

Maryland Medical Cannabis Commission



MMCC
MARYLAND
MEDICAL
CANNABIS
COMMISSION

FY2021 ANNUAL REPORT



FY2021

ANNUAL REPORT

ABOUT THIS REPORT

The FY2021 Annual Report provides an overview of the Maryland Medical Cannabis Commission (MMCC) and the status of the Maryland medical cannabis program, including business and patient data, program budget, and the MMCC's strategic priorities in FY2021 and beyond.

TABLE OF CONTENTS

About Us	2
Moving Forward	3
Message from the Chair	4
Our Composition	6
Patient Population	7
Program at a Glance	9
Program Diversity	11
Compliance Efforts	12
Program Enhancements	13
Revenue and Expenditures	14
COVID-19 Measures	15
Policy & Government Affairs	16

ABOUT THE COMMISSION

About Us

The Maryland Medical Cannabis Commission (MMCC) is an independent commission within the Maryland Department of Health. The MMCC oversees all licensing, registration, regulation and policy development, inspection, and testing related to the medical cannabis program. The MMCC also educates patients, providers, licensees and other stakeholders on medical cannabis and the State's program. The MMCC is devoted to performing all its regulatory activities in accordance with our Mission and Vision, which emphasizes product quality and patient safety.

Who We Are

The MMCC is comprised of 13 Commission members who are appointed by the Governor, and a staff of more than 50 employees. Commission members direct the medical cannabis program, overseeing education and research, compliance, licensing and registration, and policy development. As a public body, the Commission membership must consider and approve all major program decisions in meetings open to the public.

Each Commission member serves on up to two of the body's five standing committees. The standing committees are the Executive Committee, Compliance Committee, Finance & Budget Committee, Policy Committee, and the Research & Education Committee.

OUR MISSION



To provide a safe, effective and consumer-friendly medical cannabis program for qualifying patients.

OUR VISION



A high quality, equitable and compliant medical cannabis program that serves as a nationwide model.

OPERATING PRINCIPLES



Transparency
Communication
Compliance and Quality
Education
Equity

Patients

Provide them with a safe and effective product

Safety

Maintain the safety of the patients and industry

Industry

Fostering a diverse industry to mirror the state's demographics

The MMCC was established in 2013 by the Maryland General Assembly “to develop policies, procedures, guidelines, and regulations to implement programs to make medical cannabis available to qualifying patients in a safe and effective manner.” This report will highlight the MMCC’s ongoing efforts to ensure product quality and patient safety.

In 2017, the first medical cannabis businesses were licensed in Maryland, and licensed medical cannabis dispensaries opened their doors to patients on December 1, 2017. Over the past four years, MMCC and the medical cannabis industry have grown significantly. Today, more than 150 medical cannabis growers, processors, dispensaries, testing laboratories, and ancillary businesses serve a patient population of more than 139,000 patients. Likewise, a staff of less than 10 full-time employees at MMCC has grown to more than 50 to support and regulate the rapidly expanding medical cannabis industry.



A MESSAGE FROM THE CHAIR



BRIAN LOPEZ

Commission Chair

Maryland Medical Cannabis Commission

On behalf of the Maryland Medical Cannabis Commission (MMCC), it is my pleasure to report on the continued growth and success of the Maryland medical cannabis industry during FY2021. In the past year, Maryland continued to endure the effects of the COVID-19 pandemic. MMCC staff worked tirelessly to minimize disruptions to patients by providing guidance to licensees on health and safety orders issued by the Governor and Secretary of Health, and identifying ways to ensure the continuity of operations for medical cannabis businesses. MMCC responded to a constantly changing environment by issuing a series of bulletins to help mitigate the effects of the pandemic and provide best practices to lessen the transmission of the virus, with patient safety and product quality as the foremost priorities.

While managing the impact of the COVID-19 pandemic, the MMCC continued to work on strengthening and improving the medical cannabis industry. Below are a few key points I would like to highlight:

Policy and Government Affairs

- Implemented new regulatory requirements, including:
 - Requiring all dispensaries to have a clinical director who is available during business hours to provide patients with important information and education on the medical use of cannabis; and
 - A comprehensive framework for the safe and sanitary production and sale of edible cannabis products.
- Worked closely with the Maryland State Department of Education to develop guidelines for the administration of medical cannabis to students on school grounds, at school sponsored events, and on school buses.

