



**DEPARTMENT OF PUBLIC SAFETY  
and  
DEPARTMENT OF HEALTH**

**REPORT TO THE 2014 LEGISLATURE**

**RESPONSE TO ACT 177  
SESSION LAWS OF HAWAII 2013**

**TRANSFER OF RESPONSIBILITIES OF THE  
MEDICAL USE OF MARIJUANA PROGRAM  
FROM THE  
DEPARTMENT OF PUBLIC SAFETY  
TO THE  
DEPARTMENT OF HEALTH**

**December 2013**

## **INTRODUCTION**

In 2010, the Medical Cannabis Working Group recommended to the Hawaii State Legislature that administration of the Medical Use of Marijuana Program (MUMP) be transferred from the Department of Public Safety (PSD) to the Department of Health (DOH). Act 177, Session Laws of Hawaii 2013, enacts this recommendation.

Act 177 allows for the MUMP transfer to take place over an 18-month period, from July 1, 2013 to January 1, 2015. Elements of Act 177 include:

1. The establishment of the Medical Marijuana Registry Special Fund within the DOH to accept moneys derived from medical marijuana fees collected annually and use those funds to support the operations of the MUMP. Section 12 of Act 177 sets an expenditure ceiling of \$150,000 per year for Fiscal Biennium 2013-2015. Upon the transfer of the program on January 1, 2015, PSD's authority to collect and expend MUMP revenues will be deleted from Section 329-59, Hawaii Revised Statutes, Controlled Substance Registration Revolving Fund.
2. The transfer of PSD civil service employees to DOH while retaining civil service status. Also provides for the transfer to DOH of all PSD documents, equipment and supplies "made, used, or acquired exclusively" for the MUMP.
3. The transfer of the June 30, 2013 balance of "all surplus moneys collected exclusively for the medical use of marijuana program" from PSD to the newly established DOH Medical Marijuana Registry Special Fund by September 1, 2013. The Act further requires that any surplus funds collected by PSD between September 1, 2013 and December 31, 2014, be transferred to DOH on January 1, 2015.
4. Reenacts and makes applicable to DOH all rules, policies, procedures, guidelines, and other material adopted or developed by PSD until amended or repealed by DOH.
5. Permits written certificates issued by PSD to remain valid until DOH issues new designated forms.

This report is submitted to satisfy the requirements of Act 177, Section 11, informing the 2014 Hawaii State Legislature of progress made by the two departments in effecting the transfer of the Medical Use of Marijuana Program from PSD to DOH.

## **PROGRESS MADE SINCE JULY 1, 2013**

Initial meetings were held between DOH Deputy Director for Administration Keith Yamamoto, DOH Deputy Director for Health Resources Administration David Sakamoto, MD, and PSD Deputy Director for Administration Martha Torney to address the administrative aspects of the transfer, including fiscal and personnel issues. Subsequent meetings included PSD Narcotics Enforcement Division and DOH

STD/AIDS Prevention Branch staff to discuss more specific and detailed aspects of transferring the program operations.

### Fiscal

Act 177 required the June 30, 2013 balance of MUMP funds be transferred from the PSD Controlled Substance Registration Revolving Fund to the newly established DOH Medical Marijuana Registry Special Fund by September 1, 2013. With the concurrence of DOH, PSD considered MUMP funds collected and expended for Fiscal Years 2011, 2012, and 2013 to determine a balance of \$353,526.67. During the review, there appeared to be an anomaly during FY 2012 whereby MUMP funds collected greatly exceeded the expected revenues based on the number of registrants. DOH agreed to allow PSD to withhold \$100,000 of the balance while the fund was audited. Given this agreement, \$253,526.67 was transferred to DOH on August 28, 2013.

The audit showed that the anomaly primarily resulted from a delay in depositing fees collected in Fiscal Year 2011. The audit also revealed that PSD had overcharged 2,549 registrants \$10 during Fiscal Year 2012. Act 73, SLH 2011, allowed for increasing the MUMP registration fee from \$25 to \$35; PSD implemented the increased the fee at the beginning of Fiscal Year 2012. A number of patients complained to the Department that while the statute had been amended, Section 23-202-5 of the Hawaii Administrative Rules had not and still listed the fee at \$25. The Department of the Attorney General recommended PSD keep the fee at \$25 until the administrative rules are amended. Draft rules to increase the fee are currently under review by the Department of the Attorney General.

In light of the above, those charged \$35 will have a credit of \$10 applied to their Calendar Year 2014 registration. To satisfy this credit, PSD retained \$25,490 dollars of the \$100,000 withheld from the initial transfer of funds and transferred the balance of \$74,510 to DOH on November 14, 2013.

On January 1, 2015, there will be a second transfer of funds from PSD to DOH that represents the balance of MUMP registration fees collected, less expenditures, between September 1, 2013 and December 31, 2014.

The Act 177 created an expenditure ceiling of \$150,000 for the DOH Medical Marijuana Registry Special Fund. To ensure adequate personnel and operational funds are available to establish the program, DOH is requesting via the Supplemental Budget an additional ceiling of \$197,826 be established within the budget for Fiscal Year 2015, resulting in a combined ceiling of \$347,826.

### Personnel

DOH has selected STD/AIDS Prevention Branch of the Communicable Disease and Public Health Nursing Division as the new home for MUMP. Beginning January 1,

2015, moneys to support the personnel and operational needs of MUMP will be derived from the newly established DOH Medical Marijuana Registry Special Fund.

Through the Fiscal Year 2015 Supplemental Budget submittal, PSD and DOH are requesting the transfer of one vacant Investigator V position from the Narcotics Enforcement Division to STD/AIDS Prevention Branch of the Communicable Disease Division. The transfer will be effective July 1, 2014.

### Medical Marijuana Transition Project

In accordance with Section 5 of Act 177, PSD and DOH have submitted a joint request to the Department of Human Resources Development to establish a Special Project to facilitate the transfer of the MUMP. The advantage of a joint Special Project is to establish a temporary Transition Project Coordinator position to oversee the orderly transfer of the MUMP from PSD to DOH and clearly delineate the responsibilities of each department in the transfer process. It also allows for the project to continue beyond January 1, 2015, giving DOH adequate time to continue developing rules, policies and guidelines for the program with technical assistance in the subject matter provided by PSD. The expected duration of the project is from February 1, 2014 through January 31, 2016.

The project will include the Investigator V position (already authorized by the Hawaii State Legislature and currently funded through the Controlled Substance Registration Revolving Fund) which will be redescribed as the Transition Project Coordinator.

The objectives of the project are as follows:

1. Develop and implement the Medical Marijuana Transition Plan to address organizational structure, staffing needs and training, knowledge transfer, required resources, phase-in of program responsibilities, and transition timeline.
2. Establish program positions, hire and train staff.
3. Plan and develop computer-based work processes, such as on-line registration, to ensure the efficient delivery of services.

### **CONCLUSION**

PSD and DOH are committed to a collaborative relationship that will promote the smooth transition of the MUMP program from one department to the other.