

HOUSE BILL 870

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By: Delegates Pena-Melnyk, Feldmark, Lehman, Proctor, and Valderrama
Valderrama, Bagnall, Barron, Hill, Johnson, Kerr, R. Lewis, Pendergrass,
Rosenberg, and K. Young

Introduced and read first time: February 3, 2020
Assigned to: Health and Government Operations

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 4, 2020

CHAPTER _____

1 AN ACT concerning

2 **Natalie M. LaPrade Medical Cannabis Commission – ~~Repeal of Compassionate~~**
3 **Use Fund, Standard Price List, and Sales at Reduced Cost – Revisions**

4 FOR the purpose of ~~repealing~~ requiring the Natalie M. LaPrade Medical Cannabis
5 Commission, rather than the Maryland Department of Health, to administer the
6 Compassionate Use Fund; prohibiting the Commission from imposing certain fees
7 during a certain period following the issuance of a license, rather than the
8 preapproval of a license; repealing a provision of law requiring the ~~Natalie M.~~
9 ~~LaPrade Medical Cannabis~~ Commission to provide a certain report to the General
10 Assembly on or before a certain date; repealing the authority of the Commission to
11 hire a certain actuary for a certain purpose; ~~repealing a provision of law~~ requiring
12 the ~~Maryland Department of Health, in consultation with the~~ Commission, rather
13 than the Department, to establish a certain program to allow certain individuals to
14 obtain medical cannabis at a reduced cost, rather than at no cost or a reduced cost,
15 and reimburse a licensed dispensary for certain costs; ~~requiring growers, processors,~~
16 ~~and dispensaries to maintain and make available a certain standard price list,~~
17 ~~prohibiting a grower, processor, and dispensary from selling medical cannabis or~~
18 ~~medical cannabis products at a price that exceeds the price indicated on the licensee's~~
19 ~~standard price list; requiring a licensed dispensary to offer for sale medical cannabis~~
20 ~~and medical cannabis products to a certain qualifying patient at a certain reduced~~
21 ~~cost; requiring a qualifying patient to present certain identification in order to~~
22 ~~purchase medical cannabis or medical cannabis products at a reduced cost; requiring~~
23 ~~dispensaries to submit a certain report to the Commission on or before a certain date~~

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



~~each year; requiring the Commission to adopt regulations to implement this Act; making conforming changes~~ stating the intent of the General Assembly; requiring the Commission to consider certain factors in developing certain regulations; making technical changes; and generally relating to the Natalie M. LaPrade Medical Cannabis Commission.

BY repealing and reenacting, with amendments,

Article – Health – General
Section 13–3303.1
Annotated Code of Maryland
(2019 Replacement Volume)

~~BY adding to~~

~~Article – Health – General
Section 13–3303.1
Annotated Code of Maryland
(2019 Replacement Volume)~~

~~BY repealing~~

~~Article – State Finance and Procurement
Section 6–226(a)(2)(ii)109.
Annotated Code of Maryland
(2015 Replacement Volume and 2019 Supplement)~~

~~BY renumbering~~

~~Article – State Finance and Procurement
Section 6–226(a)(2)(ii)110. through 122., respectively
to be Section 6–226(a)(2)(ii)109. through 121., respectively
Annotated Code of Maryland
(2015 Replacement Volume and 2019 Supplement)~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That the Laws of Maryland read as follows:

Article – Health – General

§13–3303.1.

(a) In this section, “Compassionate Use Fund” means the Natalie M. LaPrade Medical Cannabis Compassionate Use Fund.

(b) There is a Natalie M. LaPrade Medical Cannabis Compassionate Use Fund.

(c) (1) The ~~Department~~ **COMMISSION** shall:

(i) Administer the Compassionate Use Fund; and

1 (ii) Subject to paragraph (2) of this subsection, set fees in an amount
2 necessary to provide revenues for the purposes of the Compassionate Use Fund.

