Medical Marijuana: Coming Soon To A Location Near You

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Outline

- History and Overview
- Current Rules and Status
- Open Issues
- MMTC Production Facilities
- One County’s Insights re Issue
- Impacts on Local Governments as Employers
- Questions
November 4, 2014 – ballot question

Amendment 2 “Use of Marijuana for Certain Medical Conditions” – Failed

58% voter approval

60% required to approve a Constitutional Amendment
History: Florida Legislation

- **SB 1030**, modified in 2016 (§ 381.986 Fla. Stat.) “Compassionate Use of Low-THC and Medical Cannabis”
- No smoking (but see May 2018 court decision)
- Limited qualifying illnesses (broadened in 2016) – cancer, or a physical medical condition that chronically produces symptoms of seizures or severe and persistent muscle spasms
History: Florida Legislation

- Low THC Cannabis (Non-euphoric)

- Medical Cannabis (Euphoric) for patients, with a terminal condition that is not reversible and “will result in death within 1 year after diagnosis if the condition runs its normal course” (§ 499.0295, Fla. Stat., Right to Try Act)
History: Florida Legislation

- No provision for local government revenue
- Cultivation and processing of medical or low-THC cannabis preempted to the state
- A county or municipality could adopt criteria for the number and location of dispensaries and other permitting requirements that did not conflict with state law or department rule
History: Florida Legislation

- Under the 2014/2016 legislation, the State approved 7 dispensing organizations.
- Trulieve opened the State’s first retail location in Tallahassee on July 26, 2016.
November 8, 2016 – ballot question

Amendment 2: “Use of Marijuana for Debilitating Medical Conditions” (Article X, Section 29, Fla. Const.)

PASSED

71.32% voter approval
Amendment 2: Debilitating Medical Condition

- Cancer
- Epilepsy
- Glaucoma
- HIV
- AIDS
- Post-traumatic stress disorder (PTSD)
- Amyotrophic lateral sclerosis (ALS)
- Crohn’s disease
- Parkinson’s disease
- Multiple sclerosis (MS)

(§ 381.986(2), Fla. Stat.)
Amendment 2: Debilitating Medical Condition

- Medical conditions of the same kind or class as or comparable to those on the previous slide, where physician believes benefit outweighs potential health risks
Compare Current Statutes: Qualifying Medical Condition

- Non-euphoric for those listed in Constitution and for "Chronic nonmalignant pain" caused by qualifying medical condition or that originates from a qualifying medical condition and persists beyond the usual course of that qualifying medical condition (§ 381.986(2), Fla. Stat.)

- Euphoric for a "terminal condition" diagnosed by board-certified physician other than physician issuing certification (§ 381.986(2), Fla. Stat.)
Amendment 2

- No required period of treatment prior to registration (up to 30 day DOH processing, average 15-16 days)
- State Legislature may adopt laws to implement the Constitutional Amendment
- Department of Health charged with regulation
Florida Legislation – SB 8A

- SB 8A – 2017 Special Legislative Session
- Signed by Governor Scott June 23, 2017
- Effective immediately
Florida Legislation – SB 8A

- Recognized existing 7 Medical Marijuana Treatment Centers (MMTCs) licensed (growers) and authorized licensure of up to 10 more by October 3, 2017.
- There were 13 licensed MMTCs as of 2017 (4 more when 100,000 patients registered, likely within a few months)
- Vertically integrated structure: cultivate, process, transport and dispense
Florida Legislation – SB 8A

- Each of the licensees may have up to 25 dispensaries statewide (425 dispensaries total)
- 5 regions (Northwest (18 Counties), Northeast (18), Central (15), Southwest (11), Southeast(5))
- Each MMTC’s Dispensaries are dispersed by region based on population – SE is about 30% of population (at 17 MMTCs = 425 dispensaries statewide [130 in SE])
Florida Legislation - SB 8A

- 4 more growers and 5 new dispensaries per grower with every additional 100,000 registered medical marijuana users - 114,878 patients in the Registry as of 5/25/18, but only 91,490 have ID cards
- 1,404 Qualified Physicians as of 5/25/18
- Cap on the number of dispensaries goes away altogether April 1, 2020.
Florida Legislation – SB 8A

