Consolidated Fiscal Note – 2013-14 Session

Bill #: S2470-2A **Complete Date:** 05/05/14

Chief Author: MELIN, CARLY

Title: MEDICAL MARIJUANA

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agencies: Health Dept (05/05/14), Human Services Dept (05/05/14), Public Safety Dept (05/05/14), Legislature (05/05/14)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Net Expenditures					
General Fund			2,894	1,063	962
Health Dept			2,870	1,039	938
Legislature			24	24	24
State Govt Special Revenue Fund			0	631	631
Health Dept			0	631	631
Misc Special Revenue Fund			0	103	91
Health Dept			0	103	91
Revenues					
State Govt Special Revenue Fund				631	631
Health Dept				631	631
Misc Special Revenue Fund				103	91
Health Dept				103	91
Net Cost <Savings>					
General Fund			2,894	1,063	962
Health Dept			2,870	1,039	938
Legislature			24	24	24
State Govt Special Revenue Fund			0	0	0
Health Dept			0	0	0
Misc Special Revenue Fund			0	0	0
Health Dept			0	0	0
Total Cost <Savings> to the State			2,894	1,063	962

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
General Fund			9.50	9.00	8.55
Health Dept			9.50	9.00	8.55
Misc Special Revenue Fund				0.50	0.45
Health Dept				0.50	0.45
Total FTE			9.50	9.50	9.00

Consolidated EBO Comments

I have reviewed this Fiscal Note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: SUSAN MELCHIONNE
Date: 05/05/14Phone: 651-201-8035

Fiscal Note – 2013-14 Session

Bill #: S2470-2A **Complete Date:** 05/05/14

Chief Author: MELIN, CARLY

Title: MEDICAL MARIJUANA

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings	X	
Tax Revenue		X

Agency Name: Health Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
General Fund			2,870	1,039	938
State Govt Special Revenue Fund			0	631	631
Misc Special Revenue Fund			0	103	91
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			2,870	1,039	938
State Govt Special Revenue Fund			0	631	631
Misc Special Revenue Fund			0	103	91
Revenues					
State Govt Special Revenue Fund				631	631
Misc Special Revenue Fund				103	91
Net Cost <Savings>					
General Fund			2,870	1,039	938
State Govt Special Revenue Fund			0	0	0
Misc Special Revenue Fund			0	0	0
Total Cost <Savings> to the State			2,870	1,039	938

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
General Fund			9.50	9.00	8.55
Misc Special Revenue Fund				0.50	0.45
Total FTE			9.50	9.50	9.00

Bill Description

This bill directs the Department of Health (MDH) to establish a medical cannabis therapeutic research study in which individuals with certain qualifying medical conditions can enroll and receive medical cannabis through a manufacturer contracted by the state. The program established in this bill will be used gather and evaluate data on patients receiving medical cannabis in order to evaluate the therapeutic use of medical cannabis.

Section 1

Subdivision 1: Defines terms including, but not limited to "health care practitioner," "medical cannabis," "medical cannabis manufacturer," and "qualifying medical condition."

Subdivision 2: Allows for the imposition of civil, criminal, or other penalties for certain unlawful actions by persons under the influence of medical cannabis and for possession or use of medical cannabis in a school bus, on school grounds; in correctional facilities and other locations.

Subdivision 3: Authorizes MDH to prohibit enrollment in the registry if a patient is already enrolled in a federally-approved clinical trial. Also requires the commissioner to provide information to all patients enrolled in the registry program on the existence of federally approved clinical trials for similar qualifying medical conditions as an alternative to the state program.

Subdivision 4: Paragraph (a) requires MDH to register and provide regulations for one in-state manufacturer for the production of all medical cannabis in the state by December 1, 2014, unless the commissioner obtains an adequate supply of medical cannabis products by August 1, 2014. Provides that MDH's determination that no manufacturer exists to fulfill the duties under this section is subject to judicial review. This subdivision requires the manufacturer to supply medical cannabis to patients by July 1, 2015 and comply with all requirements in subdivision 8.

Paragraph (b) establishes factors MDH must consider when registering a manufacturer.

Paragraph (c) authorizes MDH to require the manufacturer to contract with an independent laboratory to test all medical cannabis products. Requires MDH to approve the independent laboratory and to require that the laboratory provide testing results to the manufacturer.

