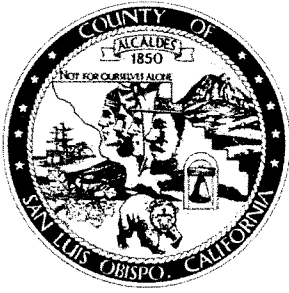


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Health Agency/Public Health		(2) MEETING DATE November 14, 2006		(3) CONTACT/PHONE Jeff Hamm, 788-2855 Greg Thomas, M.D., M.P.H., 781-5519	
(4) SUBJECT Request to Approve the Fee for the Medical Marijuana Identification Card (MMIC) Program					
(5) SUMMARY OF REQUEST On August 1, 2006, your Board directed the Public Health Department (PHD) to implement the MMIC program. Notice to hold this hearing was posted on October 24, 2006. PHD staff is requesting your Board's approval of the recommended fee of \$78 per MMIC application so that the program may commence. If your Board approves the fee, the program will commence on December 14, 2006.					
(6) RECOMMENDED ACTION It is recommended that your Board approve a fee of \$78 for processing applications for the Medical Marijuana Identification Card (MMIC) program.					
(7) FUNDING SOURCE(S) Program Application Fees and County General Fund		(8) CURRENT YEAR COST \$10,000		(9) ANNUAL COST \$10,000	
(10) BUDGETED? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> N/A					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): The Auditor-Controller has reviewed the recommended fee. Health Agency staff met with representatives of the District Attorney's Office and County Administration before the proposal to implement this program was presented to your Board on August 1, 2006. The program's operational issues have been discussed with the Sheriff. County Counsel opined that the County is mandated to implement an MMIC program pursuant to Proposition 215.					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes, How Many? <input type="checkbox"/> Permanent __0__ <input type="checkbox"/> Limited Term __0__ <input type="checkbox"/> Contract __0__ <input type="checkbox"/> Temporary Help __.40 FTE of an AA III					
(13) SUPERVISOR DISTRICT(S) <input type="checkbox"/> 1st, <input type="checkbox"/> 2nd, <input type="checkbox"/> 3rd, <input type="checkbox"/> 4th, <input type="checkbox"/> 5th, <input checked="" type="checkbox"/> All			(14) LOCATION MAP <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A		(15) Maddy Act Appointments Signed-off by Clerk of the Board
(16) AGENDA PLACEMENT <input type="checkbox"/> Consent <input checked="" type="checkbox"/> Hearing (Time Est. 10 minutes) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input checked="" type="checkbox"/> N/A		
(18) NEED EXTRA EXECUTED COPIES? <input type="checkbox"/> Number: _____ <input type="checkbox"/> Attached <input checked="" type="checkbox"/> N/A			(19) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		
(20) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) _____			(21) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes		(22) Agenda Item History <input type="checkbox"/> N/A Date 8/1/2006 and 10/24/2006
(23) ADMINISTRATIVE OFFICE REVIEW <p align="center"><i>OK Dan Bucherli 11-14-06</i></p>					

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SAN LUIS OBISPO COUNTY HEALTH AGENCY

PUBLIC HEALTH DEPARTMENT *Community Health Services Division*

2191 Johnson Avenue • P.O. Box 1489
San Luis Obispo, California 93406
805-781-5500 • FAX 805-781-1023

Jeff Hamm

Health Agency Director

To: Board of Supervisors

From: Jeff Hamm, Health Agency Director

Greg Thomas, M.D., M.P.H., Health Officer/Public Health Administrator

Gregory W. Thomas, M.D., M.P.H.

Health Officer/Public Health Administrator

Kathleen O'Neill
Division Manager

Date: November 14, 2006

Subject: Request to Approve the Fee for the Medical Marijuana Identification Card (MMIC) Program

Recommendation

It is recommended that the Board approve a fee of \$78 for processing applications for the MMIC program.

Discussion

Proposition 215 – California's Compassionate Care Act of 1996 – was approved by the voters in 1996 to provide protection to seriously ill persons who have a recommendation from their physicians to use medical marijuana for medical purposes. Proposition 215 also provides protections to physicians and the primary caregivers who assist these seriously ill patients.

This was followed in 2003 by SB 420, which created sections 11362.7 through 11362.83 of the California Health and Safety Code to make verification of medical marijuana users simpler. All California counties are required to implement MMIC programs and are allowed to charge reasonable fees to recover their costs.

Your Board previously directed staff to proceed with implementation of the program, and directed that staff return with a proposed fee that would be charged to MMIC applicants. Based on estimated program costs, a fee of \$78 per application is being proposed. If each applicant were charged the full fee, 100% of the cost of the program would be recovered. However, the law specifies that Medi-Cal beneficiaries may be charged no more than 50% of the fee.

Other Agency Involvement/Impact

Health Agency staff met with representatives of the District Attorney's Office County Administration before the proposal to implement this program was presented your Board on August 1, 2006. The issues have been discussed with the Sheriff. County Counsel opined that the County is mandated to implement an MMIC program pursuant to Proposition 215.