- There are currently 32 open dispensaries (37 approved retail dispensing locations) with many more in the works
- Delivery is occurring throughout the state
- Required internet-based tracking of plants processed and daily sales by MMTCs. Each plant must have an radio frequency tracking band from seed to sale.
<table>
<thead>
<tr>
<th>Name</th>
<th>Dispensing Location (5/25/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trulieve</td>
<td>Tallahassee, Tampa, Clearwater, Pensacola, Miami, Edgewater, Lady Lake, Jacksonville, Orlando, St. Petersburg, Bradenton, Fort Myers, Gainesville, Vero Beach, New Port Richey, delivery</td>
</tr>
<tr>
<td>Surterra Therapeutics</td>
<td>Pensacola, Tallahassee, Tampa, North Port, Deltona, Orlando, Largo, Miami Beach, delivery</td>
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<tr>
<td>Curaleaf</td>
<td>Miami, Kendall, Lake Worth, St. Petersburg, Ft. Myers, delivery</td>
</tr>
<tr>
<td>Knox Medical</td>
<td>Tallahassee, Gainesville, Orlando, Jacksonville, Lake Worth, St. Petersburg, delivery</td>
</tr>
<tr>
<td>Liberty Health Science</td>
<td>Summerfield, St. Petersburg, Tampa, delivery</td>
</tr>
<tr>
<td>Green Solution</td>
<td>Dispensing via delivery</td>
</tr>
<tr>
<td>GrowHealthy</td>
<td>Dispensing via delivery</td>
</tr>
<tr>
<td>3 Boys Farm</td>
<td>Cultivation Authorization only</td>
</tr>
<tr>
<td>Vidacann</td>
<td>Cultivation Authorization only</td>
</tr>
<tr>
<td>Plants of Ruskin, Inc.</td>
<td>Cultivation Authorization only</td>
</tr>
<tr>
<td>Sunbulb Co., Inc.</td>
<td>Cultivation Authorization only</td>
</tr>
<tr>
<td>Treadwell Nursery</td>
<td>Cultivation Authorization only</td>
</tr>
<tr>
<td>Keith St Germain</td>
<td>Cultivation Authorization only</td>
</tr>
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</table>
Florida Legislation – SB 8A

- Preempted to the State:
  - Cultivation
  - Processing
  - Manufacturing
  - Delivery

- Smoking is still prohibited (trial court decision last week invalidated it)
Florida Legislation – SB 8A

- Prohibits location of dispensaries within 500 feet of a public or private elementary, middle or secondary school
  - Pre-schools are not protected
  - Colleges are not protected
  - Local government can waive distance requirements with a public hearing

- Imposes additional restrictions on signage beyond those regulations imposed by local governments (location, content)
Fees - Cannot charge a license or permit fee greater than the fees charged to pharmacies.

Nothing in SB 8A exempts these facilities from the Florida Building Code, Florida Fire Prevention Code, and local amendments to these codes.

DOH required to conduct at least biennial inspections of MMTCs: records, personnel, equipment, processes, security measures, sanitation practices, QA practices.
SB 8A – Local Options

- Gives specific authority to local governments:
  - Municipalities within their borders
  - Counties in the unincorporated areas of the County.

- To ban medical marijuana dispensaries:
  - Express, Explicit Ban, by ordinance
  - As opposed to “Uses not specifically listed as permitted or conditional uses are prohibited”
SB 8A – Local Options

- If the local government does not ban, then they can regulate them no more strictly than pharmacies

- What are your current pharmacies regulations?
  - Location, conditional use, distance requirements