Paragraph (d) requires MDH to determine, by December 1, 2014, a range of chemical compositions of any plant of the genus cannabis that will likely be medically beneficial for each qualifying medical condition, including a range of recommended dosages for each condition. The department is required to post the information on the department's website.

Paragraph (e) requires rule-making for the manufacturer by July 1, 2015.

Paragraph (f) requires MDH to notify the public and the co-chairs of the task force on medical cannabis therapeutic research if MDH is unable to complete any requirements under this section by the deadline prescribed in this section. MDH can request no more than two six-month extensions.

Subdivision 5: Authorizes MDH to adopt rules to implement the legislation. MDH is authorized to use the expedited rulemaking process only for rules for which notice is published before January 1, 2015.

Subdivision 6: Directs MDH to establish the patient registry program. The department is directed to provide information to health providers about the program and allow each health care practitioner who meets the requirements to be included in the registry. The department is required to supervise participating health care practitioners, create a written certification for use by a health care practitioner to certify the diagnosis and, if applicable, certify a mental or physical disability which prevents the patient to self-administer the medication, develop safety criteria for patients enrolled in the registry and conduct research and studies using data on the registry. MDH must register a single designated caregiver for a patient if the patient is certified with a physical or mental disability rendering the patient unable to self-administer medication. MDH is required to develop an application and disclosure form that patients must complete in order to enroll in the registry. The bill establishes a process for enrollment and criteria for being denied enrollment. A decision to deny enrollment is subject to judicial review. MDH is required to develop a registry verification to provide to the health care practitioner identified in the

patient's application and to the manufacturer. The bill establishes that Medical Assistance and MinnesotaCare do not cover medical cannabis provided through the registry program.

Subdivision 7: Establishes duties for health care practitioners. This includes determining whether a patient suffers from a qualifying medical condition and provide written certification of the diagnosis, including a determination of whether the patient is developmentally or physically disabled. Practitioners must provide information about medical cannabis. The provider must participate in the patient registry reporting system upon the enrollment of the patient.

Subdivision 8: Establishes duties for the manufacturer of medical cannabis. The manufacturer must provide medical cannabis for the registry in an allowable form and of a consistency determined by MDH. The manufacturer must contract with an independent laboratory that is approved by MDH to test all medical cannabis. The medical cannabis must be tested by a laboratory. The manufacturer must verify the identity of the patient and assign a tracking number for the product before distributing medical cannabis to a patient. No more than a thirty-day supply of medical cannabis can be provided. The manufacturer must report to MDH each month the amount and dosage distributed to the patient, the consistency of the cannabis, and the tracking number assigned to the cannabis.

Subdivision 9: Establishes an enrollment system for the patient and a $200 application fee to be paid by patients enrolling in the registry. The fee is $50 for patients enrolled in certain government programs. As a condition of eligibility, patient must continue to receive regularly scheduled treatment from their health care provider and report changes to their condition.

Subdivision 10: Provides requirements for data practices.

Subdivision 11: Provides protections for clinical trial participation. Exempts a medical practitioner from civil or disciplinary penalties by licensing boards for participation in a clinical trial.

Subdivision 12: Prohibits discrimination by schools or landlords; provides for equivalent use of medical cannabis with other medications for the purpose or organ transplants or other medical care. Prohibits employer discrimination if the discrimination is based on the person's enrollment in a program or a positive drug test unless the person used, possessed, or was impaired on the premises of the place of employment. Prohibits denial of custody or visitation or parenting time based soled on enrollment in a program.

Subdivision 13: Requires MDH to collect an enrollment fee of $200 or $50 for certain public program participants. Provides for renewal fees to be paid annually by qualified patients. Authorizes the medical cannabis manufacturer to charge reasonable fees to cover operational costs. The manufacturer may establish a sliding scale of patient fees based on the patient's household income. Allow for acceptance of private donations to reduce patient fees.

Subdivision 14: Allows nursing facilities and boarding care homes to adopt restrictions on use of medical cannabis.

Section 2: Excludes medical cannabis from the Medical Assistance formulary.

Section 3: Creates a revolving fund in the state treasury. The fund consists of the money paid by the medical cannabis manufacturer and appropriated to the commissioner. Purposes for which the fund may be spent are specified, including per diem salaries and expenses of special examiners and appraisers, expenses related to audits and inspections.

