NEW HEALTH SOLUTIONS OKLAHOMA

TALKING POINTS RE: SPECIAL SESSION

The primary call for a special session is the need to address numerous enabling statutes to allow for the Oklahoma State Department of Health (OSDH) to adequately and efficiently implement the Medical Cannabis Program. The following list is just a primer on what needs to be addressed and included in both a statutory and regulatory component for successful medical cannabis program implementation.

Included in this list of statutory requirements are:

- Undeniably clear enabling language for OSDH to promulgate rules and regulations as it pertains to every facet of the medical cannabis program;

- The ability to establish a progressive fee schedule for business licensees and individual operators within the industry (The industry fee schedules MUST pay for the regulatory program and not be wholly dependent upon the 7% excise tax applied to medical cannabis sales);

- Ensuring a revenue-neutral or revenue-positive program requires the supplemental funding generated through heightened/additional application/inspection fees;

- The OSDH should be running this program with third party systems in place to alleviate system pressure, staff shortages, and the appearance of impropriety in granting of licenses. As such, the following issues need to be addressed via the public RFP process for the OSDH to solicit bids from third party contractors:
    - Software and Systems Management for patient applications, payment processing, and patient registry database;
    - Integration with dispensary patient tracking databases;
    - Seed to Sale Inventory Tracking Systems, including reporting of product inventory management to eliminate black and grey market proliferation;
    - Integration with physician registries (not to include PMP);
    - Revenue and taxation reporting and submission;
    - Laboratory data submission;
    - Transfer of batch samples to laboratories;
    - Transportation licensing, background checks and verifications
    - **Financial disclosures and identification of real ownership for license applicants**
    - **For a competitive licensing structure (i.e., limited cultivation licenses), third party review of applications** (KPMG, Deloitte);

- Specifications for and outlining importation and availability of seed stock and genetics. Interstate transport of cannabis is federally prohibited, thus this requires statutory authorization for importing seed stock and genetics through a spelled out, verified program. Potential inclusion of Dept of Agriculture as intermediary for interstate transport of initial seed stock and genetics;

- Research and Development Cultivation and Research and Development Education Licenses must be authorized by supplemental legislative action. There is tremendous interest amongst our medical research institutions regarding medical cannabis research, but the program must be spelled out;

- Establishment of Nursery/Wholesale Plant & Genetics Licenses;

- Enabling language for Seed to Sale inventory tracking system;

- Legislative establishment of business licenses, structure, fee schedule (or in the alternative, enabling language for OSDH to determine fee structure), license limitations (number, tiers, scope), none of which can be done under regulatory rule promulgation as 788 stands;

- Home Grow: establishment of personal medical license holder home grow license, application fees, inspection and verification standards;

- Enabling OSDH inspection authority for home grows;

- Establishing penalties for violations of home grow restrictions, illicit sales, restricting home processing of cannabis products with potentially hazardous materials;

- Enabling Board of Pharmacy to inspect processing facilities

- Establishment of financial competency qualifications for business license applicants (ability to demonstrate adequate financial resources & source of these resources for appropriate business licensure);

- Enabling language for establishment of Medical Marijuana Advisory Commission established by the OSDH proposed draft regulations released. Not to include someone from the ABLE Commission or alcohol industry;

- Local licensing authority and participation by municipalities and counties – timeline for adoption of local ordinance outlining local fees/inspections and processes or simple compliance with state program;

- Local approval, zoning, signage, setback requirements to gauge compliance with standard, in place local ordinances and regulations;

- License transfers and purchasing – prohibition unless approved through process in place, including all financial disclosures, proof of ownership;

- Dispensary site specific regulations, including security protocols, signage, marketing, accessibility, hours of operation (not excluding Sundays);

- 120 day implementation timeline to account for third party RFP process, emergency rulemaking, local ordinance coordination and approval, and responsible implementation of this program;

- 45-90 day license application review periods for business licenses. The financial background checks and disclosures alone will take more time to verify than the period prescribed by 788;

- Identification of both commercial and personal cultivation standards and security protocols (i.e., not seen from the road, locked accessibility, but include greenhouses as they are the industry standard for cultivation, so long as secured);

- Allow for notices and all licensure communications to be provided to applicants in electronic mail format;

- Fee schedule authorization for transportation, research, caregiver, and personal grow licenses;

- Clarifying Drug Free Workplace language to be consistent with federal law;

- Amend Title 63 and Title 21 to include smokeable medical cannabis in Clean Indoor Air statutes;

- Establish criminal penalties for dispensing or giving medical cannabis to non-licensed individuals;

- Potentially requiring dispensaries to register with OBN, but not submit patient data to PMP or centralized database accessible by law enforcement;

- Establish requirement for performance bonds;

- Establish daily patient purchase limits;

- Allow for and increase amounts of financial penalties for all infractions, violations, and lack of compliance with specific penalties and language granting authority;

- Identification of serving sizes per THC standards for variety of products, specifically edibles (industry standard is 10mg)

- Enabling language for rule promulgation as it relates to physician reporting requirements and recommendations (reflecting current draft proposals from OSDH), not to include PMP reporting. Require physicians to report conditions and diagnosis codes for which they are recommending medical cannabis, in a manner that protects patient confidentiality and privacy. Said database shall be publicly accessible for medical research and industry development purposes;

- Inclusion of language identifying Medical Licensure Board disciplinary proceedings for physicians operating outside the reasonable scope of practice in regards to medical marijuana patient recommendations;

- Enabling language for Medical Licensure Board to establish cannabis education and training curriculum for licensed medical professionals (voluntary or mandatory);

- Enabling language allowing public research institutions receiving federal funds to conduct research on medical cannabis programs

In conclusion, SQ788 establishes a 30 day enacting clause. The most efficient approach to addressing these issues through both statute and regulations is for a limited, directed and coordinated special legislation prior to the 30 day enacting timeline. NHSO is prepared to submit all recommended language to legislative and agency leadership within 7 days in a statutory format and proposed rules building upon the draft OSDH regulations.

For more information, contact Bud Scott, Executive Director, New Health Solutions Oklahoma, Inc – THE trade association for Oklahoma's Cannabis Industry.