

**HF3119 - 0 - Medical Cannabis Patient Enrollment Fees Modified**

Chief Author: **Heather Edelson**  
 Committee: **Health Finance and Policy**  
 Date Completed: **2/22/2022 11:50:30 AM**  
 Agency: **Health Dept**

| State Fiscal Impact       | Yes | No |
|---------------------------|-----|----|
| Expenditures              | X   |    |
| Fee/Departmental Earnings | X   |    |
| Tax Revenue               |     | X  |
| Information Technology    | X   |    |
| Local Fiscal Impact       |     | X  |

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

| State Cost (Savings)<br>Dollars in Thousands | Biennium |          |              | Biennium     |               |
|--|----------|----------|--------------|--------------|---------------|
|  | FY2021   | FY2022   | FY2023       | FY2024       | FY2025        |
| State Government Special Rev                 | -        | -        | 5,614        | 7,165        | 8,720         |
| <b>Total</b>                                 | <b>-</b> | <b>-</b> | <b>5,614</b> | <b>7,165</b> | <b>8,720</b>  |
| <b>Biennial Total</b>                        |          |          | <b>5,614</b> |              | <b>15,885</b> |

| Full Time Equivalent Positions (FTE) | Biennium |          |          | Biennium |          |
|--------------------------------------|----------|----------|----------|----------|----------|
|                                      | FY2021   | FY2022   | FY2023   | FY2024   | FY2025   |
| State Government Special Rev         | -        | -        | -        | -        | -        |
| <b>Total</b>                         | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> | <b>-</b> |

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Carlos Guereca    **Date:** 2/22/2022 11:50:29 AM  
**Phone:** 651-284-6541    **Email:** carlos.guereca@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

| State Cost (Savings) = 1-2<br>Dollars in Thousands       | Biennium |          |                | Biennium       |                 |
|--|----------|----------|----------------|----------------|-----------------|
|  | FY2021   | FY2022   | FY2023         | FY2024         | FY2025          |
| State Government Special Rev                             | -        | -        | 5,614          | 7,165          | 8,720           |
| <b>Total</b>   | <b>-</b> | <b>-</b> | <b>5,614</b>   | <b>7,165</b>   | <b>8,720</b>    |
| <b>Biennial Total</b>                                    |          |          | <b>5,614</b>   |                | <b>15,885</b>   |
| <b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b> |          |          |                |                |                 |
| State Government Special Rev                             | -        | -        | 4              | -              | -               |
| <b>Total</b>   | <b>-</b> | <b>-</b> | <b>4</b>       | <b>-</b>       | <b>-</b>        |
| <b>Biennial Total</b>                                    |          |          | <b>4</b>       |                | <b>-</b>        |
| <b>2 - Revenues, Transfers In*</b>                       |          |          |                |                |                 |
| State Government Special Rev                             | -        | -        | (5,610)        | (7,165)        | (8,720)         |
| <b>Total</b>   | <b>-</b> | <b>-</b> | <b>(5,610)</b> | <b>(7,165)</b> | <b>(8,720)</b>  |
| <b>Biennial Total</b>                                    |          |          | <b>(5,610)</b> |                | <b>(15,885)</b> |

**Bill Description**

This bill reduces the current annual medical cannabis patient fee from \$200 (for non-Medical Assistance enrollees) or \$50 (for those on Medical Assistance) per year to \$40 per year for all patients on July 1, 2022, which is the beginning of fiscal year 2023.

**Assumptions**

In order to charge and processes a revised fee amount for patients, the department will need to update its patient registry system. There will be a one-time, information technology cost in fiscal year 2023 to update the registry.

As of February 2022, Minnesota’s medical cannabis program had approximately 30,000 registered patients. Under current law, dried raw cannabis is authorized as of March 1, 2022. Patient enrollment is estimated to be 66,000 patients in fiscal year 2023, 99,000 patients in fiscal year 2024, and 132,000 patients in fiscal year 2025. Historically, approximately half of enrollees were eligible for the reduced fee. We assume the patient population will be the same under the bill, with all enrollees paying \$40 instead of either \$50 or \$200 as under current law.

**Expenditure and/or Revenue Formula**

Expenditure

| Expenditure (Actual Dollars)         | Amount          | FY 2022  | FY 2023      | FY 2024  | FY 2025  |
|--------------------------------------|-----------------|----------|--------------|----------|----------|
| <b>Salary &amp; Fringe:</b>          |                 | FTE      | FTE          | FTE      | FTE      |
|                                      |                 |          |              |          |          |
|                                      | FTE             | 0.00     | 0.00         | 0.00     | 0.00     |
|                                      | <b>Subtotal</b> | <b>0</b> | <b>0</b>     | <b>0</b> | <b>0</b> |
| <b>Information Technology:</b>       |                 |          |              |          |          |
| Changes to Medical Cannabis Registry |                 |          | 3,400        |          |          |
|                                      | <b>Subtotal</b> | <b>0</b> | <b>3,400</b> | <b>0</b> | <b>0</b> |
| <b>Other Operating Costs:</b>        |                 |          |              |          |          |

