

**Written Testimony on SB 555**  
**Committee on Federal and State Affairs**  
**Ashley Goss, Deputy Secretary for Public Health**  
**Kansas Department of Health and Environment**  
**March 28, 2024**

Chair Thompson and members of the committee, I am Ashley Goss, Deputy Secretary for Public Health for the Kansas Department of Health and Environment (KDHE). Thank you for the opportunity to provide neutral testimony for SB 555.

SB 555 creates the medical cannabis pilot program act authorizing the KDHE Secretary to enter into contracts for limited cultivation, processing and distribution of medical cannabis. The bill requires KDHE to enter into a contract with a laboratory for the purpose of conducting compliance and quality assurance testing. The bill directs KDHE to establish a system to track medical cannabis, beginning with the seed source and continuing through cultivation, testing, processing, distribution and dispensing.

We have added comments related to the items we deem will require additional language added on in the following areas of the bill:

1. As currently written, the bill authorizes but does not require, KDHE to enter into contracts with no more than four medical cannabis operators for the cultivation and processing of medical cannabis. The bill provides basic terms and conditions for the contracts and authorizes the Secretary of KDHE to add additional terms and conditions as may be required and negotiated by the Secretary. The bill further states that KDHE is to deem that operators comply with the act before the commencement of activities. However, while the bill allows KDHE to add additional terms and conditions to the contract, it does not have any language on how KDHE is to regulate or oversee the operators. The language states that KDHE is to deem the operators compliant with the act prior to the commencement of activities but doesn't state how we are to do that or what criteria to use to ensure compliance. KDHE will need to see additional language that clarifies our role in the oversight/regulation of the operators.
2. The bill states that each medical cannabis operator shall have an agreement with a qualified company that performs audits of industrial safety practices and hygiene measures. Prior to the commencement of operations, each facility shall be determined compliant with minimum safety standards in hazard communication, respiratory protection, and emergency action planning. KDHE will need language added that clarifies who determines compliance and what criteria are to be used.
3. The bill requires KDHE to enter into a contract with a laboratory outside the state that will certify medical cannabis for use and consumption. KDHE would like clarification on whether the contracted laboratory may also have a facility within Kansas in addition to the requirement of a facility outside the state. Moreover, KDHE would like language added that determines whether it can set pricing parameters for the laboratory. KDHE believes that consideration should be given for more than one laboratory being utilized, as locking into only one could lead to backlogs and price gauging.
4. There is a requirement for KDHE to determine if pharmacies are precluded from operating distribution hubs by federal law or regulations. We feel the Board of Pharmacy is better equipped to provide direction and a final answer on this issue as they are better equipped to make the determinations.

5. If KDHE determines that pharmacies are authorized to act as distribution hubs, then the bill authorizes, but does not require, KDHE to enter a contract with one or more pharmacies. It is unclear from the bill if pharmacies are contracted to be distribution hubs would KDHE be responsible for regulating these pharmacies when they are also acting as distribution hubs or would KDHE have to refer compliance issues with pharmacies in their capacity as distribution hubs to the Board of Pharmacy. KDHE requests language that provides clarification as to whether medical cannabis information could be entered into K-TRAX or whether another tracking software would be required for use by pharmacies.
6. If pharmacies are not authorized to act as distribution hubs, the bill states that KDHE may enter into contracts with medical cannabis operators for the operation of distribution hubs. It is not clear from the bill whether KDHE would be regulating and surveying these medical cannabis operators to ensure they are in compliance with the bill when they act as distributors. KDHE's only recourse under the current bill would be to terminate a contract with the operator, but it does not give KDHE authority to do anything else.
7. The bill requires that distribution hubs take "reasonable measures to prevent public disclosure of any information contained on a medical cannabis certificate." KDHE believes this language should be mandatory as it is a medical record.
8. The bill outlines the prohibition of advertisements. KDHE requests clarifying language as to who would be responsible for regulating the advertising laws, premise requirements and packaging/labeling requirements. The bill does not give KDHE authority to monitor for compliance or pursue any action if the prohibition is violated.
9. The bill states KDHE shall designate at least five physicians for issuing cannabis certificates. The bill also states the cannabis certificate can be issued by the patient's primary physician. The five physicians selected by KDHE would have the responsibility of issuing cannabis certificates if a patient's primary care physician declines to issue the patient a certificate. KDHE is uncomfortable with selecting physicians to act in this role as we believe a patient is better suited to find a doctor with whom they may formulate a doctor-patient relationship with.
10. The bill authorizes a physician to issue a medical cannabis certificate but does not outline who will standardize the certificates for the physician to sign and whether it will be an actual physical certificate or an electronic certificate. KDHE requests clarifying language on who would be responsible for standardizing the medical cannabis certificate and ensuring that individuals are not obtaining multiple certificates.
11. If KDHE is required to regulate and survey all the entities we are contracting with, KDHE would request specific statutory language to that effect, including right-of-entry into all of the entities we would be contracting with. We would also request the authority to promulgate rules and regulations.

There are multiple, detailed and time-sensitive matters that will need to be taken into consideration should this bill pass, including several contracts that KDHE needs to secure. Ample time will be needed to move these contracts through our request for proposal (RFP) and purchase process. Contractors will need to be vetted for residency and citizenship compliance. The RFP process, including the selection of vendors, could take up to one year. Although the bill provides direction on what to include in most of the contracts, clarifying language needs to be added that determines if KDHE or some other entity is to provide oversight to ensure all requirements are being met.

Thank you for the opportunity to provide neutral testimony on SB 555.