innovation Prizes
10 Program for one or both of the following goals:

11 "(1) Identifying and funding areas of bio-
12 medical science that could realize significant ad-
13 vancements through the creation of a prize competi-
14 tion.

15 "(2) Improving health outcomes, particularly
16 with respect to human diseases and conditions for

1 which public and private investment in research is
2 disproportionately small relative to Federal Govern-
3 ment expenditures on prevention and treatment ac-
4 tivities, thereby reducing Federal expenditures on
5 health programs.

6 “(b) DESIGN OF PRIZE COMPETITIONS.—Not later
7 than 6 months after the date of enactment of this section,
8 the Director of NIH shall—

9 “(1) design prize competitions—

10 “(A) to cooperate with competitors to real-
11 ize innovations to identify and address areas of
12 biomedical science that could realize significant
13 advancements through the creation of a prize
14 competition; and

15 “(B) to award one or more prizes—

16 “(i) if appropriate, at the beginning of
17 or during the competitions, to the competi-
18 tors whose innovations are most promising
19 or demonstrate progress; and

20 “(ii) at the end of the competitions, to
21 the competitors whose innovations prove to
22 be the best solutions;

23 “(2) ensure that the design of such competi-
24 tions—

1 “(A) is realistic, given the amount of funds
2 to be awarded as prizes;

3 “(B) does not reflect any bias concerning
4 the type of innovations which will prove to be
5 the best solutions; and

6 “(C) allows any person to participate as a
7 competitor without regard to the person’s place
8 of incorporation, primary place of business, citi-
9 zenship, and residency, as applicable; and

10 “(3) submit to the Congress a report on the de-
11 sign of such competitions.

12 “(c) INNOVATION PRIZES ADVISORY BOARD.—

13 “(1) ESTABLISHMENT.—The Director of NIH
14 shall establish and maintain a board, to be known as
15 the I-Prize Board, to advise and assist the Director
16 of NIH in carrying out this section.

17 “(2) COMPOSITION; TERMS.—

18 “(A) COMPOSITION.—The I-Prize Board
19 shall be composed of 9 voting members as fol-
20 lows:

21 “(i) The Director of NIH (or the Di-
22 rector’s designee).

23 “(ii) Four members appointed by the
24 Director of NIH.

1 “(iii) One member appointed by the
2 Speaker of the House of Representatives.

3 “(iv) One member appointed by the
4 majority leader of the Senate.

5 “(v) One member appointed by the
6 minority leader of the House of Represent-
7 atives:

8 “(vi) One member appointed by the
9 minority leader in the Senate.

10 “(B) INCLUSION OF CERTAIN EXPERTS.—

11 The members of the I-Prize Board appointed
12 under clauses (ii) through (vi) of subparagraph
13 (A) shall, collectively, include medical, eco-
14 nomic, budgetary, innovation, or venture capital
15 experts from for-profit and not-for-profit pri-
16 vate sector entities with experience in awarding
17 prizes similar to the prizes under this section.

18 “(C) TERMS.—The appointed members of
19 the I-Prize Board shall each be appointed for a
20 term of 5 years.

21 “(D) APPOINTMENT OF INITIAL MEM-
22 BERS.—The initial appointed members of the I-
23 Prize Board shall be appointed not later than
24 120 days after the date of enactment of this
25 section.

1 “(3) RESPONSIBILITIES.—The I-Prize Board
2 shall be responsible for advising the Director of NIH
3 by—

4 “(A) identifying areas of biomedical
5 science that could realize significant advance-
6 ments through the creation of a prize competi-
7 tion;

8 “(B) making recommendations on estab-
9 lishing the criteria for prize competitions under
10 this section;

11 “(C) making recommendations on which
12 business organizations or other entities have
13 successfully met the criteria established for the
14 prize competition; and

15 “(D) gaining insight from researchers,
16 health economists, academia, and industry on
17 how to conduct prize competitions.

