

**The Maryland Department of Health's Responses to the DLS FY 2020
Health Professional Boards and Commissions Budget Analysis
February 7, 2019 (House) and February 14, 2019 (Senate)**

Policy Questions

The State Board of Dental Examiners should comment on their struggles with meeting new and renewal licensure goals and what steps are being implemented to improve the timeliness of processing licenses. (pg. 5)

The State Board of Dental Examiners will respond in person through the testimony of their executive director.

The Maryland Medical Cannabis Commission should comment on the status of minority participation in the medical cannabis industry in the State, their satisfaction with the current levels of minority involvement, and future efforts to encourage participation by women and minority business people. (pg. 15)

The Commission continues to promote diversity among medical cannabis owners, investors, management, employees, and contractors. Pursuant to Chapter 598, the Commission conducted outreach and education to small-, minority- and women-owned businesses on employment and licensing opportunities within the medical cannabis program. In October-November 2018, the Commission co-hosted twelve outreach events across the State with the Legislative Black Caucus of Maryland. These events provided information on the medical cannabis program, the upcoming application period for grower and processor licenses, and the new emergency regulations, which include certain race-neutral and race-conscious provisions to address the needs of minority and women applicants. The events were attended by more than 400 small, minority, and women business owners. In addition, the Commission awarded five (5) grants to educational and business development organizations to assist small, minority, and women business owners interested in applying for a medical cannabis license. The grantees will host educational courses on the medical cannabis business and laws and regulations governing medical cannabis operations in Maryland. Course offerings will be in-person and on-line and run from January through March in advance of the upcoming application period.

Section 9 of Chapter 598 required the Commission to award Stage One Pre-Approval for licensure to certain high-ranking applicants from the 2015 application period. As a result, three of the six Stage One Pre-Approvals for medical cannabis licenses were awarded to majority minority-owned businesses. The Commission will continue to conduct outreach to interested minority and women business owners, and encourage these businesses to apply for medical cannabis licenses. Accordingly, the Commission is currently hosting four (4) application workshops around the State to answer questions about the newly developed grower and processor applications and the application process.

The Maryland Medical Cannabis Commission should comment on the status of these proposed [advertising] regulations. (pg. 17)

The proposed regulations have not been submitted to the Joint Committee on Administrative, Executive, and Legislative Review (AELR) or published in the Maryland Register for 30-day comment. Typically, the rulemaking process takes 4 to 6 months; however, upon request of the Senate Judicial Proceedings Committee and House Health and Government Operations Committee, the Commission will not submit the proposed regulations to AELR until after the 2019 legislative session closes on April 8.

The Maryland Medical Cannabis Commission should comment on regulations being considered to limit the avenue for license consolidation by large, out-of-state firms through management contracts and the current state of license consolidation. (pg. 18)

The Commission is currently considering a regulatory proposal to define “management agreements” and limit these agreements under certain circumstances. The proposed regulations were considered by the Commission’s Policy Committee at its January 8, 2019, open meeting. The Committee also heard extensive public comment on the proposal at the meeting. The Commission will monitor legislative activity in this area, including Senate Bill 426, which would allow a person to own up to six (6) dispensaries. Any regulatory proposal would only be submitted following the close of the 2019 General Assembly session on April 8.

The Maryland Medical Cannabis Commission should comment on the substantial use of contractual employees in their workforce, plans to convert contractual staff to regular employees, and if the tasks being done by the contractual staff will be ongoing. (pg. 20)

