



Agency Recommendation Summary

The Department of Health (DOH) maintains a medical marijuana authorization data system that provides recognition cards to qualifying patients and designated providers, allowing them to take advantage of legal protections offered by the law. The existing system, developed in 2015, needs upgrades and lacks an adequate reporting function and accessibility from mobile or tablet devices. In addition, state contracting regulations require a new procurement to go through a competitive bid process. The department requests \$2.1 million in the 2021-23 biennium, \$3.6 million total for the project, to replace the medical cannabis authorization data system.

Fiscal Summary

Fiscal Summary <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
Staffing						
FTEs	0.0	6.8	3.4	9.9	1.6	5.75
Operating Expenditures						
Fund 315 - 1	\$0	\$2,101	\$2,101	\$1,291	\$214	\$1,505
Total Expenditures	\$0	\$2,101	\$2,101	\$1,291	\$214	\$1,505

Decision Package Description

The existing medical marijuana authorization data system, required by RCW 69.51A.230 (Medical marijuana authorization database – recognition cards, was developed under contract in 2015 and is maintained by the current vendor. However, the current system is limited in its functionality and needs to be upgraded. The DOH requests \$2.1 million in the 2021-23 biennium and \$1.5 million in the 2023-25 biennium from the Dedicated Marijuana Account (315-1) to implement a competitive procurement process to purchase a cost-effective solution that will meet business and stakeholder needs.

The current system lacks sufficient reporting functionality. For example, DOH is unable to report on the number of unique patients registered in the system and it cannot tell if a patient has received a new card or renewed an existing card. This makes it difficult to provide meaningful data to the department’s education and prevention partners, as well as legislators and other stakeholders. A review by Joint Legislative Audit & Review Committee (JLARC) highlighted reporting as a shortcoming of the existing system. JLARC requested data that was difficult to produce and required extensive, external data processing. It ultimately did not meet JLARC’s needs. The current system also does not allow access for patients to their own information, such as expiration dates and renewal dates.

Additionally, the existing system does not function well on anything besides a desktop computer. Stores that are using laptops, tablets or smartphones have reported that they struggle to use and access the current data system.

DOH has continued to amend the existing contract to keep the system up and running. However, the latest contract amendment expired June 30, 2021 and is exceeding state contracting (Chapter 39.26 RCW, Procurement of Goods and Services) and agency contracting standards. The DOH plans to extend the existing contract through one final contract amendment to maintain it through June 30, 2025, at the latest.

The DOH is looking for a more customer-centered, streamlined data system with robust reporting functionality so it can be responsive and proactive in providing meaningful and accurate data to legislators, agency partners, and stakeholders. DOH will be looking for mobile solutions to make sure it has a system that consultants and medically endorsed cannabis retailers can use on any device. The new system should be intuitive, easy to use, and result in less phone calls from store owners, medical marijuana consultants and patients to troubleshoot issues that arise with the current system. DOH will also pursue a data system that supports account management portals.

Some examples of account management portals may include:

- A health care practitioner portal that allows the practitioner to utilize an electronic authorization system. This could allow health care practitioners to track their own authorizations.
- A patient portal that allows the patient to download an electronic recognition card that could be stored and accessed on their phone. This would greatly reduce the need for medically endorsed retail stores to have a camera, printer, and a laminate machine on hand to make the recognition cards.
- A store account management portal that allows the owner to view the number of cards created at their store to support staffing resource needs, and trends, such as how many patients a medical marijuana consultant registered in a month.

Equity Impacts

Patients who are likely to use medical marijuana are often medically fragile. The purpose of the program is to facilitate access to safe products and services. In addition, the law provides arrest protections for possessing product outside of the current legal possession limits and a sales tax exemption on purchases.

The proposal gives DOH an opportunity to build a patient portal that would give patients access to their own health information in the system. A medical marijuana authorization system that works better for patients and cannabis retailers may result in a greater population of patients having improved access to products that may be medically beneficial. A patient portal could also help an individual track their expiration dates and stay on top of follow up treatment.

Tribes with a compact through the Liquor and Cannabis Board are using the medical marijuana data system to serve their patient communities. An enhanced data system that better meets the needs of tribal retail stores and their medical cannabis patients would have a positive impact on their communities.

Alternatives Considered

The law requires the DOH to maintain a medical marijuana authorization database. The alternative would be to continue to renew the existing contract while being out of compliance with state contracting regulations.

Consequences of not funding this proposal

Not funding this proposal would put the department out of compliance with contracting standards, which prevents DOH from renewing a contract indefinitely. The department has been advised that its most recent renewal needs to be its last before this contract is re-bid.