18 “(d) RESTRICTIONS.—

19 “(1) NO FINANCIAL CONFLICTS OF INTER-
20 EST.—Any member of the I-Prize Board, and any
21 officer or employee of the National Institutes of
22 Health responsible for carrying out this section, may
23 not personally or substantially participate in the
24 consideration or determination by the I-Board of

1 any matter that would directly or predictably effect
2 any financial interest of—

3 “(A) the individual or a relative (as such
4 term is defined in section 109(16) of the Ethics
5 in Government Act of 1978) of the individual;
6 or

7 “(B) of any business organization or other
8 entity—

9 “(i) of which the individual is an offi-
10 cer or employee;

11 “(ii) with respect to which the indi-
12 vidual is negotiating for employment; or

13 “(iii) in which the individual has any
14 other financial interest.

15 “(2) NO AWARDS TO COMPETITORS LIKELY TO
16 REAP FINANCIAL BENEFIT FROM INNOVATION.—The
17 Director of NIH may not, with respect to an innova-
18 tion, award a prize under this section to any indi-
19 vidual or entity that has a vested financial interest
20 in any product or procedure that is likely to be de-
21 veloped or marketed because of such innovation.

22 “(e) PROCESS OF AWARD.—The full monetary
23 amount of any prize awarded under this section shall be
24 made available to the prize winner not later than 90 days
25 after the date of such award.

1 “(f) SIMULATION.—The Director of NIH may—

2 “(1) award one or more contracts—

3 “(A) to perform a simulation of the prize
4 competitions to be conducted under this section,
5 based on the designs developed under sub-
6 section (b); and

7 “(B) to use the simulation to assess the ef-
8 fectiveness of the design; and

9 “(2) not later than 4 months after awarding
10 such one or more contracts, submit to the Congress
11 a report on the results of the simulation and assess-
12 ment.

13 “(g) IMPLEMENTATION OF PRIZE COMPETITIONS.—

14 “(1) IN GENERAL.—The Director of NIH may
15 enter into an agreement with one or more entities
16 described in section 501(c), and exempt from tax
17 under section 501(a), of the Internal Revenue Code
18 of 1986 to implement prize competitions based on
19 the designs developed under subsection (b).

20 “(2) MINIMUM PERCENTAGE FOR PRIZES.—If
21 the Director of NIH enters into an agreement under
22 paragraph (1) to provide funds or other assistance
23 (including in-kind contributions and testing or other
24 technical support) to an entity to implement a prize
25 competition under this section—

1 “(A) not more than 15 percent of such as-
2 sistance shall be for administration of the prize
3 competition; and

4 “(B) not less than 85 percent of such as-
5 sistance shall be for activities in direct support
6 of competitors such as demonstration, testing,
7 education, and prize awards.

8 “(h) TRACKING; REPORTING.—The Director of NIH
9 shall—

10 “(1) collect information on—

11 “(A) the medical efficacy of innovations
12 funded through the prize competitions under
13 this section; and

14 “(B) the actual and potential effect of the
15 innovations on Federal expenditures; and

16 “(2) not later than one year after the conclu-
17 sion of the prize competitions under this section, and
18 not later than the end of each of the 4 succeeding
19 years, submit to the Congress a report on the infor-
20 mation collected under paragraph (1).

21 “(i) INTELLECTUAL PROPERTY.—

22 “(1) PROHIBITION ON THE GOVERNMENT AC-
23 QUIRING INTELLECTUAL PROPERTY RIGHTS.—The
24 Federal Government may not gain an interest in in-
25 tellectual property developed by a participant in a

1 prize competition under this section without the
2 written consent of the participant.

3 “(2) LICENSES.—The Federal Government may
4 negotiate a license for the use of intellectual prop-
5 erty developed by a participant in a prize competi-
6 tion under this section.”.

Page 26, line 11, insert “, as amended by section
1002 of this Act,” after “et seq.)”

Page 26, line 13, strike “409K” and insert “409L”.