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Since your Board has already approved staff's recommendation to implement the program, the only remaining issue is for your Board to approve the proposed fee of \$78, which has been reviewed and approved by the Auditor-Controller's Office.

Financial Considerations

When the Health Agency presented this issue to your Board on August 1, 2006, staff had estimated the cost of administering each MMIC application to be between \$75 and \$100. After a more detailed analysis, it is estimated that the cost of processing one application will be \$78, and that is the recommended fee. If the County were allowed to charge each applicant the full \$78 fee, the program would be completely revenue offset. However, Prop 215 specifies that the Medi-Cal beneficiaries may be charged only 50% of the program fee. If the County processes 600 applications per year, of which 1/3 are Medi-Cal beneficiaries and 2/3 are non-Medi-Cal beneficiaries, the County would generate \$39,000 per year.

Since annual cost is estimated at \$45,500, implementation of the program initially appears to increase net local cost by \$6,500 per year. However, the \$39,000 generated annually by the new fee will cover 38% (\$21,400) of the cost of one staff person who will be dedicated to the program. The cost of that position (vital records clerk) has historically been covered predominately by the County General Fund. Although no additional permanent allocated positions are being requested for this program, there will be increased labor hours via temporary help and/or having a part-time employee work extra hours to perform duties previously performed by the vital records clerk. Revenue generated by the MMIC fee will also cover other overhead costs and will cover initial program start-up costs. Therefore, by taking advantage of small amount of existing capacity and economies of scale, variable costs can be limited to less than the new variable revenue from this program, allowing the program to contribute to a slight reduction in net local cost.

Results

Implementing an MMIC program will allow patients with serious medical conditions, who have a written recommendation from a licensed physician of California in good standing, to possess limited amounts of marijuana without fear of arrest or prosecution. This supports the Public Health Department's mission of "improving and maintaining community health" and the County's goal of "striving to create a healthy community." In addition, this ensures that our county is in compliance with the SB 420 State mandate to implement the program.

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ORDINANCE NO. _____

ORDINANCE AMENDING COUNTY FEE SCHEDULE

The Board of Supervisors of the County of San Luis Obispo ordains as follows:

Section 1: The Board finds and determines:

- a. That it has the authority to create fee charges for processing and renewing applications and issuing ID cards for the State's Medical Marijuana Identification Card (MMIC) Program pursuant to Health & Safety Code Section 11362.755 (a).
- b. The Board has adopted a policy (Resolution No.73-396) requiring the County Administrator and the Auditor-Controller to annually review fees and charges for specific County products, services and costs with the departments making those charges, and make recommendations to this Board as to whether said charges should remain the same, be increased or be decreased.
- c. On August 1, 2006 this Board approved the implementation of a Medical Marijuana Identification Card (MMIC) program in San Luis Obispo County.
- d. A fee analysis has been conducted by staff within the Public Health Department, resulting in a recommended fee for this new program. This fee schedule amendment has been subject to review by the County Administrator and the Auditor-Controller.
- e. All fees adopted as contained in Ordinance No. 3076 remain as adopted by the Board of Supervisors. The only changes to the fees adopted are shown as revisions in Schedule "A" of this ordinance.
- f. Public notice has been given in accordance with Government Code Sections 29550-29550.3.

Section 2: The fee ordinances are amended as follows:

That the fee attached and incorporated by reference herein shown on Schedule "A" as "proposed fee" is hereby approved and shall become effective thirty (30) days after the date of adoption.

Section 3: All departmental managers and divisional managers whose services are listed in said Schedule "A" are hereby directed to amend their fees for services to the rate shown in Schedule "A" as "proposed fees". No other fee shall be affected by this ordinance.

Section 4: This ordinance shall take effect and be in full force and effect as set forth in Section 2 above; and before the expiration of fifteen (15) days after the passage of this ordinance, it shall be published once with the names of the members of the Board of Supervisors voting for and against the ordinance in a newspaper of general circulation and published in the County of San Luis Obispo, State of California.

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Introduced at a regular meeting of the Board of Supervisors held on the _____ day
of _____, 2006 and PASSED and ADOPTED by the Board of
Supervisors of the County of San Luis Obispo, State of California, on the _____
day of _____, 2006, by the following roll call vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAINING:

Chairperson of the Board of Supervisors
County of San Luis Obispo
State of California

ATTEST:

County Clerk and Ex-Officio Clerk of
The Board of Supervisors, County of
San Luis Obispo, State of California

By: _____ Deputy Clerk

APPROVED AS TO FORM AND LEGAL EFFECT:
JAMES B. LINDHOLM, JR., COUNTY COUNSEL

Warren R. Jensen
Chief

By: Deputy County Counsel

DATE: Oct. 12, 2006

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SCHEDULE "A"

Fees that will become effective thirty (30) days after the date of adoption:

Health Agency/Public Health Department – Fund Center 160

Fee Description	Authority	Current Fee	2006 Total Cost
MMIC application *	H&S 11362.755(a)	\$0	\$78

2006 Proposed Fee

\$78

* Medical Marijuana Identification Card (MMIC) program. This includes applications for patients as well as their primary caregivers, regardless of whether they are initial applications or renewal applications.

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