3 (2) The Commission may not impose the fees established under paragraph
4 (1)(ii) of this subsection on a licensed medical cannabis grower, processor, or dispensary
5 during the 2 years immediately following the ~~preapproval~~ ISSUANCE of the license for a
6 license under this subtitle.

7 (d) The purpose of the Compassionate Use Fund is to provide access to medical
8 cannabis for individuals enrolled in the Maryland Medical Assistance Program or in the
9 Veterans ~~Administration~~ AFFAIRS Maryland Health Care System.

10 (e) (1) The Compassionate Use Fund is a special, nonlapsing fund that is not
11 subject to § 7-302 of the State Finance and Procurement Article.

12 (2) The State Treasurer shall hold the Compassionate Use Fund
13 separately, and the Comptroller shall account for the Compassionate Use Fund.

14 (3) The Compassionate Use Fund shall be invested and reinvested in the
15 same manner as other State funds, and any investment earnings shall be retained to the
16 credit of the Compassionate Use Fund.

17 (4) The Compassionate Use Fund shall be subject to an audit by the Office
18 of Legislative Audits as provided for in § 2-1220 of the State Government Article.

19 (5) The Comptroller shall pay out money from the Compassionate Use
20 Fund as directed by the ~~Department~~ COMMISSION.

21 ~~(f) (1) On or before December 1, 2018, the Commission, in consultation with~~
22 ~~the Department, shall report to the General Assembly, in accordance with § 2-1257 of the~~
23 ~~State Government Article, on:~~

24 ~~(i) The revenues the Commission anticipates are necessary to~~
25 ~~implement the program described in subsection (i) of this section;~~

26 ~~(ii) The amount of fees and the licensees on which those fees shall be~~
27 ~~assessed in order to generate the necessary revenues;~~

28 ~~(iii) The use of any other funding mechanism to implement the~~
29 ~~program; and~~

30 ~~(iv) Any anticipated savings in prescription drug costs for the~~
31 ~~Maryland Medical Assistance Program that would result from the provision of medical~~
32 ~~cannabis under this subtitle.~~

~~(2) The Commission may hire an independent actuary to assist the Commission in the preparation of the report required under paragraph (1) of this subsection.~~

~~(g)~~ **(F)** No part of the Compassionate Use Fund may revert or be credited to:

(1) The General Fund of the State; or

(2) Any other special fund of the State.

~~(h)~~ **(G)** Expenditures from the Compassionate Use Fund may be made only in accordance with the State budget.

~~(i)~~ **(H)** (1) The ~~Department, in consultation with the~~ Commission, shall establish a program to allow eligible individuals enrolled in the Maryland Medical Assistance Program or in the Veterans ~~Administration~~ **AFFAIRS** Maryland Health Care System to:

(i) Obtain medical cannabis from a licensed dispensary at ~~no cost or~~ a reduced cost; and

(ii) Reimburse a licensed dispensary for the cost of the medical cannabis dispensed to an eligible individual under the program from the Compassionate Use Fund.

(2) The ~~Department~~ **COMMISSION** shall adopt regulations to implement this subsection.†

~~13-3303.1.~~

~~(A) EACH GROWER, PROCESSOR, AND DISPENSARY SHALL MAINTAIN AND MAKE AVAILABLE A STANDARD PRICE LIST THAT INCLUDES ANY MEDICAL CANNABIS AND MEDICAL CANNABIS PRODUCT OFFERED FOR SALE BY THE LICENSEE.~~

~~(B) A GROWER, PROCESSOR, OR DISPENSARY MAY NOT SELL MEDICAL CANNABIS OR A MEDICAL CANNABIS PRODUCT AT A PRICE THAT EXCEEDS THE PRICE INDICATED ON THE LICENSEE'S STANDARD PRICE LIST.~~