Section 4: Establishes a 23 member task force with members designated as four legislators, 16 non-state employees, and three state employees. Requires the task force to hold hearings to conduct an impact assessment on medical cannabis therapeutic research and provide a report to the legislature by February 1, 2015 on design and implementation of the clinical trial program; every two years thereafter, a complete report on the impact assessment. The task force may also make recommendations on adding or removing qualifying medical conditions. Task force does not expire.

Section 5. Provides for unspecified appropriations from the general fund in FY 2016 and in FY 2017 for research and administration of the medical cannabis therapeutic research study and from the state government special revenue fund in FY 2015 for implementation.

Section 6. Provides that sections 1 and 2 are effective July 1, 2014.

Assumptions

This legislation requires the Medical Cannabis Therapeutic Research Study (MCTRS) program to begin supplying medical cannabis to patients by July 1, 2015. However, this legislation requires the department to develop and implement a number of significant systems, procedures and requirements prior to implementation. As a result, it may not be possible to meet the timeline in the legislation. The bill allows for up to two six-month extensions of the deadline for implementing the program. However, for the purpose of this fiscal note, we assume that the program will be implemented, and patients will begin receiving medical cannabis by July 1, 2015.

Enrollment and Fees

Estimates of the number of qualified patients participating in the MCTRS are based on the incidence of conditions that qualify for participation in Minnesota and participation rates for medical marijuana programs in other states.

The State of Arizona has operated a medical marijuana program since 2011. Arizona has a population 18% larger than Minnesota and age demographics that are very similar to Minnesota. Data on Arizona's medical marijuana program has shown that a very small percentage of individuals with qualifying medical conditions, other than those who qualified due to chronic pain, chose to enroll. For example, 744 enrollees in Arizona's program qualified as a result of having a cancer diagnosis, which amounts to approximately 0.25% of all persons with cancer in Arizona. Approximately 1.3% of Arizona residents with HIV/AIDS enrolled in the medical marijuana program. In Arizona, approximately 91 percent of the individuals enrolled in its medical marijuana program were eligible due to chronic pain. Chronic pain is not a qualifying medical condition under this legislation. We assume that the following numbers of Minnesota residents will be enrolled in a registry program under this legislation. These numbers represent the medical marijuana enrollees in Arizona in 2014 adjusted downward 18% based on the difference in our state populations and adjusted to exclude chronic pain and include estimates for conditions not included in Arizona's law.

Patient Medical Condition	Number of enrollees	% total	
Cancer	986	19.5%	
Seizures	333	6.6%	
Glaucoma	373	7.4%	
Sclerosis	12	0.2%	
Muscle Spasms	494	9.8%	
HIV/AIDS	229	4.5%	
Crohn's Disease	206	4.1%	
Two or more conditions	2212	43.8%	adjusted for pain not included
Tourette's syndrome	100	2.0%	estimate
ALS	100	2.0%	estimate
	5045	**100.0%**	

The bill does not prohibit a person from entering or leaving the program at any time during the effective period of the legislation. We assume that the average monthly enrollment will be 5,045. This estimate may overestimate enrollment because Arizona permits cannabis to be smoked while this legislation does not.

We assume that patients pay an annual fee to participate in the registry. We assume that half of the patients pay the $200 fee and half qualify for the $50 fee. Fee revenue is deposited into the State Government Special Revenue Fund (SGSR). We assume that an amount equal to the fee revenue will be appropriated from the SGSR to MDH to offset the cost of the program

Application and Renewal Fee	Number of applications	Fee	FY2015	FY2016	FY2017

	FY2015	FY2016	FY2017		Revenue	Revenue	Revenue
$200 Fee	0	2,523	2,523	$200	$0	$504,600	$504,600
$50 Fee	0	2,522	2,522	$50	$0	$126,100	$126,100
Total revenue					$0	$630,700	$630,700

Production and Distribution of Medical Cannabis

Section 1, subdivision 13, paragraph (b) authorizes the manufacturer to charge enrollees a reasonable fee for costs associated with the operations of the manufacturer. We assume that the medical cannabis manufacturer will establish and collect fees that fully recover all costs associated with producing and distributing medical cannabis and with meeting other requirements of the manufacturer established under section 1, subdivision 7. Further we assume that the cost of laboratory testing is also recovered through the fees charged by the manufacturer. As a result, we assume that there are no fiscal impacts to MDH associated with the manufacturer's operational costs, including the lab testing.