Diversity and Ownership in Maryland's Medical Cannabis Industry

- On October 1, 2020, the MMCC awarded three grower license preapprovals and eight processor

license preapprovals. Majority ownership (e.g. 51 percent or more) of each newly preapproved entity is held by disadvantaged minority and women owners. As a result, six out of 21 licensed/preapproved growers and 14 out of 26 licensed/preapproved processors are majority-owned by minority and women owners. In particular, majority African American owned firms now hold four out of 21 grower licenses and eight out of 26 processor licenses.

Quality Assurance and IT

- In collaboration with the state’s Department of Information Technology, MMCC staff implemented a new online licensing and registration system called Maryland OneStop. The system is widely used across the State, and provides patients, licensees, businesses and registrants with a centralized repository for all registration and application forms. OneStop allows patients to monitor their remaining cannabis allotment, update contact information, and renew their registration.
- Maryland OneStop was initially rolled out in February 2021, and represented the most significant system upgrade ever completed by the MMCC. In spite of some initial technical issues, OneStop allows the industry and patient population to continue to grow by creating a more user-friendly experience in the long run.

Founding Member of the Cannabis Regulators Association (CANNRA)

- In November 2020, the MMCC joined 19 other state cannabis regulatory agencies as a founding member of the Cannabis Regulators Association (CANNRA). CANNRA is a non-partisan organization designed to facilitate the sharing of institutional knowledge and regulatory best practices. Furthermore, CANNRA members assist federal, state, and local jurisdictions that have approved or are weighing the legalization of cannabis.

Looking forward, the MMCC remains committed to continued programmatic improvements, specifically regarding the following goals:

- **Laboratory advancements**—The MMCC is working with the Department of General Services to secure a state reference laboratory for cannabis and hemp. The establishment of a state reference laboratory is a way to objectively audit laboratories and randomly test cannabis products to ensure testing accuracy, consistency and laboratory integrity on a regular basis. Specifically, the reference laboratory will enable MMCC to conduct compliance and confirmatory testing, method validations, proficiency testing, and research and development. We anticipate the lab will be operational by mid-2022.
- **Expanded research and education**—Explore research opportunities with our state research institutions and engage with stakeholders to provide greater educational opportunities to all in the MMCC and medical cannabis industry.
- **Standardized and transparent regulatory enforcement and compliance**—Consistency across the state is critical to patient safety, product quality and the medical cannabis industry.
- **Compassionate Use Fund**—The MMCC remains committed to establishing and implementing the Fund by adopting a regulatory framework and working closely with stakeholders to ensure programmatic success.

The MMCC looks forward to continued growth in FY 2022, as well as addressing access to care issues such as worker’s compensation reimbursement, employment discrimination for medical cannabis use, and expanded education efforts on the safe and secure use of medical cannabis.

OUR COMPOSITION

Commission Membership

Brian Lopez, Chair
Tiffany Randolph, JD, Vice Chair
Jinlene Chan, MD
Philip Cogan, RPh
Konrad Dawson, MD
Megan Dingus, MSN
Elizabeth Hines, MD

Charles LoDico, MS, PhD
Obi Onyewu, MD
Nancy Rosen-Cohen, JD, PhD
Gina Scarinzi
Sandy Washington
Scott Welsh

Executive Committee

Hines, Lopez, Randolph, Rosen-Cohen and Washington

- Reviews and responds, as appropriate, to legislative matters,
- Approves mandatory reports submitted to the Maryland General Assembly, and
- Makes urgent decisions for the Commission between regularly scheduled Commission meetings.

Finance and Budget Committee

Cogan, Dawson and Onyewu

- Oversees the preparation of the MMCC's annual budget,
- Reports a draft budget to the MMCC, and
- Develops and reviews strategies to address changes to the MMCC's finances as the industry expands.