This effort is also driven by the current needs of the department and stakeholders. Not following through with this effort leaves DOH with a system that is inefficient and limiting for the program end-users. Failure to engage in this project prevents the department from taking advantage of the competitive bid process to see if there are other systems utilizing more current technology and security practices and offers a more efficient and versatile platform for the department, stakeholders, and patients.

Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

This project is not an expansion or alteration of an existing program or service. The project will support the continuation of an existing legislatively required data system. Since DOH is required to re-bid this work through the competitive bidding process, it is taking advantage of the opportunity to pursue some systematic enhancements that will improve existing functions in a way that will add value to patients, healthcare providers and medically endorsed retail stores.

Detailed Assumptions and Calculations:

See Financial Calculator

Workforce Assumptions:

The caseload/workload will not change on a programmatic level as DOH will pursue a data system that offers the same helpdesk and training opportunities for stores and consultants that it has now. The attached financial calculator provides assumptions of the costs and FTE needed to re-bid and implement the new system.

How is your proposal impacting equity in the state?

Equity Impacts

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Strategic and Performance Outcomes

Strategic Framework:

This proposal supports the Governor's Results Washington goal areas of healthy and safe communities and efficient, effective and accountable government. It also supports the agency and division goals of equity, innovation, engagement, and access to care. The proposal does this by:

- Modernizing and enhancing the medical marijuana data system to meet the needs of the public and decrease resources currently needed to manage a paper system.
- Better serving historically marginalized communities of color by ensuring they receive the benefits of registration such as arrest protection and safer cannabis products.
- Decreasing barriers and costs to become a medically endorsed retail store.

The proposal supports the department's transformational area of data, information, and technology innovations through the ability to provide better data to inform policy decisions impacting health outcomes of the medical cannabis population.

Performance Outcomes:

The DOH expects

- 1) A modern system that supports the medical cannabis market and its patient population including:
 - An intuitive, easy to use, with online help that will result in less phone calls from store owners, medical marijuana consultants and patients to troubleshoot issues.
 - A system that supports mobile and electronic needs such as end user portals, with streamlined end-user processes.
 - Increased reporting accuracy for tax audits which will benefit both medically endorsed retail store owners and the Department of Revenue.

Other Collateral Connections

Puget Sound Recovery:

N/A

State Workforce Impacts:

N/A

Intergovernmental:

Washington State Patrol and the Department of Revenue have access to the data system. DOH will consult with both agencies as part of the development of the system requirements to identify what system specifications they have to minimize impacts to those agencies.

In consulting with the Department of Revenue, DOH is looking at ways to enhance reporting functionality when it comes to cannabis retailers who have been selected for audits. This would increase reporting accuracy for tax audits which will benefit both medically endorsed retail store owners and the Department of Revenue. DOH anticipates the Washington State Patrol will be neutral on this proposal and the Department of Revenue may be supportive of this proposal.

Tribes with a compact through the Liquor and Cannabis Board and a memorandum of understanding are using the medical marijuana data system to serve their patient communities. We are currently working with one tribe to establish a retail outlet with a medical endorsement. DOH believe tribes will be supportive of the proposal.

Legal or Administrative Mandates:

N/A

Stakeholder Response:

Partner	Anticipated Position (Support, Neutral, Oppose)
Medical marijuana patients	Support
Medically endorsed retail store owners	Support
Medical marijuana consultants	Support
Medically endorsed cannabis retail store employees and budtenders	Neutral
Patient advocacy groups	Support
Tribal Nations	Support
Legislative staff (JLARC)	Support
Liquor and Cannabis Board	Neutral
Washington State Patrol	Neutral
Department of Revenue	Support

Changes from Current Law:

No changes required

State Facilities Impacts:

N/A

Reference Documents

- [FNCal MMJ Database RFP Estimate for Submission V01.xlsm](#)
- [IT Addendum 2021-23 MMJ Procurement.docx](#)

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

Yes

Objects of Expenditure

Objects of Expenditure <i>Dollars in Thousands</i>	Fiscal Years		Biennial	Fiscal Years		Biennial
	2022	2023	2021-23	2024	2025	2023-25
Obj. A	\$0	\$532	\$532	\$867	\$144	\$1,011
Obj. B	\$0	\$193	\$193	\$300	\$49	\$349
Obj. C	\$0	\$750	\$750	\$0	\$0	\$0
Obj. E	\$0	\$592	\$592	\$56	\$10	\$66
Obj. T	\$0	\$34	\$34	\$68	\$11	\$79

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