|   |                 |                |                |                |                |
|---|-----------------|----------------|----------------|----------------|----------------|
|   |                 |                |                |                |                |
|   | <b>Subtotal</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Grants, Aids &amp; Subsidies:</b>          |                 |                |                |                |                |
|   |                 |                |                |                |                |
|   | <b>Subtotal</b> | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Indirect (21.7% Eligible Costs)</b>        | <b>Subtotal</b> | <b>0</b>       | <b>738</b>     | <b>0</b>       | <b>0</b>       |
| <b>Expenditure</b>                            | <b>Total</b>    | <b>0</b>       | <b>4,138</b>   | <b>0</b>       | <b>0</b>       |
|   |                 |                |                |                |                |
| <b>Fiscal Tracking (Dollars in Thousands)</b> |                 | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> | <b>FY 2025</b> |
| <b>Health Improvement BACT 01</b>             |                 | <b>0</b>       | <b>4</b>       | <b>0</b>       | <b>0</b>       |
| Administration                                |                 | 0              | 4              | 0              | 0              |
| Grants  |                 | 0              | 0              | 0              | 0              |

Revenue

| <b>Revenue (Actual Dollars)</b>               |               | <b>FY 2022</b> | <b>FY 2023</b>     | <b>FY 2024</b>     | <b>FY 2025</b>     |
|---|---------------|----------------|--------------------|--------------------|--------------------|
| <b>Fee Description:</b>                       | <b>Amount</b> | <b>Units</b>   | <b>Units</b>       | <b>Units</b>       | <b>Units</b>       |
| Patient Reduced \$50 Fee                      | 50.00         | 0              | (33,000)           | (44,500)           | (56,000)           |
| Patient Full \$200 Fee                        | 200.00        | 0              | (33,000)           | (44,500)           | (56,000)           |
| Patient New \$40 Fee                          | 40.00         | 0              | 66,000             | 99,000             | 132,000            |
|   | <b>Total</b>  | <b>0</b>       | <b>(5,610,000)</b> | <b>(7,165,000)</b> | <b>(8,720,000)</b> |
|   |               |                |                    |                    |                    |
| <b>Fiscal Tracking (Dollars in Thousands)</b> |               | <b>FY 2022</b> | <b>FY 2023</b>     | <b>FY 2024</b>     | <b>FY 2025</b>     |
| <b>Impact:</b>                                |               |                |                    |                    |                    |
| Expenditure                                   |               | 0              | 4                  | 0                  | 0                  |
| Revenue                                       |               | 0              | (5,610)            | (7,165)            | (8,720)            |
| <b>Annual Cost (Savings)</b>                  |               | <b>0</b>       | <b>5,614</b>       | <b>7,165</b>       | <b>8,720</b>       |
| <b>Cumulative Cost (Savings)</b>              |               | <b>0</b>       | <b>5,614</b>       | <b>12,779</b>      | <b>21,499</b>      |

**Long-Term Fiscal Considerations**

The fee reduction will have an impact on the state government special revenue fund. In fiscal year 2023, revenue from medical cannabis will be less than projected expenses in the fund for medical cannabis. In fiscal year 2024 and thereafter, medical cannabis revenues are projected to be in greater than expenditures for medical cannabis, provided the projected increase in the patient population materializes.

Projected Medical Cannabis Departmental Earnings in the State Government Special Revenue Fund (SGSR), Fiscal Years 2023 to 2025

| <b>SGSR (Dollars in Thousands)</b> | <b>FY 2023</b> | <b>FY 2024</b> | <b>FY 2025</b> |
|------------------------------------|----------------|----------------|----------------|
|                                    |                |                |                |
| Expenditure                        |                |                |                |
| Medical Cannabis Base              | 3,424          | 3,424          | 3,424          |
| Bill Change                        | 4              | 0              | 0              |
| <b>Revised Expenditure</b>         | <b>3,428</b>   | <b>3,424</b>   | <b>3,424</b>   |
| Revenue                            |                |                |                |
| Current Law Projection             | 8,723          | 11,598         | 14,473         |

|                                   |              |                |                |
|-----------------------------------|--------------|----------------|----------------|
| Bill Change                       | (5,610)      | (7,165)        | (8,720)        |
| <b>Revised Revenue Projection</b> | <b>3,113</b> | <b>4,433</b>   | <b>5,753</b>   |
| <b>SGSR Cost (Savings)</b>        | <b>315</b>   | <b>(1,009)</b> | <b>(2,329)</b> |

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Brian Awsumb

**Phone:** 651-201-5235

**Date:** 2/18/2022 2:18:53 PM

**Email:** brian.awsumb@state.mn.us