



STATE OF HAWAII
DEPARTMENT OF HEALTH
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Testimony in SUPPORT of SB 1139
RELATING TO THE OFFICE OF MEDICAL CANNABIS CONTROL AND
REGULATION

SENATOR JARRETT KEOHOKALOOLE, CHAIR
SENATE COMMITTEE ON HEALTH

Hearing Date: 2/3/2021

Room Number:

1 **Fiscal Implications:** This bill would move staffing and operating costs to special funds to
2 lessen the reliance on general funds and to allow an increase in patient registration fees. This
3 will strengthen to program to serve the needs of medical cannabis registered patients.

4

5 **Department Testimony:** Thank you for the opportunity to testify in **STRONG SUPPORT** of
6 S.B. 1399 which would allow the Department of Health's, Office of Medical Cannabis Control
7 and Regulation (OMCCR) to be financially sustainable and fully operational without general
8 funds. The bill proposes to change the means of financing for general-funded positions to the
9 medical cannabis registry and regulation special fund; allow the program to establish three new
10 permanent full-time positions; and authorizes a \$10.00 per year increase to the patient
11 registration fee beginning in FY 2022. The Department respectfully requests an amendment that
12 establishes patient registration in administrative rules and removes them from statute. See below
13 for recommended language.

14 In mitigating budget shortfalls due to COVID-19, six critical full-time positions (program
15 manager, secretary, IT specialist, epidemiologist, administrative officer, and office assistant)

1 were unfunded under Act 9, SLH 2020. As a result, OMCCR currently has no administrative
2 staff, which is fundamental to the effective and efficient operation of any program. Changing the
3 means of financing makes the positions permanent for continuity and relieves the program's
4 dependency on other departmental divisions that previously supported separate medical cannabis
5 programs. The registry and dispensary require a significant amount of administrative support,
6 and the need for administrative and programmatic support will only be greater as the landscape
7 for medical cannabis grows and evolves.

8 Administrative and program staff are needed to meet current statutory requirements. The
9 patient registry program continues to grow at about 1.8% a month. As enrollment increases, it
10 also adds additional work in other areas of the registry. Dispensary investigations have increased
11 as new locations opened, new products are introduced, violations are issued, and complaints are
12 received, all of which require follow-up inspections.

13 Consolidating the medical cannabis registry and dispensary programs into OMCCR to
14 include 19 FTE, ongoing annual operating expenses, and allowances to upgrade and maintain
15 both dispensary tracking and registration systems would cost about **\$2,684,914**. The current
16 registration fees have not been increased since 2015, (\$35.00 annual in-state registration; \$45.00
17 out-of-state registration). A majority of respondents to a patient feedback survey conducted in
18 2019 indicated that a \$10.00 increase in yearly patient fees would be reasonable. Such an
19 increase would be sufficient to support the entire program's operating costs.

20

21 **Offered Amendments:** Amend Section 329-123(b), HRS to read as follows:

1 "(b) Qualifying patients shall register with the department of health. The registration shall be
2 effective until the expiration of the certificate issued by the department of health and signed by
3 the physician or advanced practice registered nurse. Every qualifying patient shall provide
4 sufficient identifying information to establish the personal identities of the qualifying patient and
5 the primary caregiver. Qualifying patients shall report changes in information within ten working
6 days. Every qualifying patient shall have only one primary caregiver at any given time. The
7 department of health shall issue to the qualifying patient a registration certificate, and is
8 authorized to establish fees in administrative rules and shall charge [~~\$35~~][\$45 ~~per year~~] a fee as
9 determined by the department. Fees shall be deposited into the medical cannabis registry and
10 regulation special fund."

11 Amend Section 329-123.5, HRS to read as follows:

12 "(e) Each qualifying out-of-state patient shall pay a fee of [~~\$45~~][~~\$55~~] for each registration and
13 renewal as determined by the department. Fees shall be deposited into the medical cannabis
14 registry and regulation special fund."