Policy Committee

Dingus, Hines, LoDico, Randolph and Welsh

- Proposes and considers amendments to the Code of Maryland Regulations (COMAR) Title 10, Subtitle 62, which governs the MMCC and medical cannabis industry, and
- Solicits public comments on policy issues and regulatory proposals under consideration by the MMCC.

Research and Education Committee

Chan, Dawson, LoDico and Scarinzi

- Oversees any research and education activities of the MMCC, including collaborating with research institutions in Maryland,
- Monitors the public and academic research on medical cannabis and disseminates to medical cannabis patients and businesses, and
- Develops and disseminates educational materials on the medical use of cannabis and the medical cannabis industry in Maryland.

OUR **PATIENT** POPULATION

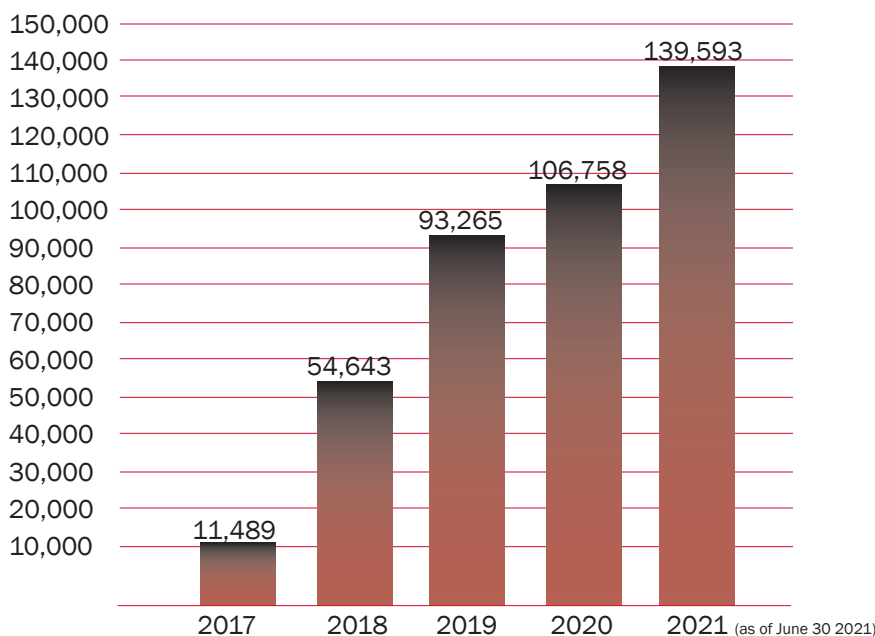
The medical cannabis patient population continues to grow, as more Marylanders seek the therapeutic benefits of cannabis.

As of June 30, 2021, more than 139,000 Marylanders were certified by medical professionals to use medical cannabis. In addition, more than 7,000 Marylanders serve as caregivers, assisting patients with the purchase and administration of medical cannabis.

In February 2021, MMCC transitioned to Maryland OneStop – the State’s central licensing and registration portal. In order to transition to OneStop, each registered patient, provider, and caregiver – more than 150,000 individuals – had to setup an account with OneStop and “claim” their existing record. The MMCC is thankful for the patience of all patients, providers, and caregivers who worked with MMCC staff and OneStop during the transition. Moving forward, OneStop will offer a more user-friendly application and renewal process, and allow patients to track in real-time their monthly allotment.

Customer service is central to the continued success of the medical cannabis industry in Maryland. The MMCC Quality Assurance department receives an average of 150 to 200 applications per day. Those applications are processed in the order in which they are received. Following the OneStop migration, MMCC application processing was disrupted due to technical issues with the OneStop registration portal. This resulted in longer than expected processing wait times in the winter/spring. However, by the end of FY2021, MMCC staff were able to return to processing times of eight to 10 days.

In addition, the MMCC offers a live Call Center to assist with application-related questions and other inquiries. In FY2021, the Call Center received an average of 600-800 calls per day. This represents a significant increase in call volume from FY 2020, which is attributable to the MMCC office being closed to the public during the COVID-19 pandemic and increased patient questions following the migration to Maryland OneStop.



