

**Testimony by Anthony Taylor before the House Committee on Economic Development
February 25, 2019**

Good afternoon, Chair Lively, Vice-Chairs, members of the committee. For the record my name is Anthony Taylor. I am a co-founder and legislative liaison for Compassionate Oregon, a non-profit advocating for medical cannabis patients. I also serve at the pleasure of the governor as the Vice-Chair of the Oregon Cannabis Commission.

I am here today speaking on behalf of patients to help provide a different perspective for the committee. A patient's perspective on how the economic impact legalization has affected access to medicine for patients and the subsequent economic impact on a population that cannot easily afford many more demands on their limited resources and what might be done to help that.

As Mr. Ourso with the Oregon Health Authority pointed out before this committee on January 30, of this year, the number of patients in the program has dropped rather precipitously since Oregon fully legalized adult use cannabis. This was an expected outcome. However, the reasons are more nuanced than most might expect and I hope to provide some insight into this aspect of cannabis in Oregon.

This drop certainly does not mean there are less Oregonians using cannabis as medicine; in fact I would suggest that quite the opposite is true. But the root of the problem is economic. It has simply become prohibitively expensive to become or remain a part of the program. Since 2015, OMMP growers that grow for others have had the number of plants they can cultivate dramatically reduced, faced ever-increasing costs and regulation, and reporting, tracking and subsequent inspections felt by many in the community to be excessive for their population, have simply left the program and their patients. Dramatically reducing the number of plants that can be produced was an effort to reduce production levels in this grower population but that also reduces the number of patients that can be provided for and as we can show, in just three years that number has dropped by 90%.

Some patients are paying over \$500 annually to participate, others for as little as the cost of a card. But those are patients who have a primary care physician who will sign their application form during a routine visit eliminating the cost of visiting a specialty clinic. They are patients who can grow cannabis at their primary residence and produce their own medications in their own home. Anything more than that and costs begin to rise.

The growers also face these mounting cost. Each patient at a grow site costs the grower \$200/year and with up to 8 patients that can add up quickly. These additional costs including a CTS annual user fee of \$480 and the cost of a required state-certified scale can be as much as \$1,000 are pushing more growers and patients away from the program.

This graph is particularly helpful in showing not just the downward trend in patient applications but with legislative benchmarks, it is an important tool in understanding what was happening to the medical cannabis patients, growers and the supporting cast of retailer and processors and for that matter, prices.

It also illustrates rather clearly what happened over the last three or four years and the subsequent effect on the OMMP itself. Although it is just depicts OMMP applications, if examined more closely, it shows the development of a large economic driver being built and allowed to flourish and then within in this very short time frame, it ended. As the medical growers market was guided into legality, prospered and then, it was gone within three years of OHA dispensaries becoming legal and providing a legal market for the OMMP growers. Then limited retail sales in medical-only dispensaries sun-setted at the end of 2016, all the OHA dispensaries became OLCC licensed retail outlets that prohibited OMMP growers from participating in and the legal outlet for OMMP grower's excess was gone.

And now, today, OMMP growers are the only cannabis or hemp growers not allowed to put product into the OLCC market.

Economically speaking the OMMP has hit its tipping point where the fees have become so high that participation is dropping rapidly and will no longer support the administrative costs of their fee-based program.

This graph compares and shows rather vividly, the dramatic change in growers, grow sites, patients grown for before the creation of the Grow Site Administrators Program (GSA), and after and between 2016 and 2019, you can see just how many patients are no longer being cared for.

It is important to keep in mind that despite all the stories of medical growers sending product out of state, three years ago this grower population was providing medical cannabis to 35,000 Oregonians for little or no cost to the patient or the state. In light of studies showing the reduction in Medicare costs in states with medical cannabis, and the reduction of opioid use, reducing related medical costs, these growers were not just saving the state of Oregon millions of dollars in traditional medical care and medications that many of these patients found they no longer need, but were actually paying the state to do it. I'd say that is a resource we do not want to let slip through our fingers as the state seems want to do.

So how do we make the program on the verge of collapsing in on itself once again robust and meeting the needs of all Oregonians using cannabis medically?

One possibility and what an integrated system between medical and recreational and the ancillary cannabis business activity might look like and how it could be funded is illustrated here.

Cannabis needs funding might sound like an odd statement but the OMMP has lost so many patients that as a fee based program, it will soon no longer meet administrative costs. And since Oregonians like their medical program and the state doesn't quite seem to understand how it works, how do we reinvigorate this program that has served over 300,000 Oregonians over the last two decades? How do we recreate/restructure OMMP to once again be a robust medical patient program in the landscape of legalization?

How do we protect the valuable resource vested in these growers and support not just our medical program but other cannabis related projects, programs and innovations as well? The recommendations

in the recently released report from the Oregon Cannabis Commission for creating an Oregon cannabis research center, a state reference lab, educating and training our health care professionals in how to deal with patients and cannabis, and to finally subsidize a medical cannabis program that does not rely on the patients and their growers for that funding should provide some guidance.

During the days of peak participation in the OMMP, patient fees generated more than twice what was needed to administer the program. Then Oregon made the mistake that we are about to make here. Revenues generated above expectations by the cannabis populations but who receive none of the benefits and innovations this revenue should be used for should come to an end. During these peak years, OHA reallocated excess revenue from patient and grower fees to other OHA, non-cannabis programs and this reallocation resulted in tens of millions of dollars that were not spent on a leading-edge cannabis research center. Not spent on inspecting grow sites and making sure folks were compliant with the program. Not spent on collecting data from patients based on patient outcome like they would do with any other new medication showing such promise. Now, we are years behind in these areas and the state is about to let this valuable resource slip through its fingers.

If the state were to begin by allocating a certain percentage of the more than expected tax revenue generated by retail sales, then add revenues from patient fees, add an inventory fee on licensees, then we can continue to develop our sector of the Oregon cannabis landscape, our medicines and our patient care and services.

Finally, there are a few of the roadblocks facing patients and their growers in the legalization landscape.

- Bring down costs to the medical community immediately
- Develop a progressive data collection program for medical patients and growers based on patient outcome and get OMMP patients out of METRC reporting and its unintended costs and frustrations
- Give the OCC the time it needs to re-evaluate and restructure Oregon's once premier medical program in a way that will meet the needs of the medical cannabis population. Increase participation by licensees.

Oregon Cannabis Commission report and recommendations to the legislature can be found at this link.

<https://www.oregon.gov/oha/ERD/Documents/Legislative-Reports/HB2198OregonCannabisCommissionReport.pdf>