15 Thank you for the opportunity to testify on this measure.



Akamai Cannabis Clinic

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TESTIMONY ON SENATE BILL 1139
RELATING TO THE OFFICE OF MEDICAL CANNABIS CONTROL AND
REGULATION

By
Clifton Otto, MD

Senate Committee on Health
Senator Jarrett Keohokalole, Chair
Senator Rosalyn H. Baker, Vice Chair

Wednesday, February 3, 2021; 1:05 PM
State Capitol, Videoconference

Thank you for the opportunity to provide the following comments on this measure.

[SB1139](#) increases the medical cannabis patient registration fee from \$35 to \$45 beginning FY 2022 and adds three full time positions to the Office of Medical Cannabis Control and Regulation (OMCCR).

Before passing this measure, I believe that the Committee should, if it hasn't already done so, require that the Department of Health (DOH) disclose at this virtual public hearing the current status of the Medical Cannabis Registry and Regulation Special Fund and how monies in this fund have been used over the past two years.

Such financial accountability is essential given OMCCR's failure to properly regulate dispensaries over the past two years by allowing them to "remediate" moldy cannabis flowers into secondary manufactured products that have been sold to patients without their knowledge and without statutory authority or administrative rules to formally regulate this process. OMCCR has also failed to fulfill a statutory obligation under HRS [321-30.1](#) and [329D-26](#) to provide medical cannabis education to the community.

Fixing the regulatory deficiencies of OMCCR is not simply a matter of giving this office more money and staff. I recommend that the Committee amend this bill to require that OMCCR be moved from its current location under the Health Resources Administration ([HRA](#)) to the Environmental Health Administration ([EHA](#)), which already has the necessary regulatory capabilities within the Food Safety Branch.

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In addition, OMCCR is lacking the medical expertise that is required to ensure adequate regulatory oversight of Hawaii's Medical Cannabis Program. I recommend that the Committee also amend this bill to require that one of the full-time positions being added to OMCCR be a certified Cannabinoid Medicine Specialist.

I would support this bill if the recommended changes above were made.

Aloha.



To: Senator Jarrett Keohokalole, Chair
Senator Rosalyn Baker, Vice-Chair
Member of the Committee on Health

Fr: Blake Oshiro, Esq. on behalf of the HICIA Hawai'i Cannabis Industry Association

Re: Testimony in **Support of Senate Bill (SB) 1139**
RELATING TO OFFICE OF MEDICAL CANNABIS CONTROL AND
REGULATION
Increase patient registration fee by \$10, add 3.0 FTE, and change means of finance for positions.

Dear Chair Keohokalole, Vice-Chairs Baker, Members of the Committee:

The Hawai'i Cannabis Industry Association, formerly known as the Hawai'i Educational Association for Therapeutic Health, represents all eight of the state's licensed medical cannabis dispensaries. HICIA **supports** SB1139 which proposes a modest increase of \$10 to the fee to obtain a medical cannabis card ("329 card"), changes the means of financing from general to special funds, and authorize additional full-time employee positions.

We sincerely appreciate the hard-work, dedication, on-going communications with the Office of Medical Cannabis Control and Regulation (OMCCR), along with its leadership. While they take their regulatory role very seriously, they are also willing to engage and communicate about their positions and interpretations on issues, and their execution and implementation of the laws and regulations.

However, as a highly regulated and scrutinized industry, there is a high level of demand on skilled and knowledgeable OMCCR employees, willing to look at ongoing research and science, and evolving business and best-practices in an industry that is constantly changing, not just here, but world-wide.

Unfortunately, our experience is that the current OMCCR staff is stretched-thin and unable to keep up with the demands of the industry and its qualified patients. This is not to fault the OMCCR employees, or even its leadership, but there is just simply a need for more resources to be invested into this agency.

As such, we support this bill as a modest means of finding the fiscal resources to fund the need for these additional services.