- Revisions to pharmacy regulations should be weighed cautiously and include evaluation of impacts on existing pharmacies
<table>
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<tr>
<th>Subject</th>
<th>Case Name and Status (5/25/18)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Home Grow</strong></td>
<td>Redner v. DOH, et. al., 13th Judicial Circuit Case No. 17-CA-5677</td>
</tr>
<tr>
<td></td>
<td>Court of Appeal reinstated the stay and noted that Redner was unlikely to succeed on the merits of the case. Redner appealed to the Florida Supreme court by filing a Petition to Invoke “All Writs” Jurisdiction. Florida Supreme Court issued an Order denying the petition to invoke all writs jurisdiction on May 25.</td>
</tr>
<tr>
<td><strong>Smoking Ban</strong></td>
<td>People United for Medical Marijuana v. DOH, et. al., 2d Judicial Circuit Case No. 2017-CA-1394 Bench trial held on May 16, 2018. (Held unconstitutional on May 25, 2018.)</td>
</tr>
<tr>
<td><strong>Constitutionality of Black Farmers Provision</strong></td>
<td>Smith v. DOH, 2d Judicial Circuit Case No. 2017-CA-001972</td>
</tr>
<tr>
<td>381.986(8)(a)2 F.S.</td>
<td>This case has been voluntarily dismissed by Smith.</td>
</tr>
<tr>
<td><strong>Constitutionality of Citrus Farmers Provision</strong></td>
<td>Tropiflora, LLC v. DOH, 2d Judicial Circuit Case No. 2016-CA-1330</td>
</tr>
<tr>
<td>381.986(8)(a)2 F.S.</td>
<td>This case has been voluntarily dismissed by Tropiflora, LLC</td>
</tr>
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<tr>
<td>Application Process</td>
<td>Bill’s Nursery, Inc. v. DOH, 2d Judicial Circuit Case No. 2017-CA-002411 Order denying the Motion to Dismiss issued on May 24</td>
</tr>
<tr>
<td>MMTC Licensure</td>
<td>Nature’s Way v. DOH Case No. 17-5801 Hearing was held and proposed recommended orders have been filed by parties. Awaiting the issuance of recommended order by the administrative law judge.</td>
</tr>
<tr>
<td>Constitutionality of Rules</td>
<td>Florigrown LLC v. DOH Case No. 2017-CA-002549 Pending ruling on Motion to Dismiss.</td>
</tr>
<tr>
<td>Application Process</td>
<td>Patients and Producers Alliance, Inc. v. DOH Case No. 2018-CA-000336 Case filed February 14, 2018 and has been assigned to Judge Dodson.</td>
</tr>
<tr>
<td>Constitutionality of Law</td>
<td>Trulieve v. DOH Case No. 2018-CA-000698 Case filed April 2, 2018 and has been assigned to Judge Dodson.</td>
</tr>
</tbody>
</table>
Open Issues

- **Federal Preemption**
  - Controlled Substances Act - marijuana and THC are Schedule 1 controlled substances
  - Schedule 1 - legal presumption of no medical benefit.
  - Prohibits production, distribution and use of marijuana, for medical or recreational use
  - Last summer, the Attorney General declined to remove marijuana from the list of Schedule 1 drugs. Budget rider prevents DOJ enforcement – must reenact annually
Open Issues

- Banking

- What happens to a medical marijuana dispensary if the state someday allows recreational marijuana?
Open Issues

- Labs
- Required safety regulations
- Revenues
- Local Government regulatory options
- Doctor’s offices
Pot Shop Docs

- Medical Marijuana Use Registry
- Qualified Ordering Physician
  - Specific statutory requirements in how they treat and register a patient

BUT
- No statutory location regulations
- Just a doctor’s office
- No statutory sign restrictions (unlike medical marijuana dispensaries)
One Proposal for MMTC Production Facility

- When the Legislature authorized the production of low-THC marijuana for medical use, the City of Lake Wales was approached by a firm planning to apply for one of the available licenses.
- This firm, GrowHealthy, Inc., purchased an abandoned factory building within the city limits, and began rehabilitating it for use as a growing facility.
- $6.5 million investment to bring back a facility that had been unoccupied for several years. Employing approximately 40 people when fully operational.
GrowHealthy Receives License

- While GrowHealthy did not receive one of the initial licenses, they continued rehabilitation of the factory as they appealed the state’s decision.
- A license was granted for the facility in December 2016, and GrowHealthy has completed phase 1 of its building renovations and equipment installation at an estimated total investment of between $1 and $2 million.
- GrowHealthy and their contractor worked closely with the Building Division to make sure all code requirements were met.
GrowHealthy Impact

