

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1999-01
Bill No.: HB 644
Subject: Drugs and Controlled Substances; Crimes and Punishment; Health Care; Health Department
Type: Original
Date: April 2, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	\$0	(\$1,152,353)	(\$484,319)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$1,152,353)	(\$484,319)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation**, the **Missouri Department of Highway and Transportation**, the **Department of Public Safety - Missouri State Highway Patrol**, and the **Department of Insurance** assume this proposal would not fiscally impact their agencies.

Officials from the **Department of Social Services (DOS)** state that while this proposal puts marijuana on the Schedule II list with accepted medical use, there is no requirement that Medicaid cover any particular drug or add marijuana to the Medicaid drug formulary. Therefore, the DOS assumes that there is no fiscal impact.

Officials from the **Missouri Consolidated Health Care Plan** state that there may be some additional costs as a result of this proposal but it is not expected to have any significant fiscal impact.

Officials from the **Secretary of State (SOS)** state statewide newspaper publication of constitutional amendments or referenda costs approximately \$1,161 per column inch based on estimates provided by the Missouri Press Service. The Constitution and state statute require 3 printings. The SOS estimates total number of inches for this amendment to be 150 inches, which

ASSUMPTION (continued)

includes title header and certification paragraph. Therefore, the SOS estimates total costs in FY 05 to be \$522,750 ($\$1,161 \times 3 \times 150$).

Officials from the **Department of Health and Senior Services (DOH)** state this proposal would legalize the use of marijuana for medicinal purposes. The DOH would be required to register and issue identification cards to persons who qualify as a patient or primary caregiver certified to possess and use the medicinal marijuana.

The DOH states the language in this proposal is similar to a program in the state of Oregon. The DOH has used Oregon statistics to estimate the cost of this proposal.

DOH assumptions for implementation of this proposal in Missouri:

- 1) The diagnoses allowed in Missouri for this program would not differ significantly from those allowed under the Oregon Marijuana Program.
- 2) The program would be accessed in Missouri at the same rate as in Oregon.
- 3) Physicians participation would be in the same proportion to the populations of the two states.
- 4) Although the proposed language does not limit the number of primary caregivers allowed per patient, the DOH would limit this to one primary caregiver per patient (like the Oregon program). The DOH would establish this by regulation.
- 5) Costs of issuing individual cards would be \$25 per card.
- 6) There would be no more than 10 registered organizations cultivating marijuana under this program.

The DOH states per the 2000 US Census the population of Oregon was 3,421,399 and the population of Missouri was 5,595,211. The current patient load of Oregon Marijuana Program is 4,775. The DOH assumes the potential patient load for Missouri program is 7,800. The DOH assumes there would be one primary caregiver per patient or 7,800 primary caregivers. Therefore, the DOH would issue 15,600 registration cards per year ($7,800 + 7,800$). Revenues from the cards would be \$195,000 ($7,800 \times \25).

The DOH estimates the cost to generate the card would be \$390,000 ($15,600 \times \25). The DOH states this is was the cost paid to a contractor to prepare and process cards in a different DOH

ASSUMPTION (continued)

programs which required identification cards.

The DOH states the number of physicians participating in Oregon is 1,044 so DOH assumes 1,700 Missouri physicians would participate. The DOH would do random inspections of patient records of 25% of participating physicians each year to verify diagnoses (post registration).

The DOH assumes it would need 1 Health Program Manager, 1 Investigator II, 3 Office Support Assistants and 1 Administrative Office Support Assistant.

The DOH states that it would need to maintain a database of participants and caregivers. The DOH states because of the short development time, it would use contractors to develop the system and current staff to maintain the system. The DOH estimates the cost in FY 05 for contractors to be \$212,166.

Oversight has, for fiscal note purposes only, changed the starting salary for the above mentioned DOH positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005 (8 Mo.)	FY 2006
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GENERAL REVENUE

Income - Department of Health and Senior Services

Registration of participants	\$0	\$195,000	\$195,000
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Costs - Secretary of State

Publication costs	\$0	(\$522,750)	\$0
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<u>FISCAL IMPACT - State Government</u>	FY 2004	FY 2005 (8 Mo.)	FY 2006
<u>Costs - Department of Health and Senior Services</u>			
Personal Services (6 FTE)	\$0	(\$105,348)	(\$161,973)
Fringe benefits	\$0	(\$42,635)	(\$65,550)
Expense and equipment	\$0	(\$62,754)	(\$38,045)
Identification card expense	\$0	(\$401,700)	(\$413,751)
Contractor cost	<u>\$0</u>	<u>(\$212,166)</u>	<u>\$0</u>
<u>Total Costs - Department of Health and Senior Services</u>	<u>\$0</u>	<u>(\$824,603)</u>	<u>(\$679,319)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$1,152,353)</u>	<u>(\$484,319)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal revises provisions pertaining to the classification of marijuana as a controlled substance.

In its main provisions, the proposal:

- (1) Removes marijuana from the Schedule I classification for controlled substances and re-classifies marijuana under the Schedule II classification for controlled substances;
- (2) Prohibits the arrest or prosecution of a qualifying patient who possesses a written certification for the use of marijuana for medical purposes. A qualifying patient under 18 years of age is also exempt from arrest or prosecution if a parent or guardian consents to and controls the use of marijuana for medical purposes;

DESCRIPTION (continued)

- (3) Prohibits a physician from being subject to arrest, prosecution, penalty, or denial of any right for providing written certification for the medical use of marijuana to a qualifying patient;
- (4) Requires that marijuana, paraphernalia, or other property seized from a qualifying patient or primary caregiver in connection with the claimed medical use of marijuana be returned to the patient or caregiver following a determination by a court or prosecutor that these persons are entitled to protections contained in the proposal;
- (5) Prohibits the medical use of marijuana from being certified under certain conditions;
- (6) Exempts insurance companies from providing coverage for the medical uses of marijuana;
- (7) Prohibits the fraudulent representation of the medical use of marijuana to any law enforcement official. Violations of this provision will be subject to criminal and monetary penalties;
- (8) Allows a qualifying patient and a primary caregiver to assert a defense for the medical use of marijuana based on certain conditions;
- (9) Requires the Department of Health and Senior Services to develop rules for governing the issue of a registry identification card. A qualifying patient and primary caregiver is required to submit certain information before receiving the card. Possession of the card by a qualifying patient and a primary caregiver is required;
- (10) Requires the department to maintain a confidential list of persons who have been issued the registry identification card; and
- (11) Allows an organization which has registered with the department to lawfully sell, administer, deliver, or possess marijuana or related supplies for medical use.

The proposal has a referendum provision and will be submitted to qualified voters by November 4, 2004.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Department of Conservation
Department of Highways and Transportation
Department of Public Safety -
 Missouri State Highway Patrol
Department of Insurance
Department of Social Services
Missouri Consolidated Health Care Plan
Secretary of State
Department of Health and Senior Services



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