



2660 S. Bayshore Drive Suite 220 Miami FL 33176  
(phone) 305-467-6699  
(email) [frank@ndev.biz](mailto:frank@ndev.biz)  
(website) [www.getnovusnow.com](http://www.getnovusnow.com)

---

2-4-2023

## Detailed Alliance Proposal

### SUMMARY INTRO

WCIG Insurance Services, Inc. domiciled in California d/b/a Novus Cannabis MedPlan also known as “Novus,” is a hybrid health insurance entity, and the nation’s first prescription plan offering cannabis as supplemental or as a DMPO to recreational and medicinal users.

Since 2016, Novus has built a provider network of cannabis cultivators, manufacturers, and dispensaries covering 20,000 zip codes throughout the United States. While we do not house, resell or touch the plant, to date, our business model is a distribution network of 1,200 agents and brokerage firms to sell individual and bundled plans. Our plans are THC Plans (psychoactive) sold in states where it is legal, and CBD Plans (non- psychoactive became federally legal in 2018) sold nationwide.

Recent regulatory changes have put cannabis at the forefront of the minds of carriers and big pharma.

- **Opioid Settlement Framework:** State Attorney Generals settled on \$45 billion in compensatory damages, rehabilitation, and opioid diversion programs. Novus proposes the use of its Cannabis MedPlan as a compelling option for the use of the settlement funds.
- The **Compassionate Care Act:** Employees are protected from termination for using medical cannabis, which leads the way for employer-sponsored health plans to start covering medical cannabis under their offerings.

### Novus Alignment Value Proposition

We would like you to consider adding the Novus CBD provider network as a benefit offering to its affinity groups as a low-cost benefit, offering approximately 35% savings at the point of sale for the affinity member. This program provides strong competition against the big box retailers such as CVS and Walgreens, currently stocking CBD products.

We are confident that the time has come to start including CBD in all prescription benefit packages. Being first to market is critical. Novus is leading the way for partners like yourself to take advantage of their foresight and innovation into the biggest healthcare product modernization in recent history.

**Novus' State Compliance:** Novus has filed as a Discount Medical Provider Organization (DMPO), in all states that require it. They filed as a supplemental plan in California, Arizona, Nevada, Florida, and Michigan.

**How The Plan Works:** The affinity group member logs into Novus' back office where the inventory of CBD is placed and the member can purchase directly from the provider, then the product is drop shipped to their place of residence.

#### **Back Office Portal For Policyholders:**

- Login Site: <https://getnovusnow.com> (top right-hand corner of the page)
- Username: [nmedplan@gmail.com](mailto:nmedplan@gmail.com)
- Password: Testnovusnow
- Once logged in, go to the navigation bar drop-down and select "Members". Then select [Shop CBD Providers](#) for assessing the portal.

**Novus Current Market Share:** Novus is the only insurance entity that has a cannabis provider network infrastructure. The network includes close to three hundred dispensaries in developed and underdeveloped marketplaces. Current membership consists of close to 5,000 lives, each paying an average of \$350 per year.

**Medicinal Cannabis Users Market Capture:** Hemp-derived cannabis has been approved for medical use and distribution in all 50 states (including the District of Columbia), and is used to treat symptoms associated with diseases such as cancer and glaucoma. In general, it is mostly used for pain relief and is a safer alternative to opioids. We can project a 1% capture rate with your affinity groups.

**Little Risk Potential:** The popularity of non-psychoactive cannabis demonstrates negligible risk of a lethal dose of CBD. The only study completed was performed by [GW Pharma](#)'s CBD-based epilepsy drug Epidiolex available only by prescription. During these clinical trials, the FDA wrote: "It's not pure CBD – nor is it the same concentration of CBD found in all of those hemp products that have found their way to the U.S. market." The FDA has concluded that there are [potential therapeutic effects](#) but it won't disclose those effects until more research is done.

**Demographics On The Rise:** Overall, [43% of U.S. adults now live in a jurisdiction](#) that has legalized the use of marijuana at the local level. The total population in all medical cannabis states is [239,211,360](#), comprising 66% of the population of the United States.