GROWTH

Medical cannabis patients are central to all aspects of the Maryland Medical Cannabis Program. FY2021 saw the number of patients continue to grow.

OUR PATIENTS AND PROVIDERS

Who is eligible to become a medical cannabis patient in Maryland?

Any individual living in Maryland whose certifying medical cannabis provider recommends medical cannabis as a treatment option for a qualifying medical condition is eligible.

What is a medical cannabis caregiver?

A caregiver is an individual who is age 21 years or older, registered with the MMCC and is authorized by a certified medical cannabis patient to purchase medical cannabis on behalf of the patient, as well as assist with the patient's administration of medical cannabis. A patient age 18 years or older may designate up to two caregivers. A minor patient must have a caregiver, and at least one caregiver must be a parent or legal guardian. A minor patient is authorized to have up to two parent/guardian caregivers, and up to two other adults designated by a parent/guardian.

Who is Eligible to Provide a Certification for Medical Cannabis?

A physician, physician assistant, dentist, podiatrist, certified nurse practitioner or nurse midwife who is licensed and in good standing in the State of Maryland is eligible to serve as a certifying provider.

The MMCC Provider registry currently has more than 2,105 certifying providers located throughout the state who may certify patients with a qualifying condition to obtain medical cannabis.

What is a Qualifying Medical Condition?

A certifying provider may recommend medical cannabis as a treatment option for a patient experiencing a chronic or debilitating disease or medical condition that results in:

- Being admitted into hospice or receiving palliative care,
- Cachexia,
- Anorexia,
- Wasting syndrome,
- Severe or chronic pain,
- Severe nausea,
- Seizures,
- Severe or persistent muscle spasms,
- Glaucoma,
- Post-traumatic stress disorder (PTSD), or
- Another chronic medical condition which is severe and for which other treatments have been ineffective – also referred to as the “other.”

Severe or chronic pain is the most common qualifying condition affecting our patient population, a number of whom are seeking an alternative to opioids and other prescription medication.

OUR **PROGRAM** AT A GLANCE

The first Maryland medical cannabis dispensaries opened their doors on December 1, 2017. In its nearly four years of operation, the medical cannabis industry has experienced significant growth in licensed businesses, certified patients, and wholesale and retail sales.

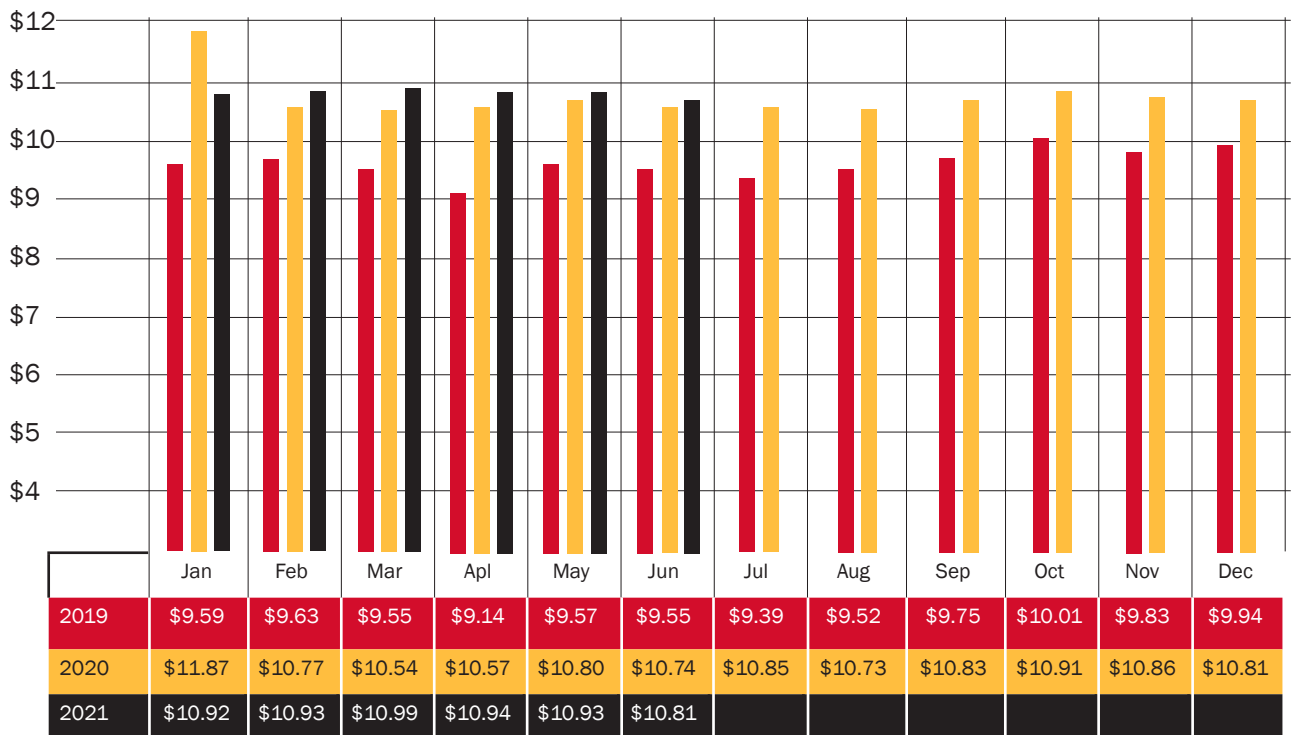
As of July 1, 2021, the MMCC has licensed or preapproved:

