Medical Xpress

Minnesota's medical marijuana program needs more money

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Minnesota's medical marijuana program needs extra state funding to cover the costs of its patient database and inspections of drug manufacturers, just a few of the regulations that make it one of the most restrictive such laws in the country.

It's the latest reminder of the financial constraints on the program borne from the heavy restrictions on Minnesota's 2014 law.

The plant form of marijuana remains banned under the law, requiring the state's two medical manufacturers to concoct marijuana oils, pills and vapors with routine state inspections and secondary lab testing. Just 10 severe conditions such as cancer and epilepsy qualify for the program, a number that has grown in recent years with a few additions.

The state's manufacturers combined to lose more than $5 million in the first year of legal medical marijuana sales in 2015. And patient count hasn't met projections, exacerbating high prescription costs for patients that the two companies who cultivate and sell medication have only recently begun to address with modest price decreases.

The Office of Medical Cannabis' request for more than $500,000 over the next two years is just a fraction of the $40 billion-plus budget Minnesota's Legislature will assemble this year. But state regulators say that money is critical to cover the higher-than-expected costs for maintenance of their around-the-clock patient registry and the costs of performing 120 inspections or more each year.

"This is new for everybody, the government, the patients and the businesses included. It's to be expected that there would be some bumps in the road," said Rep. Pat Garofalo, a Republican with a key role overseeing the program.

The state already provides about $1.4 million a year to help cover operating costs, and regulators can cover their oversight costs by charging manufacturers, LeafLine Labs and Minnesota Medical Solutions, an annual registration fee. But after increasing the manufacturers' annual fee from $94,000 to $146,000 last year, Gov. Mark Dayton's budget proposal says additional state funding is essential to help avoid an "increase the cost of medical cannabis to program participants."

Those costs range from software licensing and fixing bugs on their patient registry—where the state tracks each patient's progress with the new medications—to the travel bills that come from visiting every distribution site, from Rochester in southern Minnesota to Moorhead, near its northwestern corner.

"I don't think anyone thought about us having eight cannabis centers statewide," said Michelle Larson, the director of the state program. "Our annual cost is a little bit more than folks thought it would be."

Garofalo also has a different approach: He's proposing legislation that would allow manufacturers to write off business expenses on their Minnesota tax filings. That's impossible at the federal level while it's still considered a Schedule I drug, subjecting marijuana-related businesses to some of the highest effective tax rates.

Neither Minnesota Medical Solutions nor LeafLine Labs responded to a request for comment. Garofalo couldn't guess how much it could save the two companies, but said the state needs to help reduce costs for the manufacturers and patients alike.

"It's creating an excessive and unnecessary cost to do business in our state," Garofalo said.