



SF 2363 – Medical Cannabidiol Changes (LSB5644SV)
 Staff Contact: Kenneth Ohms (515.725.2200) kenneth.ohms@legis.iowa.gov
 Fiscal Note Version – New

Description

Senate File 2363 amends the Iowa Medical Cannabidiol (mCBD) Program. Changes relevant to the fiscal impact include:

- Revises “untreatable pain” to “severe or chronic pain” on the list of debilitating medical conditions for which mCBD may be used.
- Adds autism and post-traumatic stress disorder to the list of debilitating medical conditions for which mCBD may be used.
- Expands the definition of “health care practitioner” to include physician assistants, podiatrists, advanced registered nurse practitioners, and advanced practice registered nurses, and makes conforming Program changes.
- Removes mCBD Program participation restrictions on felons.
- Removes the Department of Transportation (DOT) from the mCBD registration card issuing process, and requires the Department of Public Health (DPH) to issue the registration cards to patients, and makes conforming changes.
- Removes the restriction on mCBD containing more than 3.0% tetrahydrocannabinol (THC).
- Adds a restriction that an mCBD dispensary cannot dispense more than a combined total of 25 grams of THC to a patient or primary caregiver in a 90-day period.
- Extends the validity time period for an mCBD registration card from one year to two years.
- Caps the annual renewal fee at \$2,000 for mCBD manufacturers and dispensaries.

Background

Sales of mCBD through the Iowa mCBD Program began in December 2018. The mCBD Program transitioned to a fee-sustained program and does not include any General Fund revenues in the FY 2020 budget. Iowa currently licenses two mCBD manufacturers and five mCBD dispensaries. A high-level summary of the mCBD Program revenues and total expenditures from the State Accounting System is presented in the following table.

	FY 2016	FY 2017	FY 2018	FY 2019	Estimated FY 2020
Beginning Balance	\$ 0	\$ 0	\$ 0	\$ 165,187	\$ 692,246
General Fund	\$ 25,000	\$ 22,100	\$ 322,100	\$ 322,100	\$ 0
Card Fees	0	650	171,225	232,381	190,790
Manufacturer Fees	0	0	0	300,000	200,000
Dispensary Fees	0	0	0	300,000	200,000
Annual Revenues	\$ 25,000	\$ 22,750	\$ 493,325	\$ 1,154,481	\$ 590,790
Total Resources	\$ 25,000	\$ 22,750	\$ 493,325	\$ 1,319,668	\$ 1,283,036
Total Expenses	\$ 25,000	\$ 22,750	\$ 328,138	\$ 627,422	\$ 1,283,036
Carry Forward Balance	\$ 0	\$ 0	\$ 165,187	\$ 692,246	\$ 0

Assumptions

- Under current law, total card revenue for FY 2020 is estimated at \$288,000.
- Since sales began in December 2018, there is not sufficient data available to forecast new enrollment versus renewal enrollment at this time. For the purposes of this estimate, all cards issued in FY 2020 will be renewed in FY 2021. New enrollment, while foreseeable, is excluded.
- Expanding the list of debilitating medical conditions for which mCBD may be used and allowing for more certifying health care practitioners will increase patient access to mCBD.
- The \$2,000 annual fee for manufacturers and dispensaries listed in the Bill will limit the DPH authority in Iowa Code section [124E.11\(2\)\(f\)](#) to charge fees for regulation.
- The fee DPH would assess manufacturers and dispensaries in FY 2021 and future fiscal years under current law will be \$200,000 annually.
- The cost of an mCBD registration card is established in Iowa Code and cannot be changed by the DPH. Registration cards for patients are \$100 unless the patient is on Social Security disability benefits, supplemental security income payments, or is a Medicaid recipient, then the fee is \$25. Caregiver cards are \$25, and 15.0% of enrolled patients have caregivers who get cards.
- An estimated 40.0% of patients qualify for the reduced fee card.
- The mCBD Program retains fees at the end of the fiscal year for use in the following fiscal year. The estimated amount of fee revenue to carry forward into FY 2021 is \$500,000.
- The Seed-to-Sale tracking system will require updates to comply with the new purchasing cap.
- The data collection and reporting on patient outcomes study language is permissive.

Fiscal Impact

Moving to a biennial registration card issuance cycle will decrease revenues to the mCBD Program. Capping manufacturer and dispensary regulatory fees will decrease revenues to the mCBD Program. The estimated impact of these two changes are outlined in the table below.

	Current Law			SF 2363			Fee Revenue Fiscal Impact
	Registration Card Fees	Manufacturer Fees	Dispensary Fees	Registration Card Fees	Manufacturer Fees	Dispensary Fees	
FY 2021	\$ 288,000	\$ 100,000	\$ 100,000	\$ 0	\$ 4,000	\$ 10,000	\$ -474,000
FY 2022	288,000	100,000	100,000	288,000	4,000	10,000	-186,000
FY 2023	288,000	100,000	100,000	0	4,000	10,000	-474,000
FY 2024	288,000	100,000	100,000	288,000	4,000	10,000	-186,000
FY 2025	288,000	100,000	100,000	0	4,000	10,000	-474,000

To the extent that more patients qualify for the Program and more certifying health care practitioners are available to certify conditions, there will be increased applications and fees to the DPH for mCBD registration. The scope of this impact is unknown. It takes approximately 1,560 patient and caregiver card applications to generate \$100,000 in fee revenue. If the application volume increases enough, the DPH will need to hire additional registration clerks at approximately \$47,000 for every 3,000 applications received in a given year.

While revenues would decrease in FY 2021, the estimated balance carryforward would be sufficient to fund the Program. FY 2022 is difficult to forecast due to the unknown impact of additional covered conditions and certifying health care practitioners.

Costs associated with updating the patient tracking system for the DPH to issue cards are estimated at \$25,000 in FY 2021. The DOT operating budget is projected to save an estimated

\$27,000 annually, due to no longer having to issue registration cards. The DPH may contract for data collection and reporting on patient outcomes if the budget has sufficient capacity.

Sources

Department of Public Health
Department of Transportation
LSA analysis and calculations

/s/ Holly M. Lyons

June 2, 2020

Doc ID 1131378

The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

www.legis.iowa.gov