- Lake Wales is one of just a few municipalities to have this type of facility within our city limits. Most are located in unincorporated county settings.
- Elected Officials have been supportive of the project for the economic impact of a building come back to life and an additional 20-40 jobs coming to the community.
- Police and Fire Departments have been given tours of the facility and have engaged in proactive conversations regarding potential issues.
GrowHealthy Zoning Considerations

- Grow facility is located in the I-1 zoning district. The nursery aspect and production process are both permitted uses in this district.
- City previously regulated dispensaries as a conditional use in the C-3 Highway commercial and PF Professional zoning districts. Required to be within 1500 feet of a hospital or urgent care facility and to be 500 feet away from any school or rehabilitation facility. (As of June 2017, must match zoning for pharmacies if allowed)
- City has reportedly found GrowHealthy to be an asset to the community so far
Potential Grow House Hazards

- Carbon dioxide is used with oxygen to spur growth and increase yields – detached venting can release deadly CO2 gas levels
- Sulfur ignition – when mixed with CO2, can create a highly combustible gas (hydrogen sulfide)
- Fires from electrical overloads and improper wiring of lighting ballasts
- Mold due to inadequate climate control
- Sarasota County information
Extraction Methods

Below are the most common methods of THC extraction:
- Commercial solvent extraction;
- Cold water/dry ice; and

- Boil Off or Distillation
- Butane Extraction
- CO2 Extraction

Colorado permits require the disclosure of the extraction method.
Extraction Hazards

- Vacuum oven explosions;
- Exploding freezers (residential); and
- Butane hash oil fires.

Because marijuana is illegal by federal law, the Occupational Safety and Health Administration (OSHA) will **not** assist in the monitoring of work conditions in growth and processing locations.
Marijuana Infused Products (MIP)

Can you tell the difference?

- Edible products are replacing smoking options.
- Almost any edible product can be infused with marijuana.
- The state of Colorado has licensed 528 Marijuana Infused Product Manufacturers.

The state of Colorado has issued 1540 medical marijuana and 1491 recreational business licenses for sale centers, cultivation facilities, infused product manufacturing, testing, and transport.
Contamination/Pesticides

- On November 13, 2015, the Governor of Colorado issued an executive order to declare tainted Marijuana as a threat to the public.
- Since July, 2015, the City of Denver has enforced 36 contamination recalls and advisories on over 400,000 marijuana products.
- A large percentage of the recalls have 2 or more off-label residues found in the product.

Detectable pesticide residues can remain in products for several months. Residues are found to persist in mature plants that were clipped from the sprayed mother plants.

Photos – Courtesy of the City of Denver
Local Government as Employer

- Lawmakers’ focus is largely on decriminalization.
- E.g., Broward County has a program where possession of 20 grams or less is eligible for a citation versus arrest.
- Under Florida law, possession of 20 grams or less is a first degree misdemeanor, punishable by up to 1 year in prison.
- No real appreciation as to impact on employers. No real insight.
Relevant Federal Laws

**Federal Controlled Substances Act (CSA)**
- Prohibits illegal drug use, manufacture, possession
- Marijuana is deemed a Schedule I controlled substance (also heroin, LSD)

**Americans with Disabilities Act (ADA)**
- Prohibits Disability Discrimination
- ADA provides protections to “qualified individuals with a disability.”
**Family and Medical Leave Act (FMLA)**

- Allows eligible employees to take up to twelve (12) workweeks of job-protected unpaid leave for specified family and medical reasons during a twelve (12) month period.
- This includes the employee’s own serious health condition.
Public Sector Drug Testing

- Employers are not required to drug test employees at all and, if they do, employers are not required to take disciplinary action against an employee who tests positive for a controlled substance.

- Well settled that drug testing public employees is a “search” that falls within ambit of 4th Amendment protection.
Suspicion Based Testing

- Authorized, if there is individualized reasonable suspicion
- Objective standard: lower threshold than probable cause (e.g. witness + corroboration)
- Factors to consider:
  - nature of tip/information
  - reliability of information
  - degree of corroboration
Only authorized if the public employer can establish a "special need" to test that outweighs a public employee’s privacy interests.