- 21 medical cannabis growers;
- 26 medical cannabis processors;
- 101 medical cannabis dispensaries;
- 5 independent testing laboratories; and
- More than 25 security guard, secure transport, waste disposal, and delivery companies.

FY2021 Average Price Per Gram

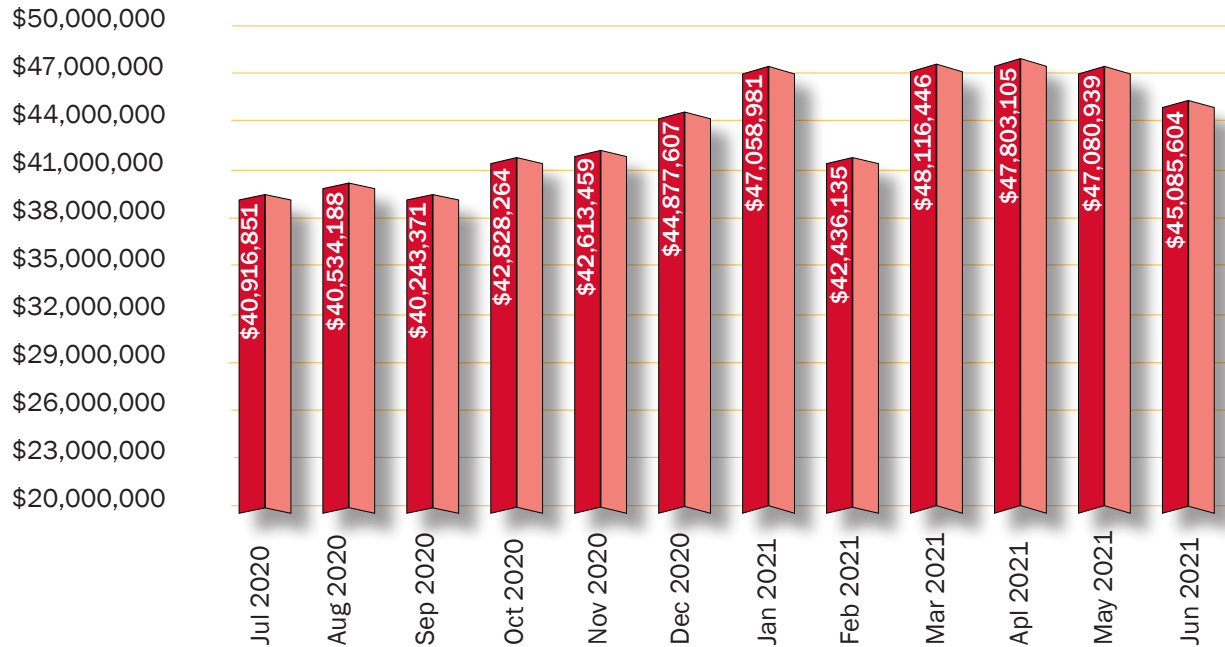
The average price per gram of dried cannabis flower product has fallen significantly, since a high of \$15.97 in January 2018. During the past 3 ½ year sales period, the average price per gram has largely leveled out, remaining relatively stable since 2020. The MMCC continues to evaluate ways to further reduce the retail cost of medical cannabis for patients.

