

Medical Cannabis in Maryland

September 16, 2019

William C. Tilburg, JD, MPH
Acting Executive Director
Director, Policy and Government Affairs

Overview

- **Snapshot of Maryland's Medical Cannabis Program**
- **Program Timeline**
- **Priority Considerations**
- **Lessons Learned**

Program Snapshot

NATALIE M. LAPRADE

MMCC



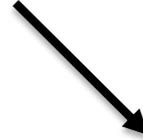
MARYLAND MEDICAL
CANNABIS COMMISSION



MARYLAND
Department of Health

What is the Maryland Medical Cannabis Commission?

- Statutorily created body, made up of 16 subject matter experts from diverse backgrounds in agriculture, law, medicine, and research.
- Serve in part-time, voluntary capacity
- Serve 4-year, staggered terms
- Independent commission within the Maryland Department of Health
- Hold quarterly public meetings



MMCC's Role

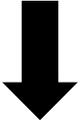
- **Regulate medical cannabis businesses and patients:**

Oversee all licensing, registration, inspection, and testing measures pertaining to Maryland's medical cannabis program and provide relevant program information to patients, providers, caregivers, growers, processors, dispensaries and testing laboratories.

- **Use, possession, and distribution of illicit cannabis remains under authority of state and local law enforcement**
- **State licensing boards remain authority for certifying providers**
 - MMCC prohibited from establishing continuing education or other requirements for certifying providers

The Players

Grower (22)



Processor (28)



**Independent Testing
Laboratory (5)**



Dispensary (102)



Growers, Processors, and Dispensaries

License Restrictions

Prior to May 15, 2018

- 15 growers
- No statutory limit on processors
- No statutory limit on dispensaries

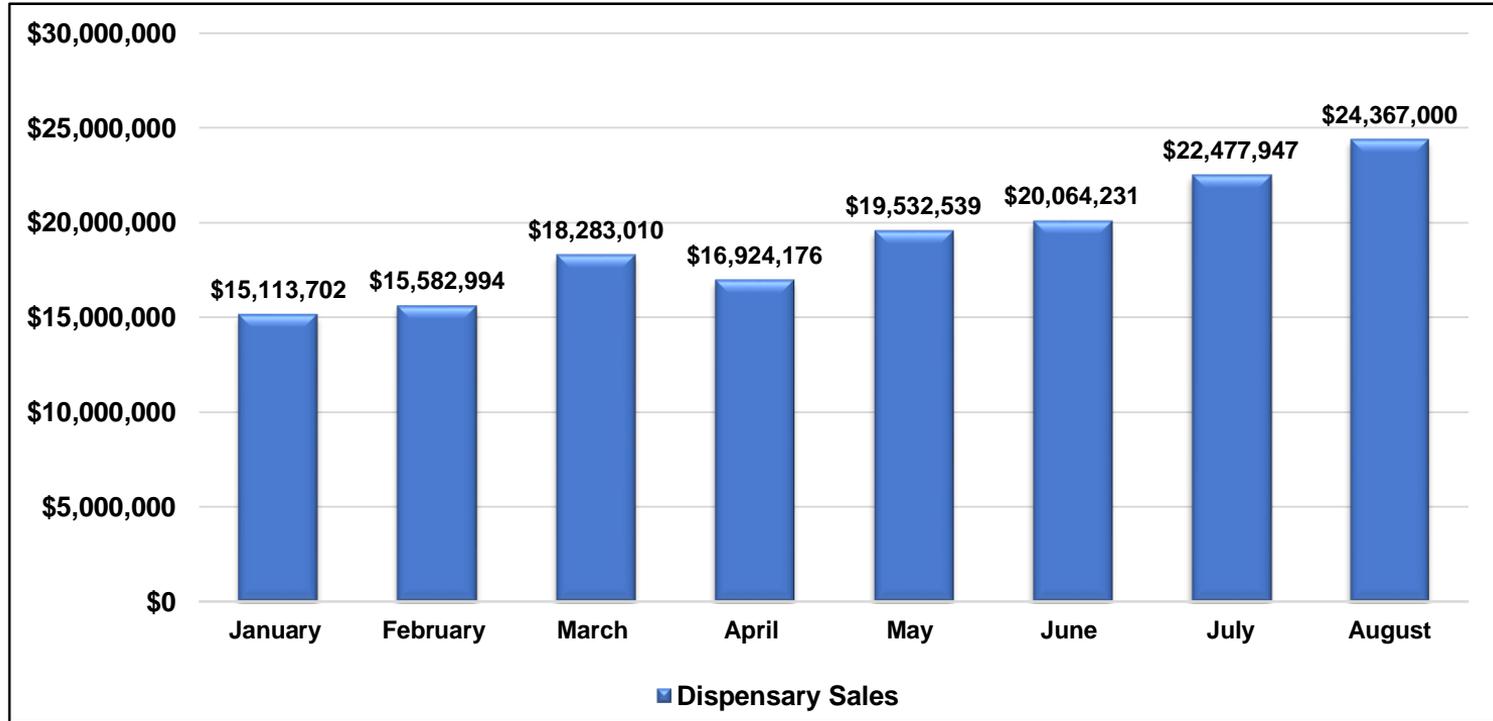
Effective May 15, 2018

- 22 growers
- 28 processors
- No statutory limit on dispensaries – limited to 102 via MMCC regulations