Courts have determined that "special need" exists to drug test public employees holding "safety sensitive" positions (e.g., police, fire, CDL-licensed drivers).
Suspicion-less Testing

- Suspicion-less random drug testing for all state employees is unconstitutional. AFSCME v. Scott (11th Cir. 2013).

- Suspicion-less random drug testing upheld:
  - for police officers required to carry a firearm. Guiney v. Roache (1st Cir. 1989).

- Universal pre-employment drug testing: invalidated. Vos v. City of Key West (S.D. Fla. 2014).
Americans with Disabilities Act (ADA)

• Is medical marijuana use a reasonable accommodation?
• The ADA does not protect an individual who is currently engaging in the illegal use of drugs, when the covered employer acts on the basis of such use.
• Under the ADA, “illegal use of drugs” is defined as: the use of drugs, the possession or distribution of which is unlawful under the Federal CSA.
• The use of a drug taken under the supervision of a licensed health care professional, or other uses authorized by the CSA or other provisions of Federal law is protected, and is not illegal.
Courts have held that medical professionals cannot circumvent the ADA by prescribing medicinal marijuana. See, e.g., James v. City of Costa Mesa (California).

Can the employee sue for disability discrimination?

Need to show it is not based on the underlying disability.

Interactive Process?
Americans with Disabilities Act (ADA)/ FMLA

- What if you wish to treat it as a reasonable accommodation?
- May increase number of claims, incur liability.
- Does it matter if it is on the job or off?
- What about using during break?
- What about FMLA considerations?
- Intermittent leave?
There are no Florida court decisions addressing whether a Florida employer may take job action against its employee for use of medical marijuana.

Based on federal cases to date in other states, legalization has little impact because marijuana remains federally prohibited, and therefore its use is not protected by the ADA.

Courts have consistently upheld an employer’s right to discipline employees for otherwise legal medical marijuana use.
Effect of State Legalization of Marijuana on Drug Testing

- Also consider that some federal workplace programs require the reporting of positive marijuana test results (regardless of the purpose of the use).
- OSHA requires workplace free of recognized hazards.
- Some states (AZ, DE, MN) protect employees who test positive and use marijuana for medicinal purposes. Florida does not.
- Medical Marijuana Act in those states prohibit employers from “discharging, threatening, refusing to hire, discriminating or retaliating against an employee” based solely on their use of medical marijuana.
**Facts:** An individual applied for an internship and disclosed to the employer that she had a medical marijuana card and would fail the pre-employment drug screen due to her marijuana use. The applicant was rejected and sued under the Rhode Island medical marijuana law, as well as the state’s disability discrimination laws.

**Ruling:** The employer violated state law in refusing to hire the individual even though the applicant admitted she would test positive on the employer’s drug screen. The court rejected the argument that employers had no obligation to accommodate medical marijuana use under the state medical marijuana law. Though the court held that employees cannot report to work under the influence, the state law explicitly provides that an employer may not refuse to employ a person due to medical marijuana cardholder status. The court also held that medical marijuana users are not prohibited from bringing a disability discrimination claim under state law.

**Facts:** An applicant who accepted an offer of employment informed the employer that she would test positive for marijuana when she submits to the mandatory drug screen. The employer terminated her employment when she later tested positive for marijuana, informing the applicant that it followed federal, not state, law on the issue of drug use. The applicant brought several claims, including a state disability law charge wherein she asserted the entitlement of a reasonable accommodation; specifically, a waiver of the employer’s drug use policy.
Ruling: The Massachusetts Supreme Judicial Court decided in favor of the employee, stating, “The fact that the employee's possession of medical marijuana is in violation of Federal law does not make it per se unreasonable as an accommodation.” The Court indicated that the federal prohibition of marijuana use is the primary concern for the individuals, not employers (in most cases). The Court held that the employer should have engaged in the interactive disability process to determine whether an accommodation was available. Employers, however, are still permitted to ban marijuana use while on the company's premises as the Massachusetts law legalizing medical marijuana does not require “any accommodation of any on-site medical use of marijuana in any place of employment.” Thus, Massachusetts employers may not terminate an employee merely because of off-site use of medical marijuana.
Facts: An individual was recruited and hired by a nursing facility, but disclosed shortly thereafter that she was qualified to use marijuana for PTSD under the state’s Palliative Use of Marijuana Act (PUMA). The offer was later rescinded because she tested positive for marijuana. She sued for violation of PUMA’s anti-discrimination provisions, common law wrongful rescission of a job offer in violation of public policy, among other charges.