AVERAGE PRICE PER GRAM

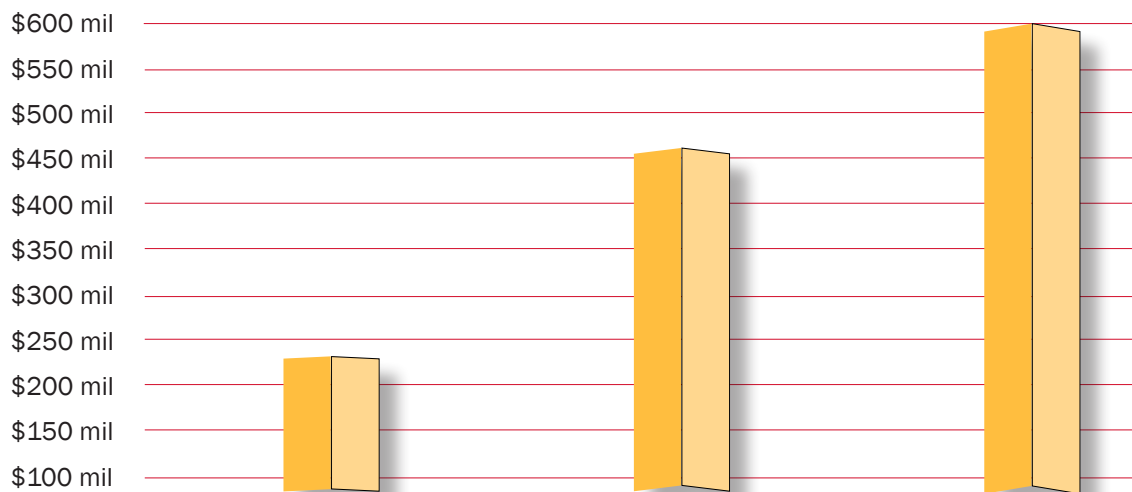


OUR PROGRAM AT A GLANCE

MONTHLY DISPENSARY SALES



ANNUAL DISPENSARY SALES



2019	2020	2021 (projected)
\$241,886,978	\$466,001,415	\$600,000,000

PROGRAM DIVERSITY

DIVERSITY AMONG OUR LICENSEES*

The MMCC is committed to promoting the participation of diverse groups within the medical cannabis industry, including small, minority, and/or women-owned businesses.

The MMCC's goal is for the medical cannabis industry to reflect the broad race, gender, ethnicity, and socioeconomic diversity of the state of Maryland. This includes promoting diversity in owners/investors and leadership roles within medical cannabis businesses.

On October 1, 2020, the MMCC awarded three new grower license preapprovals and eight

new processor license preapprovals. Each of these awards were made to a minority-owned firm, and five out of 11 preapprovals were made to a woman-owned firm. The MMCC is authorized under statute to award up to one additional grower license preapproval and two additional processor license preapprovals. The MMCC anticipates these awards will be made in FY2022. With these awards, the Maryland medical cannabis industry is among the most diverse in the United States, based on percentage of minority and women ownership.



Six Grower licenses out of 21 are majority owned by a minority/socially disadvantaged group.

Fourteen Processor licenses out of 26 are majority owned by a minority/socially disadvantaged group.