~~(C) A DISPENSARY SHALL OFFER FOR SALE MEDICAL CANNABIS AND MEDICAL CANNABIS PRODUCTS TO A QUALIFYING PATIENT ENROLLED IN THE MARYLAND MEDICAL ASSISTANCE PROGRAM OR IN THE VETERANS ADMINISTRATION MARYLAND HEALTH CARE SYSTEM AT A REDUCED COST OF NOT LESS THAN 20% OF THE PRICE INDICATED ON THE DISPENSARY'S STANDARD PRICE LIST.~~

~~(D) A QUALIFYING PATIENT MUST PRESENT THE FOLLOWING TO A DISPENSARY AT THE TIME OF PURCHASE IN ORDER TO PURCHASE MEDICAL CANNABIS OR A MEDICAL CANNABIS PRODUCT AT A REDUCED COST:~~

~~(1) A VALID:~~

~~(i) MARYLAND MEDICAL ASSISTANCE CARD; OR~~

~~(ii) VETERAN HEALTH IDENTIFICATION CARD (VHIC); AND~~

~~(2) A COMMISSION ISSUED QUALIFYING PATIENT IDENTIFICATION CARD.~~

~~(E) ON OR BEFORE JULY 30 EACH YEAR, EACH DISPENSARY SHALL SUBMIT A REPORT TO THE COMMISSION, IN A FORM PRESCRIBED BY THE COMMISSION, THAT INCLUDES:~~

~~(1) THE AMOUNT OF REDUCED COST SALES MADE BY THE DISPENSARY; AND~~

~~(2) A LIST OF ELIGIBLE QUALIFYING PATIENTS WHO RECEIVED REDUCED COST MEDICAL CANNABIS OR MEDICAL CANNABIS PRODUCTS.~~

~~(F) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT THIS SECTION.~~

~~Article State Finance and Procurement~~

~~6-226.~~

~~(a) (2) (ii) The provisions of subparagraph (i) of this paragraph do not apply to the following funds:~~

~~[109: the Natalie M. LaPrade Medical Cannabis Compassionate Use Fund;]~~

~~SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 6-226(a)(2)(ii)110. through 122., respectively, of Article State Finance and Procurement of the Annotated Code of Maryland be renumbered to be Section(s) 6-226(a)(2)(ii)109. through 121., respectively;~~

(a) It is the intent of the General Assembly that the Natalie M. LaPrade Medical Cannabis Commission, to support the Compassionate Use Fund and the program established under § 13-3301.1(h) of the Health – General Article, as enacted by Section 1 of this Act:

1 (1) establish a fee structure that, in addition to meeting the requirements
2 of § 13–3303.1 of the Health – General Article, as enacted by Section 1 of this Act, assesses
3 fees on licensed medical cannabis growers, processors, and dispensaries;

4 (2) in establishing a fee structure, consider the financial and
5 administrative burden placed on medical cannabis licensees in the initial stages of
6 establishing the program under § 13–3301.1(h) of the Health – General Article, as enacted
7 by Section 1 of this Act;

8 (3) establish procedures for assessing and collecting fees under § 13–3301.1
9 of the Health – General Article, as enacted by Section 1 of this Act; and

10 (4) provide reimbursement to licensed medical cannabis dispensaries
11 under the program established under § 13–3301.1(h) of the Health – General Article, as
12 enacted by Section 1 of this Act, in a manner that minimizes the financial and
13 administrative burden on the Commission and the licensed medical cannabis growers,
14 processors, and dispensaries.

15 (b) In developing the regulations to implement the Compassionate Use Fund and
16 program established under § 13–3301.1(h) of the Health – General Article, as enacted by
17 Section 1 of this Act, the Commission shall consider:

18 (1) measures that may be implemented to identify and deter diversion of
19 medical cannabis and medical cannabis products;

20 (2) methods for assisting licensed medical cannabis dispensaries in
21 determining the eligibility of patients; and

22 (3) whether § 280(e) of the Internal Revenue Code impacts any fee
23 structure used to support or the administration of the program established under §
24 13–3301.1(h) of the Health – General Article, as enacted by Section 1 of this Act.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2020.