Oversight of the Manufacturer

Section 3 creates a revolving fund for the purposes of financing MDH costs associated with regulating the manufacturer. MDH is authorized to charge the manufacturer for costs associated with audits, inspections, examinations, or visits to the medical cannabis manufacturer that are related to the regulation of the manufacturer. Costs include staff salaries, contracts and other necessary expenses. Payments from the manufacturer are deposited into the fund and are appropriated to the department for costs associated with the regulatory responsibilities. We assume costs of regulating the manufacturer total $103,000 in FY 2016 and $91,000 in FY 2017. These costs are associated with inspecting the manufacturing facility, verifying compliance with all requirements, and auditing the work of the manufacturer.

Development and Operation of the Registry

The following are estimated costs for a Medical Marijuana Registry:

1. One-time Start-up Cost: $786,000 for year 1
2. Ongoing Maintenance (Post-Start-up): $158,000 for years 2 and 3 (20% of Start-up), $79,000 for year 4 and thereafter (10% of Start-up)

The registry would need to have the following capabilities:

- Enroll patients and caregivers and collect application and renewal fees
- Verify that patients continue receiving regularly scheduled treatment and report changes to their condition
- Place participating providers into the registry
- Collect certification of qualifying medical conditions from the practitioner and provide to the manufacturer
- Track the dosage, amount and consistency of medical cannabis provided to patients
- Collect and maintain information to evaluate medical cannabis treatment options as well as clinical outcomes and quality-of-life outcomes for patients enrolled in the registry.
- Maintain an adverse events reporting system

Necessary Medical and Scientific Expertise

The department does not currently have sufficient expertise to establish the range of chemical compositions and dosages of medical cannabis for each of the qualifying medical conditions. Due to the new and experimental nature of medical marijuana treatments, there are not yet clinical treatment protocols based on clinical trials to inform the determination of compositions and dosages, therefore a broad range of expertise will be necessary to evaluate what is potentially medically effective and safe enough for use in this therapeutic research program. As a result, we assume that we will contract with medical, pharmacological, and other scientific professionals who have a diversity of expertise in order to develop those standards. These specialists would include physicians with expertise in the qualifying medical conditions, physicians with information about symptom management, including review of the literature on medical cannabis, and pharmacists familiar with medication compounding. During FY 2015, we would consult these experts on: developing the recommended dosage ranges and formulations, creating the safety criteria and information about the therapeutic use of medical cannabis to distribute to patients

enrolled in the registry, and identifying data elements to collect in order to analyze the therapeutic effect of medical cannabis. In later years, we would ask the consultants to review data in the registry on the effects of the medication and to help evaluate proposed new qualified medical conditions, new dosage ranges and formulations, and new delivery methods.

We will need professionals from a variety of different medical and scientific backgrounds. It is assumed that we will enter into twenty contracts starting in FY 2015, two to three for each qualifying medical condition and two pharmacists. In order to get the necessary technical expertise and attract experts to an experimental program, it is assumed that professionals contracting for this program will receive $250 per hour. It is further assumed that in FY 2015 each contractor will be paid for an average of 7.5 hours per month, and that starting FY 2016 contractors will be paid for an average of 2 hours per month.

Cost of Consulting Contracts				
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**
Number of Contracts	0	20	20	20
Rate per Hour	$0	$250	$250	$250
Avg. Number of Hours Per Contract	0	90	24	24
Annualized Costs	$0	$450,000	$120,000	$120,000

Rule Making

Section 1, subdivision 5, gives the Commissioner rulemaking authority to implement this legislation. Rules for which notice is published in the State Register by January 1, 2015, may be adopted using the expedited process. There are several provisions in this legislation that will require rule-making related to supervising practitioners, regulating manufacturers, developing the process for selecting additional conditions to include in the program, and patient application procedures. For purposes of this fiscal note, we assume that the rules would be considered a major rule according to the definition in the Minnesota Rulemaking Manual, with an estimated cost of $286,845 in FY2015.

Legal Costs

This bill would result in legal costs for the program, based on language in the bill that gives discretion to the Commissioner of Health, as well as our experience operating similar programs. Legal costs for MDH as a result of this bill would fall into two categories: lawsuits and judicial review.

