North Carolina Compassionate Care Act — S. 3 Summary

The North Carolina Compassionate Care Act — S. 3 — would create a well-regulated medical cannabis program to allow seriously ill individuals to register with the health department to use medical cannabis when recommended by their physicians and dispensed by a regulated medical cannabis dispensary.

On March 3, the North Carolina Senate approved S 3 in a 36-10 vote, sending it to the North Carolina House of Representatives. Here is a summary of the proposal:

Qualifying for the Program

- To legally use and access medical cannabis, patients must apply for and receive a medical cannabis card. To qualify, they must have a qualifying condition and a physician's certification. A fee of $50 will apply for the patient/caregiver card.
    - The qualifying conditions are cancer, Crohn's disease, epilepsy, HIV/AIDS, ALS, persistent nausea, PTSD, sickle cell anemia, Parkinson's disease, cachexia or wasting syndrome, severe or persistent nausea who is not pregnant that is related to end of life or hospice care or who is bedridden or homebound because of a condition, a terminal illness when the patient life expectancy is less than six months, or any other serious medical condition or its treatment added by the Compassionate Use Advisory Board.
- Patients under 18 would need a caregiver to pick up and administer medical cannabis.

Legal Protections

- Qualifying patients, caregivers, and medical cannabis centers and their staff are not subject to criminal or civil penalty for actions authorized by the bill.
- Patients could possess up to 30-day supply as determined by their physician.

Physicians' Role and Regulation

- To certify patients, physicians must be authorized to do so by the State Board of Medical Examiners.
- Certifying physicians must complete a 10-hour medical cannabis continuing medical education (CME) course and a three-hour CME annually after first year.
- Physician certifications may not exceed one year. During the first year, a patient must meet with their doctor for an in-person consultation quarterly, then annually thereafter.
- Certifying physicians must specify daily dosage and method of delivery. This would likely require participating doctors to run afoul of federal law. If this is not revised, it would likely dramatically depress participation.

Caregivers

- Patients may designate caregivers pick up their cannabis for them. Caregivers must be at least 21 years old, unless they are the patient's parent or guardian.

- Caregivers may assist only two patients.

Limitations and Penalties

- There are no limitations on the modes of administration (such as vaping, edibles, and smoking) of medical cannabis.
- Employers could still drug test and prohibit employees from using cannabis.
- Patients could not undertake any task while under the influence of cannabis that would be negligent. Cannabis is banned at correctional facilities and schools.
- Health insurance would not have to reimburse for medical cannabis costs.
- Home cultivation is not allowed.
- The commission may regulate home delivery of medical cannabis.

Regulatory Authority

- An appointed 11-member Compassionate Use Advisory Board is charged with considering petitions to add additional qualifying medical conditions.
- An appointed 11-member Medical Cannabis Production Commission will regulate the growing, processing and dispensing of medical cannabis.
- The commission will create an electronic registry system and issue ID cards.

Medical Cannabis Establishment Licensing

- The Medical Cannabis Commission will license:
    - Ten vertically integrated facility licenses, which may grow, process, transport, and dispense cannabis. Each vertically integrated licensee may have up to eight dispensaries with at least one in a Tier 1 (economically distressed) locality
    - Five testing laboratories
    - During the selection process, priority is given to producer applicants that would place their operations in more than one tier one county (economically distressed) and to applicants that commit "to establishing the eight allowed medical cannabis centers in a manner that demonstrates a commitment to ensure the equitable distribution of medical cannabis centers"

Medical Cannabis Regulation

- The Commission will craft rules to ensure the safety, security, and integrity of medical cannabis facilities. Rules also include quality control standards, chain of custody standards, storage requirements, advertising restrictions, and qualifications for licensees. Products must be in child-resistant packaging and must be designed to minimize appeal to children. Regulators must develop a uniform flavor for cannabis products.
- The Commission will conduct background checks on those with controlling interests in applicants for licenses, perform inspections, conduct audits, and may take disciplinary action, including levying fines and revoking or suspending licenses.
- Seed-to-sale tracking and robust laboratory testing are mandated. Licensees must have tracking that includes the ability to do batch recalls.
- Dispensaries cannot locate within 1,000 feet of schools, day cares, and childcare facilities.
- Majority ownership in all of the integrated licenses must be by residents of North Carolina for at least two years. An integrated registry will track physician certifications, ID cards, daily dosage, and the types of cannabis recommended. It will also track purchases by date, time, and amount

and ensure patients don’t exceed their limits.

Taxation, Fees, and Revenue Distribution

For the first year, fees will be $50,000 for a production facility and $5,000 for each additional production facility and per each medical cannabis center (dispensary). Renewals fees are set by the Commission. For a licensee’s first production facility, renewal fees will be no less than $10,000 with $5,000 per additional facility and $1,000 per medical cannabis center.

- A 10% gross revenue tax will be levied on medical cannabis centers monthly. State and local sales tax apply.
- Applicants must show the commission they have liquidity and assets to operate as a supplier for two years.
- After regulatory costs at end of each year, all excess funds will go to state general fund.