Current Number of Licensed and Stage One Pre-Approvals

License Type	Licensed	Stage One Pre-Approval
Grower	15	3
Processor	18	0
Dispensary	82	20

2019 Dispensary Sales



2019 Total Sales: \$153,345,599

Dispensaries: 34
June Sales: \$10.9 million

Dispensaries: 8
June Sales: \$2.32 million

Harford
Baltimore
Baltimore City
Howard
Anne Arundel

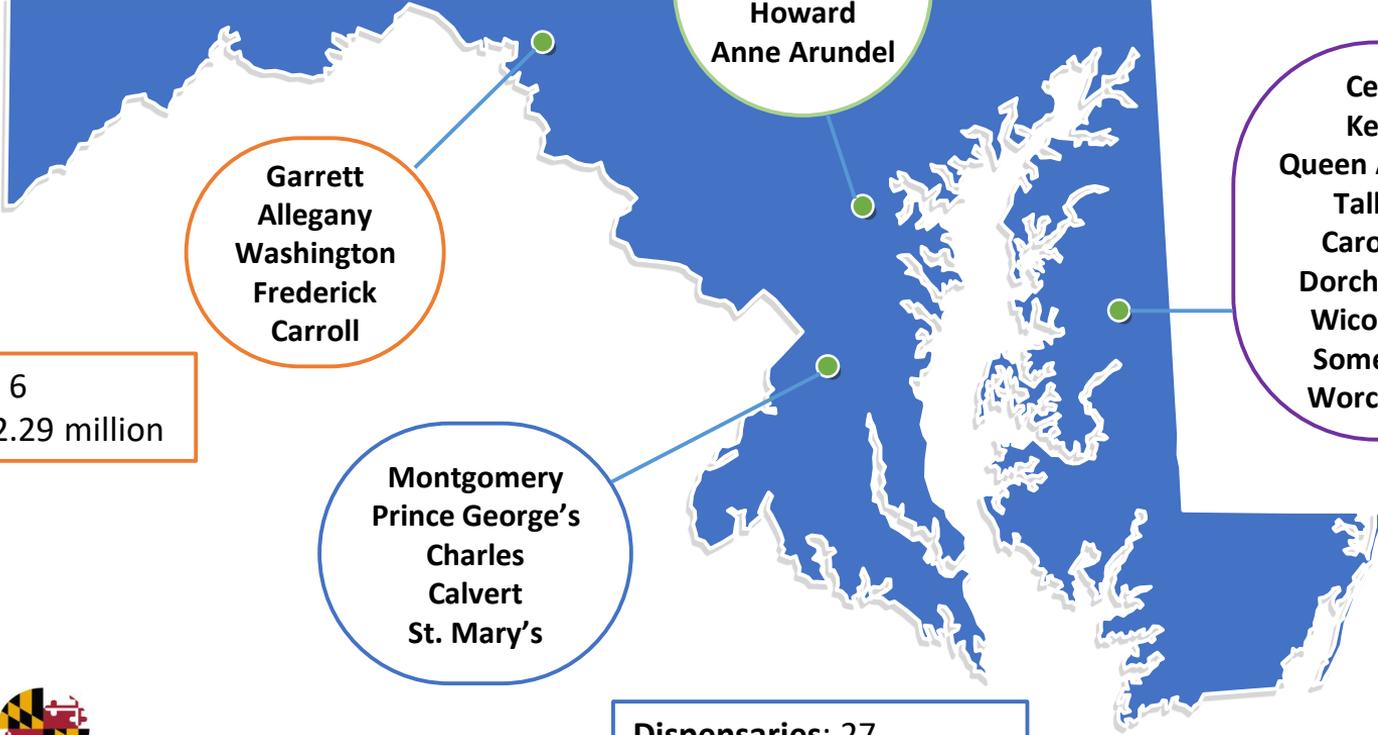
Cecil
Kent
Queen Anne's
Talbot
Caroline
Dorchester
Wicomico
Somerset
Worcester