Lawsuits: Arizona is 18% larger than Minnesota and had 14 lawsuits in the first three years of its medical marijuana program. Based on the experience in Arizona, plaintiffs might challenge the state's authority to implement this regulation in light of a federal prohibition on the use of marijuana, the way the state implements the law, decisions around adding a new medical treatment or delivery method for medical cannabis, and the selection of a manufacturer, among other things. For the purposes of this fiscal note, we assume that MDH will be sued seven times in FY 2016-17, with an average cost per suit of $60,000, for a total legal cost of $420,000 over those two years, with the average annual legal cost as a result of the lawsuits totaling $210,000. We based the $60,000 per suit figure on our recent experience with lawsuits in other program areas of MDH.

Judicial Review: These costs would arise from individuals whose applications for participation in the program are denied or whose participation is revoked. We assume that 100 individuals per year will have applications denied or be removed from the program, largely due to not paying the fee, a change in medical condition, or not meeting the requirement to continue to receive regularly scheduled treatment for the qualifying medical condition. We assume that 25% of those individuals will appeal the determination through judicial review. It is not clear what is meant by "judicial review" for the purposes of arguing an appeal. Based on discussions with the author, we assume that the judicial review will involve a hearing before an administrative law judge. The cost of Administrative Law Judges would be $165 per hour. We assume an average of 10 hours per case and 25 cases per year for a cost of 25 x $165 x 10 = $41,250 per year.

If judicial review were to instead require an appeal to go directly to district court, the cost of appeals would increase significantly. We also assume that there will not be a judicial review associated with the Commissioner not identifying a suitable manufacturer for medical cannabis.

Legal Costs	FY 2014	FY 2015	FY 2016	FY 2017
Lawsuits	0	0	210,000	210,000
Judicial Review	0	0	41,250	41,250
Total Legal Costs	**0**	**0**	**251,250**	**251,250**

Staffing for the Program

We assume that the department will incur staffing costs associated with operating the program registry starting in FY 2015. Staffing needs are summarized below

- 1.0 FTE Office Director ongoing = recruit and oversee staff; provide guidance to program development; interact with other agencies and programs in MDH regarding implementation, oversee data collection/management, and evaluation; manage interaction with Task Force

- 1.0 FTE Medical Specialist in year one, 1.0 FTE in year two and 0.5 ongoing = coordinate development of recommended dosage and consistency ranges; recruit and work with medical and scientific consultants; review patient education materials; recruit and direct involvement of health care providers into the system; review data collection and analysis protocols; provide technical assistance to enrolled health care providers

- 1.0 FTE Nurse Practitioner ongoing = facilitate consultant process; establish recruitment protocols and procedures for health care providers; assist providers through the process; participate in development of patient enrollment procedures and program implementation and evaluation; provide ongoing assistance to patients and providers in enrollment/patient education/provider education activities

- 1.0 FTE Planner Principal ongoing = oversee manufacturer selection and support process; prepare public education materials; respond to requests from media and other states; solicit information from other states on their implementation to better inform our procedures; oversee system of fee collection procedures; provide program guidance to registry development. Develop facility requirements for ongoing inspection reports.

- 2.0 FTE Health Program Representatives, Senior ongoing = assist patients in enrollment and re-enrollment procedures either in patient-directed online application or through a paper based system. Enter data as needed; assist providers in entering patient reporting information; respond to calls from people interested in the program or who were not accepted into the program; assist manufacturer in anticipating demand and meeting supply issues; support work of the task force

- 1.0 FTE Epidemiologist, Sr ongoing = in coordination with the Research Scientist identify data collection needs and data fields; develop data collection protocols; work with registry IT to develop collection methods and data cleaning protocols; develop data analysis proposals; prepare reports; identify ongoing and emerging data collection methods

- 1.0 Research Scientist 3 ongoing = in coordination with Epidemiologist, Sr identify data collection needs and data fields; develop data collection protocols; work with registry IT to develop collection methods and data cleaning protocols; develop data analysis proposals; prepare reports; identify ongoing and emerging data collection methods

- 1.0 FTE OAS, Sr ongoing = establish office systems and structure; develop record management protocols; set up filing systems; triage phone calls and emails about the program to appropriate staff; assure staff follow department requirements; coordinate meetings and mailings

- .5 FTE Legal services ongoing = support development of protocols and educational materials; approve

data sharing agreements; review contracts and agreements; research legal issues and approaches from other states/countries

We assume that the staffing costs will be split between General Fund and the State Government Special Revenue Fund. The department has not yet determined how those costs are to be split. For the purpose of this fiscal note we show all FTEs in the General Fund although ultimately some portion would be paid from the SGSR.