Ruling: The employer’s motion to dismiss for failure to state a claim was denied. The District Court for the District of Connecticut held that federal law does not create an “actual conflict” with PUMA or otherwise preempt it. PUMA prohibits Connecticut employers from terminating or refusing to hire those who are legally prescribed medical marijuana, even following a positive drug test. Moreover, the court held that PUMA’s anti-discrimination provision contains an implied private right of action.
Facts: After an off-duty auto accident, an employee was issued a medical marijuana license from the State of New Jersey. The employee notified his employer of the license, indicating that it was to treat a disability. Prior to assuming a new work assignment, the employee was required to submit to a drug screen. After testing positive for marijuana, the employee was terminated. The employee filed a wrongful lawsuit alleging that the employer failed to accommodate his disability in violation of the New Jersey Law Against Discrimination (“NJ LAD”).

Ruling: The District of New Jersey dismissed the lawsuit, holding that the employee failed to plead a request for accommodation of his disability, and therefore failed to state a claim. The court stated that a New Jersey employee cannot simply inform their employer of marijuana licensure, but needs to request an accommodation in connection with the disability. By ruling strictly on whether the employee requested an accommodation, the court avoided ruling on any other issues, such as whether a request for accommodation includes a right to use medical marijuana outside of the workplace, or whether the state law is preempted by federal law.
New Jersey Compassionate Use Medical Marijuana Act

- In those states, employers have to show employees impaired while on duty.
- Difficult showing impairment because recent drug use does not normally show up.
- Have to be able to discern the impairment (observe and document).
- Urine testing (most common) may not reveal presence of drug.
Local Government as Employer

Cases to Watch


- **Facts:** An employee was terminated due to positive drug and alcohol screening results.
- He claimed to possess a valid medical marijuana card under Arizona law to treat his ADD. In his lawsuit, the employee alleges that he was a disabled individual under the ADA, and that the employer failed to offer him any reasonable accommodation for his disabilities. The litigation is pending.
Nellis v. Sunrise Hospital and Medical Center LLC (A-17-761981-C) (Clark County District Court – Las Vegas)

Facts: A terminated nurse fired from his job for a positive marijuana drug screen was able to proceed with his case after the employer’s motion to dismiss was denied by Clark County District Court. The employee alleged that the termination was a violation of Nevada’s medical marijuana law and the Legislature’s intent that reasonable accommodations should be made for prescribed marijuana use. The court ruled on February 20, 2018 that the claims could proceed.
Conclusions re Employer Issues

Existing state law does not prohibit employer discipline of employees for medical marijuana use.

Fla. Stat. Section 381.986(15)
APPUCABILITY.—This section does not limit the ability of an employer to establish, continue, or enforce a drug-free workplace program or policy. This section does not require an employer to accommodate the medical use of marijuana in any workplace or any employee working while under the influence of marijuana. This section does not create a cause of action against an employer for wrongful discharge or discrimination. Marijuana, as defined in this section, is not reimbursable under chapter 440.
Conclusions re Employer Issues

- If an employer wants to prohibit employees from using marijuana taken in accordance with state law, the employer should advise the Medical Resource Officer for its drug testing contractor so that positive results are not overturned.
- It is still likely that Florida courts will find a Florida employer can discipline an employee for medical marijuana use, even if permitted under state law.
Several states, including California, have upheld zero tolerance policies since it is still an illegal drug under federal law (i.e., states are not able to legalize what Congress deems unlawful).

Any disciplinary policies you have for drug use should be enforced consistently regardless of the drug.

Make sure you communicate policies clearly to employees—they may believe based on the new law they cannot be disciplined or have to be accommodated.
Questions?