Medical Cost Savings

Forbes Magazine published a financial analysis summary of a study that found a reduction of fee-for-service Medicaid prescription use in states with legal cannabis. The analysis estimated a $475.8 million savings in 2014. The researchers estimated that if all states had legalized medical marijuana in 2014 the national savings for fee-for-service Medicaid would have been approximately $1.01 billion. This is a yearly average of $19.825 million savings per state. Further, if equally applied to include Medicaid managed care plans, the savings nation-wide could jump to $3.89 billion yearly savings.\(^1\)

Reuters Health reported on a data analysis of workers compensation claims which found 6.7% decrease in claims when medical marijuana was legally available. In addition, the dollar amount of claims decreased by 0.8%.\(^2\)

Tax Revenue

In 2019 the PEW Charitable Trust released a study of cannabis sale revenues, which provides a framework for states to determine specific policies and potential revenues. Cannabis taxes levied vary by state and can include general retail sales tax, cannabis-specific excise tax, or both.\(^3\)

The excise tax collection revenue on cannabis sales in Washington state accounted for more revenue ($361 million) than liquor ($314 million) and cigarettes ($357 million) in fiscal year 2018. In Alaska, revenue spiked from $2 million to $11 million in a single year.\(^4\)

In 2015, sales taxes and fees from cannabis in Colorado was more than $135 million. Marijuana sales in the state totaled over $996 million.\(^5\)

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\(^1\) Forbes “Medicaid Could Have Saved $1 Billion If Medical Marijuana Was Legalized”, Apr 21, 2017; https://www.forbes.com/sites/debraborchardt/2017/04/21/medicaid-could-have-saved-1-billion-if-medical-marijuana-was-legalized/#767af6867c57

\(^2\) WTAQ, “Access to medical marijuana tied to reduced workers’ comp claims”, February 07, 2020

\(^3\) PEW Charitable Trusts, “Forecasts Hazy for State Marijuana Revenue” August 19, 2019

\(^4\) PEW Charitable Trusts, “Forecasts Hazy for State Marijuana Revenue” August 19, 2019

\(^5\) Investopedia, “The Economic Benefits of Legalizing Weed” December, 2019