Expenditure and/or Revenue Formula

Expenditures SF 2470 DE2				
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**
Salaries and Benefits	0	958,941	958,941	855,824
Supplies and Expenses	0	51,300	20,060	20,060
RuleMaking	0	286,845	0	0
IT Development and Maintenance	0	786,000	158,000	158,000
Legal Costs	0	0	251,250	251,250
Manufacturer Inspection Team/Audit Contract	0	50,000	7,500	7,500
Lab Consultant	0	25,000	10,000	10,000
Medical/Science Consultants	0	450,000	120,000	120,000
Administrative/Indirect	0	262,284	248,679	237,542
Total	0	2,870,371	1,774,430	1,660,176

Revenues SF 2470				
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**
Application Fees	0	0	631,000	631,000
Revolving Fund	0	0	103,467	90,876
Total	**0**	**0**	**734,467**	**721,876**

Long-Term Fiscal Considerations

Local Government Impact

References/Sources

FN Coord Signature: DAVE GREEMAN
Date: 05/05/14 Phone: 651-201-5235

EBO Comments

I have reviewed this Fiscal Note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: SUSAN MELCHIONNE
Date: 05/05/14 Phone: 651-201-8035

Fiscal Note – 2013-14 Session

Bill #: S2470-2A **Complete Date:** 05/05/14

Chief Author: MELIN, CARLY

Title: MEDICAL MARIJUANA

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Narrative for SF2470-2A (DE2 Amendment)

Bill Description

The second delete all amendment for SF2470 establishes clinical trials to investigate and report on the potential therapeutic effects of medical cannabis. The legislation requires the commissioner of health to contract with a principal investigator and develop guidelines and protocols necessary to administer drug trials to evaluate the effect of medicinal cannabis on those with a qualifying medical condition as specified in statute. The bill also protects participating patients from criminal prosecution for the use and possession of cannabis and prohibits certain forms of discrimination against persons based solely on their status as a participant in a clinical trial investigating medicinal cannabis.

The legislation also establishes the Medicinal Cannabis Advisory Council and designates membership which includes the Minnesota Department of Human Services (DHS).

Assumptions

This version of the bill clarifies that nothing in the legislation requires the Medical Assistance (MA) and MinnesotaCare programs to reimburse an enrollee or a provider for costs associated with the medical use of cannabis. Specifically, this means that the state's health care programs will not pay claims for the cannabis based medication or for travel costs that are solely for the administration of cannabis based medications. The language further clarifies that the MA and MinnesotaCare programs are to continue reimbursing providers for services related to treatment of a qualifying medical condition. This clarification has no fiscal effect as the MA and MinnesotaCare provide covered services irrespective of a recipient's medical condition, and asserting that the programs will continue to pay for treatment is not a change in coverage policy.

The legislation also restricts cannabis from placement on the Medical Assistance drug formulary, which lists the medicines covered by the MA and MinnesotaCare programs.

Given the clarifying language and the formulary restriction, this analysis assumes no fiscal effect for the MA and MinnesotaCare programs, as there will be no change in coverage policy as a result of the bill.

This fiscal note also assumes that the term "designated caretaker" as used in this bill is a term of art specific to the purpose of the legislation and is not related to the delivery of long term care or waiver services under chapter 256 or 256B.

This estimate assumes no fiscal effect for the Medical Assistance and MinnesotaCare programs as there is no change in relevant coverage policy.

Finally, this analysis assumes no fiscal impact related to DHS representation on the Medicinal Cannabis Advisory Council. Participation on this council is within the scope of the current staff responsibilities within the Alcohol and Drug Abuse Division of DHS.