Garrett
Allegany
Washington
Frederick
Carroll

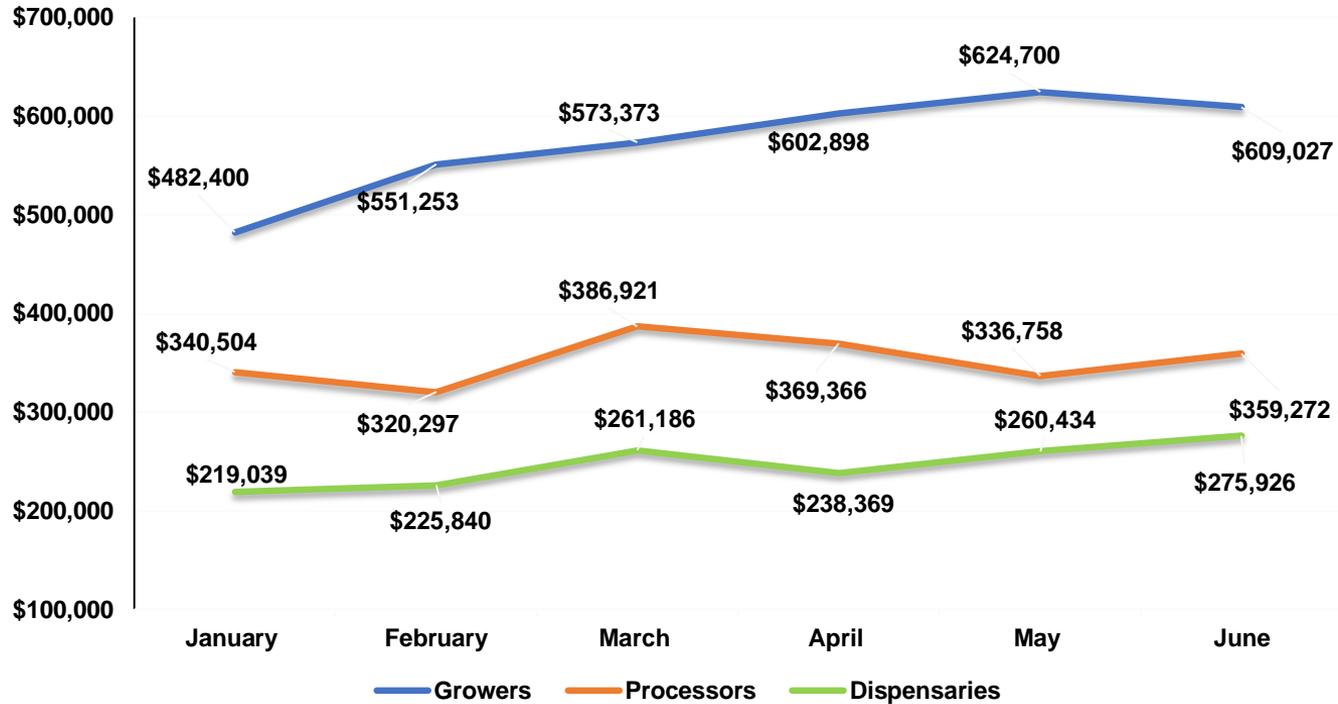
Dispensaries: 6
June Sales: \$2.29 million

Montgomery
Prince George's
Charles
Calvert
St. Mary's

Dispensaries: 27
June Sales: \$5.21 million



Grower, Processor, and Dispensary Average Revenue January - June, 2019



Patients, Caregivers, and Providers

Patients and Caregivers

Registration Type	Number of Patients and Caregivers
Patients	76,929
Caregivers	7,217
Minor Patients	179
Hospice Patients	265
Note: MMCC receives on average 200+ applications per day	

Certifying Providers

Provider Type	Number of Certifying Providers
Physicians	858
NP/CNM	576
Podiatrists	18
Dentists	106
Total	1,558

Program Timeline

NATALIE M. LAPRADE

MMCC



MARYLAND MEDICAL
CANNABIS COMMISSION



MARYLAND
Department of Health

Phase 1: Development

April 2013 – Sept. 2015

April 2013

Affirmative defense for medical cannabis patients; Academic research institutions authorized to grow and dispense

April 2014

MMCC established; authorized to develop regulations, award licenses; home grow not permitted

Sept. 14, 2015

MMCC regulations adopted governing patients, providers, licensees, and independent testing laboratories

NATALIE M. LAPRADE

MMCC



MARYLAND MEDICAL
CANNABIS COMMISSION

Phase 2: Implementation

Sept. 2015 – August 2017



Phase 3: Operation

August 2017 – Present

July/Aug. 2017

Award of final grower/processor licenses; cultivation begins

Dec. 1, 2017

Dispensary sales begin in Maryland

Jan. 1 – Dec. 31, 2018

More than \$100 mil. in total dispensary sales; still 50+ dispensaries unlicensed

