SPONSOR'S REBUTTAL TO FISCAL NOTE

Bill Number: SB170 **Date Prepared:** 1/28/2011

Short Title: Revise medical marijuana laws on obtaining certificate for chronic pain

Sponsor: Essmann, Jeff

Fiscal Note Version and Date: SB0170.01

Generally, why do you disagree with the fiscal note?

The fiscal note estimates that 19,860 applications for certification for severe or chronic pain will occur each year. I believe that the standards for qualification for the certification under this bill will reduce the applications by 90%.

Specifically, what in the fiscal note do you feel is flawed?

[*Describe specific assumptions, calculations, technical issues, etc.*]

Assumption 3: I believe a $120.00 fee will be adequate as the costs will be half of the assumptions made in this Fiscal Note. See below.

Assumption 4: Given the new requirements I believe the standards for qualification for the certification under this bill will reduce the applications by 90%. The qualifications cannot be met by doctors seeing hundreds of patients a day or video conferencing without actually providing other treatments first and/or doing a thorough file review. Due to these reasons, I believe applications will reduce significantly. Therefore the average number of applications per month would be 166 applications per month or 1,992 per year. This includes both new and renewal applications.

Assumption 5: I estimate that the new fee will generate $239,040 in revenue each fiscal year. (1,992 x $120 = $239,040) to be deposited in the state special revenue account for the administration of the registry.

Assumption 6: The collection of the new fees under this bill will result in a substantial decrease in the number of checks received by the agency each month. Currently 1.00 FTE performs the deposit functions for the Medical Marijuana program. Since 75% of the applications are for severe and chronic pain, this part of the workload will reduce by 90%.

Assumption 7: To administer the activities of the physician review panel, the department will require administrative services which can be performed by existing staff since other duties of the department will be reduced due to the drop in applications (Assumption 6).

Assumption 8: One-time-only new employee packages will not be needed as no new hires will occur.

Assumption 9: Since the FTE is not changing, the ongoing costs for phone, computer network access, and supplies will not require any increases and may decrease.

Assumption 11: I estimate that the review of documentation and materials that will be sent prior to any meetings will average approximately one-half hour per applicant. I also assume that panel discussion time will take approximately ¼ hour per applicant. The total time per

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applicant would be 0.75 hours. Physician cost per application is therefore estimated to be $112.50 (3 physicians x $50.00 x 0.75 hours), and is included in the total applicant cost listed in Assumption Revision 3.
Assumption 12: I assume that the department would charge a $7.50 administrative fee for related staff costs and materials to coordinate the functions and meetings of the review panel.
Assumption 13: I estimate that 12 applicant records could be reviewed in a 3 hour period.
Assumption 15: I estimate that the total number of annual reviews to be conducted by the review panel will be 1,992 (166 monthly applications x 12 months = 1,992.)
Assumption 16: This equates to approximately 166 meetings each year (1,992 / 12 application reviews per meeting).
Assumption 17: Total panel cost is estimated at $224,100 annually. (1,992 reviews x $112.50 physician stipend)
Assumption 18: The bill requires the development of administrative rules regarding identification of documents and materials necessary for the determination of the appropriateness of the chronic and severe pain and rules for operating procedures. I assume this system will be designed so that the applications can be reviewed and discussed within the allotted times outlined above.

What is your estimate of the fiscal impact?

	FY2011 Difference	FY2012 Difference	FY2013 Difference	FY2014 Difference	FY2015 Difference
Fiscal Impact:					
Expenditures:					
Personal Services	$0	$0	$0	$0	$0
Operating Expenses	$42,063	$245,125	$224,100	$224,100	$224,100
TOTAL Expenditures	$42,063	$245,125	$224,100	$224,100	$224,100
Funding of Expenditures:					
State Special Revenue	$42,063	$245,125	$224,100	$224,100	$224,100
TOTAL Funding of Exp	$42,063	$245,125	$224,100	$224,100	$224,100
Revenues:					
State Special Revenue (02)	$0	$239,040	$239,040	$239,040	$239,040
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):					
State Special Revenue (02)	($42,063)	($6,085)	$14,940	$14,940	$14,940

Technical Notes:

1. This bill will be able to be carried out by 7 panels of three persons each of whom meet twice a month. This is based on the anticipated number of applications – 166 per month, the estimated amount of time for each panelist to review each application and the supporting documents – ½ hour per application and the estimated time to conduct teleconferencing – one quarter hour per application. For example:
    a. 166 applications per month
    b. 11 days of work – 166 applications / 8 hours / 2 applications per hour
    c. 14 teleconferencing 3 hour meetings per month – 166 applications / 12 applications per meeting.
2. The parameters are based on designing the application system to place a larger burden on the primary physician to provide information in a manner that reduces the review times from DPHHS and the Montana Board of Medical Examiners.