Expenditure and/or Revenue Formula

Fiscal Summary (000's)						
Fund	**BACT**	**Description**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
		Total Net Fiscal Impact				
		FTE				

Long-Term Fiscal Considerations

None

Local Government Costs

References/Sources

Agency Contact Name: Patrick Hultman 651-431-4311
FN Coord Signature: DON ALLEN
Date: 05/05/14 Phone: 651-431-2932

EBO Comments

I have reviewed this Fiscal Note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: PETER BERNARDY
Date: 05/05/14 Phone: 651-201-8027

Fiscal Note – 2013-14 Session

Bill #: S2470-2A **Complete Date:** 05/05/14

Chief Author: MELIN, CARLY

Title: MEDICAL MARIJUANA

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Legislature

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
General Fund			24	24	24
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			24	24	24
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			24	24	24
Total Cost <Savings> to the State			24	24	24

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description

SF 2470-DE2 requires the Department of Health to establish a registry program on the therapeutic use of medical cannabis and make arrangements for a supply of product for the study if no federally-sourced product is available.

The bill establishes a 23 member task force on medical cannabis therapeutic research. The task force is comprised of two members of the House of Representatives, two Senators, 16 public members, and the commissioners from the Departments of Health, Human Services and Public Safety. The task force is to hold hearings and submit reports to the legislature:

- By February 1, 2015, a report on the design and implementation of the registry program;
- Beginning February 1, 2017 and then every two years thereafter, an impact assessment report;

The task force may make recommendations on any changes to the list of qualifying medical conditions.

The task force does not expire.

$50,000 in FY2015 is appropriated to the Legislative Coordinating Commission to provide administrative services to the task force and for the cost of conducting the impact assessment.

Assumptions

1) Public members of the task force will be eligible for reimbursement of expenses including child care expenses as provided under section 15.059. They will not be eligible for per diems, as provided under section 15.059, Subd. 6. Because there is an appropriation to the LCC, legislative members of the task force will be eligible for compensation and reimbursement of expenses to be paid from the appropriation for the task force. If not, these payments could be paid from each house.
2) Member per meeting participation costs include ($66 representatives, $86 senators), $85 round trip mileage (76 miles average), lodging for half of the task force members ($110 for public members, $115 representatives, $100 senators), meal costs for public members ($36), and child care expenses for two of the members ($250).
3) The task force will meet five times each fiscal year. Meetings will occur during interims. All meetings will be held within the Capitol Complex in St. Paul.
4) The task force will not hire its own staff or contract for staff services. Individual members of the task force may ask their own staff to assist the task force.
5) The LCC will provide the task force administrative and fiscal support services.

Expenditure and/or Revenue Formula

	FY15	FY16	FY17
Legislative Member Meeting Participation Cost	4,000	4,000	4,000
Public Member Meeting Participation Cost	17,000	17,000	17,000
Total Member Meeting Participation Cost	21,000	21,000	21,000
LCC Support Staff Cost	3,000	3,000	3,000
Total Cost	24,000	24,000	24,000

Long-Term Fiscal Considerations

The task force will continue meeting five times each fiscal year in the future. Additional appropriations will be needed for future task force costs.

Local Government Costs

N/A

References/Sources

Daycare.com
Patrick McCormack, House of Representatives
Jim Reinholdz, House of Representatives
Tom Bottern, Minnesota Senate
Jim Greenwalt, Minnesota Senate
JoAnne Zoff, Minnesota Senate
Greg Hubinger, Legislative Coordinating Commission

FN Coord Signature: DIANE HENRY-WANGENSTEEN
Date: 05/05/14 Phone: 651-296-1121

EBO Comments

I have reviewed this Fiscal Note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: MICAH INTERMILL
Date: 05/05/14 Phone: 651-201-8044

Fiscal Note – 2013-14 Session

Bill #: S2470-2A **Complete Date:** 05/05/14

Chief Author: MELIN, CARLY

Title: MEDICAL MARIJUANA

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Public Safety Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY13	FY14	FY15	FY16	FY17
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY13	FY14	FY15	FY16	FY17
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description
The bill creates a process to conduct research about the therapeutic use of medical cannabis. The Department of Health is responsible for administering the research program and providing a source for the medical cannabis.

The bill also creates a task force to conduct an impact assessment of medical cannabis therapeutic research. The task force is to hold hearings and provide reports to the legislature.

Assumptions
There is no impact on the Department of Public Safety – Bureau of Criminal Apprehension.

Agency Contact Name: Katie Engler (651-793-2721)
FN Coord Signature: LARRY FREUND
Date: 05/05/14 Phone: 651-201-7050

EBO Comments

I have reviewed this Fiscal Note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: MICHELLE WEBER
Date: 05/05/14 Phone: 651-201-8007