

Medical Marijuana Legal Update

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Recent Updates

- As of June 3:
 - 619 patients in the system with 406 cards issued
 - 83 physicians certified
- Currently being reviewed by AG
 - Unsure if Legislative Regulation Review Committee will review in July or August
 - If July, then no later than Sept 5th approval
 - If August, then no later than Oct. 10th approval



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Changes to Proposed Regulations

(Not Exhaustive)

- “Dispensary facility backer” and “producer facility backer” now exclude persons with a 5% or less ownership interest in a dispensary facility or producer as long as they do not participate in the control, management, or operation of the facility/producer



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Changes to Proposed Regulations

- Sec. 10: Patients no longer required to store in container in which it was sold
- Sec. 14 & 20: Dispensary/producer permit selection now includes consideration of “The extent to which the applicant or any of the applicant's dispensary facility backers have a financial interest in another licensee, permittee, registrant or applicant under the Act”



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Changes to Proposed Regulations

- Sec. 15: Removed restriction of dispensary/production locations not being within 1000 feet of places of worship/schools/etc, but still considered by DCP when issuing permit.
- Sec. 15: Dispensary/producer application now includes “documents related to compassionate need programs the facility intends to offer.”



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Changes to Proposed Regulations

- Sec. 20: Producers can use a surety bond to meet the \$2 million requirement.
- Sec. 29: \$2 million requirement can now be completely eliminated through achievement of milestones.



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Changes to Proposed Regulations

- Sec. 29 – \$500k reduction per Commissioner determination of following milestones:
 - “fully operational and able to commence production”
 - “operational without substantial interruption and without any violation” for a one year period
 - Same as above for an additional two years
 - Same as above for an additional two years



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Changes to Proposed Regulations

- Sec. 35: Complimentary food/non-alcoholic beverages allowed for patients who are at a facility for a pre-scheduled education, counseling, or therapy program.
- Sec. 55: Marijuana products may not include beverages or confectionary
 - Commissioner can authorize use of pesticides to address infestation that could result in catastrophic loss



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General – Dispensary Facility Criteria

- Sec. 14 – Dispensary Facility Criteria (not exhaustive):
 - Character and fitness
 - Location
 - Controls against diversion, theft, and loss
 - Safety and accuracy
 - Vertical integration
 - Catchall



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General – Dispensary Facility Criteria

- Sec. 15 – Additional Criteria:
 - Description of other services/products
 - Business transactions
 - Business and marketing plans
 - Appearance/layout
 - Compassionate need program



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General – Producer Criteria

- Sec. 20 – Producer Criteria (not exhaustive):
 - Location
 - Lease access limitation
 - Character and fitness
 - Financial stability
 - Control against diversion, theft, and loss
 - Ability to produce the medicine in a secure environment
 - Agricultural expertise
 - Ability to establish escrow/letter of credit/surety bond
 - Vertical integration
 - Catchall



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General – Producer Criteria

- Sec. 21 – Additional Criteria:
 - Business and marketing plans
 - Appearance/layout
 - Compassionate need program



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Other Thoughts

- Sec. 29 - Collection of \$2 million escrow
 - Regulations state that Connecticut cannot collect until after a hearing under the UAPA and makes specific reference to the Section that provides for an appeal right to the superior court.
 - Industry needs to make clear in the “terms and conditions” in the escrow/letter of credit/surety bond that surrender does not take place until all appeal rights are exhausted or waived.
 - What does “substantially uninterrupted supply” mean?



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Other Thoughts

- Sec. 58 – What does it mean to segregate into “homogenized batches?”
 - Issue raised and DCP Commissioner declined to clarify, but stated that grinding an entire batch is “one way. . . .” (Public Hearing Transcript, Pg. 33).



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Other Thoughts

- Secs. 57 & 58 – Dependence on “independent” laboratories.
 - DCP believes market will create laboratories
 - Producers cannot sell product to dispensaries prior to completion of lab testing and analysis
 - Pricing and performance not regulated
 - What if laboratory loses its license?



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Other Thoughts

- Sec. 13 – Only a dispensary can dispense marijuana.
- How does this square with C.G.S. § 21a-246 – “Upon application of any physician...” DCP “shall . . . license such physician to possess and supply marijuana for the treatment of glaucoma or the side effects of chemotherapy.”



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Other Thoughts

- Secs. 15 & 21 – Compassionate Pricing
 - Establish an industry 501(c)(3)?
 - See tax exempt hospital policies for examples



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Other Thoughts

- Sec. 52 – Producers may not enter into exclusive agreements with dispensaries
 - May have price differentials for differences in **cost** of manufacture, sale or delivery resulting from the differing methods or quantities in which such marijuana is sold or delivered to such dispensaries.



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Questions and Comments



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