#### **Executive Summary of Perceptions and Market Potential**

Selling insurance that covers cannabis is a daunting task, fraught with many compliance issues. Over the past three years, Novus has learned that by adding CBD as a benefits package, compliance must be prioritized in the following manner:

1. Efficacy
2. Market Potential
3. State and Federal Regulation
4. Employer/Employee Relationship to Cannabis

## **EFFICACY**

CBD remains one of the natural channel's top 25 bestselling ingredients. That indicates that CBD is not going anywhere, having established itself as a desirable and profitable ingredient. In fact, one could argue that this is the beginning for CBD, a time for the category to evolve and mature. As mentioned before, beauty and topical pain-relief products containing CBD are currently on the shelves in CVS and Walgreens.

### ***Lab Reports***

In lieu of FDA regulation, third-party lab testing has become the gold standard for determining a hemp product's safety and quality. All Novus providers that offer CBD products that have been third-party lab tested and can be verified as not containing contaminants.

### ***CBD May Help***

SingleCare, a medical prescription savings company, did a survey in April of 2020 and found that 45% of current CBD users increased their use of CBD once the pandemic began.

Interestingly, their 2020 study found that 49% of CBD users take CBD to help with stress and anxiety.

From a Gallup Poll, consumers weighed in on the common reasons for using CBD, including:

- Pain 40%
- Anxiety 20%
- Insomnia 11%
- Arthritis 8%
- Migraines/Headaches 5%

## **FUTURE MARKET**

Since scientists are becoming more aware of the potential benefits of medical marijuana, especially considering the Opioid Crisis, the belief is that more doctors will recommend CBD. Giving way to the potentiality of CBD becoming a staple ingredient in consumer products.

CVS and Walgreens report the customers purchasing products containing CBD to have an average consumer breakdown as follows:

- 31% of CBD users are between the ages of 35 and 49
- 22% are between the ages of 22 and 35, and,
- 22% are between 50 and 64

### ***Focus on Research***

Researchers are learning that some compounds in cannabis may have anti-cancer properties, and more studies are likely to be done on this. Not only are researchers finding that the plant itself has these properties, but scientists may be able to synthesize new compounds based on natural cannabinoids. These compounds may be capable of having a much stronger anti-cancer effect.

### ***Cross Channel Industry***

The "addiction" industries—alcohol, tobacco, and pharmaceuticals—have been heavily investing in the cannabis market. They have been acquiring many companies with the intent of selling cannabis en masse as they do their own products. This trend could dramatically transform the cannabis industry.

### ***Consumption***

Consumption ratios show that one in seven Americans use CBD products, according to a Gallup Poll conducted in 2019. That amounts to 14% of US citizens, which is over 46 million people. CBD is a broad category and has hit the mainstream since becoming federally legal in 2018. Annual spending on CBD products in 2020 amounted to \$14.86 billion and is expected to grow to \$26.37 billion by 2025.

## **STATE and FEDERAL REGULATION**

### ***U.S. Federal Law***

The number of states legalizing cannabis either recreationally, medicinally, or both has increased, and so too has broader support for federalization in the U.S. government. In fact, there is evidence that the feds are accepting cannabis in the mainstream with several bills in the U.S. congressional house that may positively impact the cannabis industry. These are:

### ***DOJ Stance***

In May of 2022, Biden AG Merrick Garland Stressed That Marijuana Use In Legal States Is Not A Justice Department Priority: “The department’s view on marijuana use is that enforcement against use is not a good use of our resources.”

### ***FDA No Action***

FDA has taken “a risk-based approach” where they’re only going after products where CBD is being marketed with claims that are either misleading to the point of encouraging a patient to forgo otherwise effective therapy.

### ***FDA Commissioner: Agency has taken little regulatory action on CBD products***

Before a House Appropriations subcommittee, FDA Commissioner Dr. Robert M. Califf said the bulk of agency funds spent on CBD has been devoted to research on the risks of the various uses of CBD in its different forms. While he wants the FDA to continue moving

forward on rules for CBD products, he said the agency requires broader regulatory powers from Congress to do so.

### ***SAFE Banking Act***

The SAFE Banking Act of 2021 synchronizes federal and state law by prohibiting federal regulators from taking punitive measures against depository institutions that provide banking services to legitimate cannabis-related businesses and ancillary businesses (e.g. electricians, plumbers, landlords, etc.)

