

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill establishes the Cannabis Compassionate Care Act. This bill allows for the use of cannabis in treating or alleviating symptoms associated with a variety of debilitating medical conditions. The establishment of compassionate care centers is authorized. The centers must be operated on a not-for-profit basis for the mutual benefit of its members and patrons. The centers do not need to meet IRS tax exempt status or be incorporated. The staff in the compassionate care centers are required to be registered. Qualifying patients and designated caregivers must have a registry identification card. A practitioner must provide written certification that the card holder would likely receive therapeutic or palliative benefit from the medical use of cannabis. A Compassionate Care Board is established consisting of eleven members. The board would establish the rules and regulations for the Cannabis Compassionate Care Act. The fees for compassionate care centers could not exceed \$5,000 for the initial application or \$1,000 for renewal. Total revenue from the centers' fees must be sufficient to cover the cost of implementing and administering the act.

The bill provides for revenue to cover expenses related to the regulatory costs related to the act. The number of compassionate care centers that would be established is unknown. As all of the revenue would be from the centers' application and renewal fees; it would be need to be sufficient to cover the development and maintenance of the verification system and regulatory oversight of the centers and all related activity. The department estimates the total cost to \$1.1 million in the first year of implementation and \$800,000 in the second year. There would need to be 300 to 400 compassionate care centers to cover the costs in the first two years.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared:(4) 3-4-15

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	<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$951,204		\$665,532	
CASH FUNDS	\$162,732		\$162,732	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,113,936	\$0	\$828,264	\$0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 643 creates the Cannabis Compassion and Care Act to regulate the prescribing and medical use of cannabis for treatment of patients with debilitating medical conditions. The purpose of Cannabis Compassion and Care Act is to protect patients with debilitating medical conditions, practitioners and providers from criminal prosecution.

Registered compassion centers may be established.

Physicians would be permitted to prescribe cannabis to persons having a registration document; within a bona fide doctor-patient relationship.

The bill would require Department of Health and Human Services to establish and maintain a web-based verification system for use by patients, caregivers, compassion centers, Department of Health and Human Services, and law enforcement, to verify persons authorized to possess cannabis for medical use and the amounts of cannabis dispensed to those persons.

Physicians who prescribe would not be subject to disciplinary action by licensing boards.

Licensed health care professionals would not be subject to disciplinary action by licensing boards for being in the vicinity of medical cannabis usage, nor for assisting a patient to use cannabis or administer cannabis.

The bill requires Department of Health and Human Services to issue registry identification cards to qualifying patients, designated caregivers, and compassion center staffers, and to register and inspect compassion centers. The bill authorizes Department of Health and Human Services to collect fees for initial issuance and renewal of registrations to support the cost of implementing the Act.

Patients and care givers would be limited to certain amounts of the product.

There would be anti-discrimination provisions.

Compassion centers would be subject to announced inspections by the department.

The bill requires the creation of an 11 member Compassion Board to advise the CEO regarding administration of the Act.

Within 90 days of the effective date of the Act the department would promulgate regulations and rules pursuant to the statute for practitioners, patients, care givers and compassion centers, appoint a compassion board, establish fees, and establish policies and procedures: establish a verification system.

Provides for a change in the marijuana taxing statutory requirements.

The bill requires Department of Health and Human Services to provide an annual report to the Legislature and makes information in the verification system confidential.

Revenue:

Revenue cannot be determine at this time until the Compassion Board meets to determine number of initial licensees and the collection of fees and the number of renewal of registrations.

Expenditures:

Program 262

The Fiscal Impact of LB643 on the Department of Health and Human Services. Additional staffing resources needed to implement this legislation include a DHHS Program Manager II, a Health Licensing Coordinator, a Health Licensing Specialist, an IT Business Systems Analyst, and a Pharmacy Inspector. There will be the cost of establishing and maintaining the web-based verification system required by the bill. The bill includes very specific requirements for the functionality of the verification system, and it is unknown whether such a system currently exists or whether it would need to be created

It is estimated that the costs for technology are estimated at \$350,000 for the procurement of a system in FY2015-16 and \$70,000 for FY2016-17 maintenance of the system in each out year.

Obtaining background and identity checks would cost an estimated \$140,000 per year.

Indirect cost used to cover items that are not directly charge the program such covers such items as telephone, supplies, printing, legal, computers, and covers TSB. \$125,568 per year.

The compassion board are estimated at \$17,412 in FY2015-16 and \$11,740 for FY2016-17 each subsequent year. These estimates include Board subsistence for 11 members averaging 300 miles round trip with seven overnight stays for each of six meetings.

Total cost for program 262 for FY2015-16 is \$951,204 and for FY2016-17 is \$665,532

Program 178

A Professional & Occupational Investigator/RN will be need to handle the investigation of Health Professionals.

Indirect cost for Program 178 is \$66,097 per year.

Total Cost for Program 178 for FY2015-16 is \$162,732 and for FY2016-17 is \$162,732

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2015-2016	2016-2017
	15-16	16-17	EXPENDITURES	EXPENDITURES
X62462 Professional & Occupational Investigator/RN	1.00	1.00	\$50,192	\$50,192
N77760 Pharmacy Inspector	1.00	1.00	\$91,196	\$91,196
V78792 DHHS Program Manager II	1.00	1.00	\$59,211	\$59,211
A107081 IT Business System Analyst	1.00	1.00	\$47,840	\$47,840
X01740 Health Licensing Coordinator	1.00	1.00	\$38,380	\$38,380
X0750 Health Licensing Specialist	1.00	1.00	\$31,198	\$31,198
Benefits.....			\$96,842	\$96,842
Operating.....			\$681,665	\$401,665
Travel.....			\$17,412	\$11,740
Capital Outlay.....				

Aid.....
Capital Improvements.....
TOTAL.....

\$1,113,936	\$828,264
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