Jan. 1, 2019 – Present

\$150+ million in total dispensary sales; new licenses awarded next week; 90% of businesses operational

NATALIE M. LAPRADE

MMCC



MARYLAND MEDICAL
CANNABIS COMMISSION

Timeline Across States

- Average of **18-24 months** between legislation and operation
- Typically the market stabilizes around **24 months** of operations, meaning enforcement, patient and business growth, and legislative/regulatory changes
- Timeline extended for states implementing program through legislature (as opposed to ballot referendum)



Priority Considerations

NATALIE M. LAPRADE

MMCC



MARYLAND MEDICAL
CANNABIS COMMISSION



MARYLAND
Department of Health

Critical Program Decision Points

- **Home Grow**
- **Enforcement**
- **License restrictions**
- **Who may grow, process and dispense**
- **Certifying provider groups**
- **Product restrictions**
- **Program funding and taxation**



Home Grow

- **Permitted:** AK, AZ, CA, CO, DC, HI, ME, MA, MI, MT, NM, NV, ND, OK, OR, RI, VT, WA
- **Prohibited:** CT, DE, FL, IL, MD, MN, NH, NJ, NY, OH, PA, WV
- Ease of access for rural patients
- Patient affordability
- Black market concerns
- Lack of laboratory testing



License Restrictions

- **Number of licenses restricted under law:** AZ, CT, DC, DE, FL, IL, MA, MD, MN, NJ, NY, PA, and OH
- **Pros:**
 - Regulatory oversight is more manageable
 - Reduce black/gray market sales
 - Stricter control of testing and product safety
- **Cons:**
 - Higher market entry costs
 - Higher average cost to patients
 - May limit access to certain types of medicine
 - Increased likelihood of prolonged litigation

Enforcement

- Enforcement needs are varied: pesticide application/nutrient management plan, food safety and handling, occupational safety, laboratory compliance, data protection, security, etc.
- **Programs tend to focus primarily on diversion and security at expense of other issues**



Who May Grow, Process, and Dispense?

- Is state residency required?
 - Ex.: AZ → resident for at least 3 years
- Small, local businesses vs. multi-state operators
- Vertical integration – lower costs, but less competition
- Require dispensaries to be run by pharmacists or physicians
 - Ex.: AZ, CT, FL, NY, PA

Certifying Provider Groups

- All medical cannabis states authorize physicians to certify a patient to obtain medical cannabis
- Access to care issues:
 - Large health care systems prohibit certification
 - Rural residents left with few options for providers
- Growing minority (13 states) allow advanced practice nurses to certify
- Physicians Assistants, under an active delegation agreement with physician, may certify in 10 states



Product Restrictions



- Flower/combustible products
- Vapes
- Edible cannabis products
 - Food safety and handling
 - Attractiveness to children
- THC limits

NATALIE M. LAPRADE

MMCC



MARYLAND MEDICAL
CANNABIS COMMISSION

Medical Cannabis Taxation

State	Medical Cannabis Tax
Arizona	6.6% excise tax
Arkansas	4% excise tax
Colorado	2.9% state sales tax
Connecticut	\$3.50 per gram excise tax
Hawaii	4% state sales tax
Illinois	All sales subject to 1% pharmaceutical excise tax (dispensaries); 7% wholesale tax (cultivators)
Michigan	6% excise tax and 3% sales tax
Minnesota	\$3.50 per gram excise tax
Montana	2% excise tax
Nevada	2% excise tax
New Jersey	7% state sales tax
New York	7% excise tax
Ohio	5.75% state sales tax
Pennsylvania	5% wholesale tax
Rhode Island	4% excise tax and 7% state sales tax
Washington	37% excise tax (medical program merged with adult use program and subject to same tax rate)

Tax exempt:
AK, CA, DC, DE,
ME, MA, ND, NM,
NH, OR, VT

Lessons Learned

- Engage broad range of stakeholders in program development
- Ownership and control of businesses
- Diversify regulatory expertise
- Robust/developed administrative process
- Product safety vs. security
- Types of products that may be sold
- Clear state policies for employment, testing, benefits, worker's compensation, insurance, use on school grounds, use in hospitals, public use, etc.
- Ancillary services
- Employee and industry training
- Review laws in other states **AND** learn what worked (and what didn't)

**Any Questions?
E-mail:**

William.tilburg@Maryland.gov

Note: The information presented here are for informational purposes only and not for the purpose of providing legal advice. You should contact your attorney to obtain advice with respect to any particular issue or problem.

NATALIE M. LAPRADE

MMCC



MARYLAND MEDICAL
CANNABIS COMMISSION



MARYLAND
Department of Health