### ***MORE Act***

In April of 2022, the House passed the Marijuana Opportunity Reinvestment and Expungement (MORE) Act in an effort to decriminalize marijuana use across the nation.

### ***Veteran's Affairs***

Novus has prepared for the bipartisan legislation that allows cannabis benefits to 19 million Veterans. Amongst the numerous regulations are:

- **The Veterans Cannabis Use for Safe Healing Act:** Prohibits the Department of Veterans Affairs (VA) from denying VA benefits due to participation in a state-approved cannabis program(s).
- **The VA Medicinal Cannabis Research Act:** VA to carry out a series of clinical trials on the health effects cannabis can have on Veterans who suffer from chronic pain and PTSD.
- **The Common Sense Reform for Veterans, Small Businesses, and Medical Professionals Act:** Allows the VA to prescribe medical cannabis to Veterans and create a safe harbor for financial institutions and other businesses.
- **The Veterans Medical Marijuana Safe Harbor Act:** Provide and implement guidance for Veterans on medical cannabis. Lastly, the bill requires the VA to report on the impacts of medical cannabis on Veterans' pain and the relationship between state-approved medical cannabis treatment programs.
- **The Fully Informed Veteran Act:** Requires the VA to authorize VA physicians and healthcare provider's permission to educate Veterans on participating in state-legal cannabis programs.

### ***Mace's Bill***

The Mace's Bill, or the States Reform Act, has a lower tax rate to discourage an illicit cannabis trade, along with other measures to prevent youths from using marijuana.

### ***Opioid Settlement Framework:***

This Settlement Framework is a consortium of state Attorney Generals settling with carrier and big pharma in \$45 billion in compensatory damages, rehabilitation, and opioid diversion programs, to which Novus proposes the use of its Rx plans.

### ***Rising Recreational Cannabis Taxation:***

Especially in California, taxation is as high as 37% prompting recreational users in getting their state cannabis cards and joining our health plan to get the medicinal tax rate which is 50% less than the recreational tax rate.

### ***California SB1186 Medicinal Patients' Right of Access:***

State Bill SB 1186 will help to dramatically expand safe access to medical cannabis throughout the state. Once passed this will dramatically increase the Novus provider network, from dispensaries to doctor's offices, urgent care facilities, hospitals, and managed healthcare. Just like the Employee Compassionate Care Act, there will be states following suit on similar legislation.

### ***More Cultivators / Manufacturers Are Becoming Providers***

Many cultivators are adopting selling direct-to-consumer and are using delivery platforms to sell their products regionally, opening a new segment in our provider network. One of Novus' providers, Budee, has one such platform that covers the entire state of California with four distribution centers and eight hundred deliveries per day. This gives Novus the ability to consolidate its provider network where policyholders can order from the digital platforms of their choice and get their product(s) within an hour.

### ***Other State Laws Summary***

State Cannabis Laws: <https://www.ncsl.org/research/health/state-medical-marijuana-laws.aspx>

## **EMPLOYER/EMPLOYEE RELATIONSHIP TO CANNABIS**

Workplace safety considerations remain paramount, and strongly prohibit their members from using cannabis, or bringing cannabis into the workplace.

### ***Compassionate Care Act:***

New Jersey State Supreme Court set precedence with states following suit, where employees are protected from termination for using medical cannabis, this leads the way to employer-sponsored health plans.

### ***State Law Trends***

CannMarijuana Laws, despite the federal status the trend is growing across the states to grant employment protections for both adult use and medical use. However, employers can still discipline workers for being high on the job or for bringing cannabis products onto the premises.

## **In Closing**

The CBD industry has changed in the past three years and having a partnership with Novus will provide you with a low overhead, seamless entry, into the marketplace. Partnering with Novus will also allow you to take part in the new distribution mechanism of cannabis, while vastly

growing the market by utilizing the simple insurance card that will direct consumers compliantly to in-network brands.

We are confident that the time has come to start including CBD in all prescription benefit packages. Being first to market is critical. Novus is leading the way for partners like yourslef to take advantage of their foresight and innovation into the biggest healthcare product modernization in recent history. Don't miss this opportunity to be part of it.