The medical cannabis industry in Maryland is very early in development. As the industry grows and expands, the MMCC needs to continue to grow to meet the needs of the industry. Chapter 598 required the Commission to develop regulations, conduct education, outreach, and training, develop a new application for medical cannabis grower and processor licenses, and award educational and business development grants. The extensive new statutory requirements, combined with the first year of medical cannabis retail operations and increases in industry operations resulted in a significant expansion of responsibilities and activities. In order to respond to these demands, MMCC significantly increased staff, including the contractual workforce. MMCC’s increase in contractual FTEs is one of the significant increases in expenditures for fiscal 2020. The commission anticipates converting at least 12 contractual positions to regular merit positions. These conversions will include positions that require specialized education or credentials and extensive training. These positions are difficult to recruit and require substantial institutional knowledge. The MMCC will be retaining other contractual FTE as the tasks being performed by the contractual staff will be on-going, and do not require highly specialized education and training. Existing MMCC orientation and training will provide the ability to successfully perform the job function. All of the contractual and merit positions that are currently filled, being recruited, planned recruitment or planned for conversion from contractual to merit are included in budget projections reflecting a positive fund balance.

Budget Questions

The Department of Legislative Services (DLS) recommends reducing the State Board of Pharmacy's budget by \$900,000 to more appropriately reflect actual expenditures required for the board. (pgs. 2, 10)

The Department concurs with this technical adjustment.



Natalie M. LaPrade Medical Cannabis Commission: 2018 Accomplishments

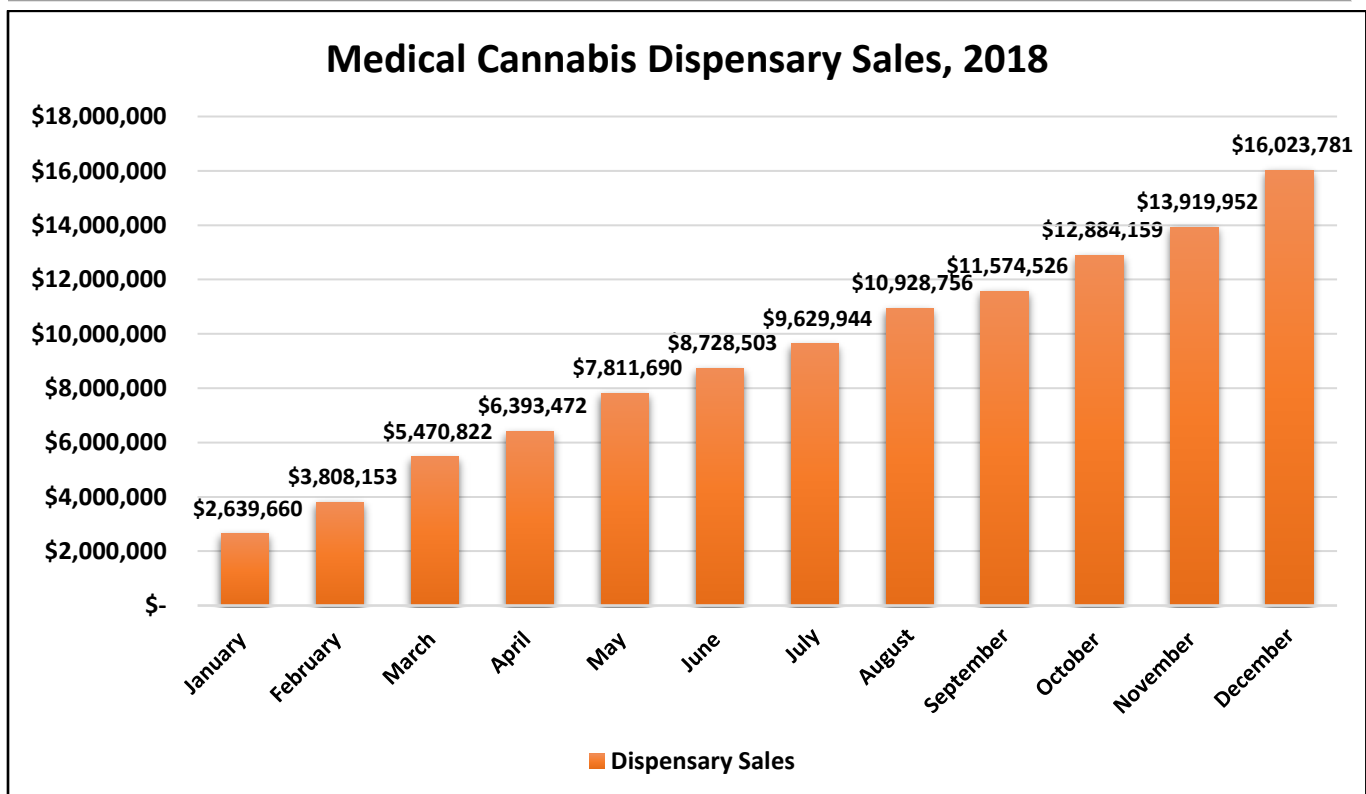
MARYLAND MEDICAL CANNABIS PROGRAM EXPERIENCES SUBSTANTIAL GROWTH

The medical cannabis program in Maryland became operational on December 1, 2017. Since, the program has grown across **all** metrics, including, the number of patients, caregivers, providers, licensed growers, processors, and dispensaries, and sales. Table 1 (below) highlights the first year growth for each category.

Table 1. First Year Growth of Maryland Medical Cannabis Program

	As of December 31, 2017	As of December 31, 2018	Percent Increase
Certified Patients	11,489	54,643	375%
Certified Caregivers	806	4,866	504%
Certifying Providers	606	1,228	103%
Licensed Growers	14	15	7%
Licensed Processors	12	16	33%
Licensed Dispensaries	22	71	223%
Monthly Dispensary Sales (Total)	\$1,804,595	\$16,023,781	788%

TABLE 2 MEDICAL CANNABIS MONTHLY SALES DATA (TOTAL RETAIL SALES = \$ 109,503,418)



MMCC ACCOMPLISHMENTS

Emergency Regulations to Promote Racial, Ethnic, and Gender Diversity

- Promulgated emergency regulations to improve racial, ethnic, and gender diversity among medical cannabis businesses, including owners and investors.
- Implemented first-in-the-nation diversity and socioeconomic factors on medical cannabis license applications, which prioritizes applicants with racial, ethnic, gender, and socioeconomic diversity among owners, investors, managers, employees and contractors.

Outreach and Education to Small, Minority, and Women Business Owners

- Hosted 12 events across the State to educate business owners and entrepreneurs on the upcoming license application period. Pursuant to House Bill 2, outreach and education efforts were directed to small, minority, and women business owners and entrepreneurs.

Education and Business Grant Awards

- Awarded 5 grants to educational and business development organizations to educate and train small, minority, and women-owned businesses seeking to apply for medical cannabis licenses.
- Education and training programs will be held across the State and on-line from January to March. Anyone may attend and the classes are offered at no cost.

Legislative Reports on Advertising, Opioid Use Disorder, and Compassionate Use Fund

- Submitted reports to the General Assembly on (1) advertising and marketing laws governing medical cannabis across the country, and potential regulations in Maryland; (2) laws and scientific data related to treatment of opioid use disorder with medical cannabis; and (3) the revenue necessary to fund the Compassionate Use Fund, and potential funding mechanisms.

Third-Party Vendor Registration

- Developed registration form for businesses interested testing and transporting medical cannabis, and disposing of medical cannabis and medical cannabis waste.

METRC & Patient Verification Functionality Improved

- Maryland is the only state in the nation with real-time medical cannabis sales and patient data.
- Early technical issues related to the seed-to-sale tracking software and patient verification system were resolved. No functionality issues since the solution was implemented in October 2018.

Development of Compliance Program

- Developed standard operating procedures for Bureau of Enforcement and Compliance.
- Expanded announced and unannounced inspections of licensees and independent testing laboratories to ensure compliance with State law and regulations.

Regulatory Amendments to Improve Testing, Transport, and Patient Safety

- Submitted regulations strengthening state testing requirements for contaminants in medical cannabis products, authorizing secure transport companies to ship medical cannabis products, and improving patient access to medical cannabis.

Patient and Provider Education Materials

- Developed patient education materials on the program, how to register, methods of administration, and other common questions.
- Collaborated with national continuing education organization to develop continuing education curriculum for medical professionals.