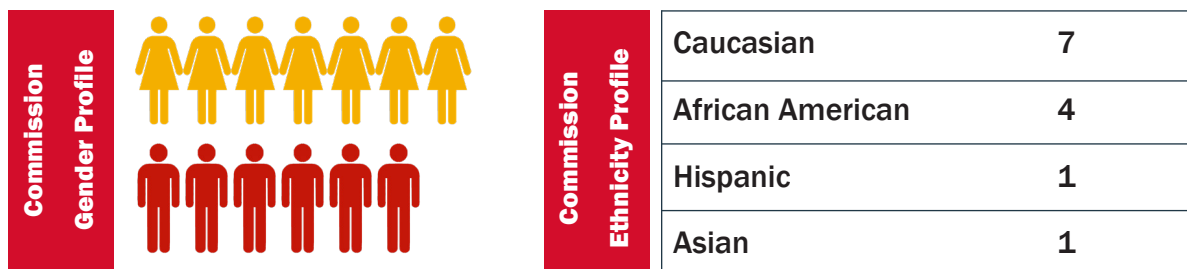
Thirty-nine Dispensary licenses out of 90 are majority owned by a minority/socially disadvantaged group.*

**For fiscal year 2021, 90 dispensaries submitted a minority status report.*

DIVERSITY WITHIN THE MMCC

Diversity in the workplace means that there is an array of differences such as race, ethnicity, gender, age, religion and education, just to name a few. The MMCC governing body—the Commission—is a group that fosters such a diverse workforce.

Below is a composite profile of the Commission diversity make-up based on ethnicity and gender.



COMPLIANCE EFFORTS

Regular compliance inspections, training and guidance are paramount to ensuring product quality and patient safety. At MMCC, compliance is handled by two departments:

- The Bureau of Enforcement and Compliance (BEC), which is responsible for overseeing the licensing, inspection, and discipline of licensed growers, processors, and dispensaries to ensure compliance with Maryland’s medical cannabis statutes and regulations; and
- Scientific Support (SS), which is responsible for overseeing registered independent testing laboratories and edible cannabis permits for licensed processors.

These two departments are responsible for ensuring that all medical cannabis licensees and registrants comply with product safety and quality assurance requirements. MMCC staff conduct pre-licensing inspections, random unannounced compliance inspections, and inspections in response to product safety or quality complaints.

The chart below details the inspection activities for FY 2021.

BEC/SS INSPECTION ACTIVITY

Inspection Activity	SS FY2020	SS FY2021	BEC FY2020	BEC FY2021
Routine	22	29	438	347
Complaint-driven	1	9	80	28
METRC Audit*	4	45	34	8
Virtual Audit**	22	5	15	0
Full Licensing	0	0	6	5
Edibles	N/A	12	N/A	0

*State’s seed-to-sale tracking system

**As a result of the COVID-19 pandemic

PROGRAM ENHANCEMENTS

As a regulatory body tasked with protecting public health and safety, the MMCC continually works to find new and innovative ways to enhance its compliance and regulatory activities.

Technical Authority for Independent Testing Laboratories

The MMCC, with the assistance of a scientific workgroup, completed the third update to the Technical Authority for Medical Cannabis Testing in December 2020. Testing medical cannabis for safety and potency is essential to minimizing the risk of patient exposure to harmful microbials, heavy metals and other contaminants, as well as quantifying the cannabinoid profiles and potency to assist patients and providers with product selection and dosing. Furthermore, the Technical Authority is designed to help labs to improve their processes and standardize the quality and accuracy of testing.

Inspection and Reporting

MMCC staff has streamlined the inspection and reporting processes, which lead to higher quality results and maintain patient safety as our priority. Furthermore, the MMCC recently promulgated regulatory changes that enhance its inspections and enforcement capabilities. The new regulations strengthen the video surveillance system requirements of licensed growers, processors, and dispensaries, as well as the enforcement mechanisms for theft or diversion. The regulations also require a licensee to enter timely and accurate data into the METRC system (the state's seed-to-sale tracking system). MMCC staff track products, pack-

age and labeling, failed test results, potency, and licensee's stock of medical cannabis produced and sold in Maryland, and the new regulations assist with these enforcement efforts.

Maryland OneStop Portal

As of February 16, 2021, the MMCC transitioned all medical cannabis licensing and registration forms to the statewide licensing portal, Maryland OneStop (onestop.md.gov). This includes patient and caregiver applications, provider registrations and certifications, clinical director applications, business license and registration applications, and cannabis agent registrations.

While the Maryland OneStop platform experienced technical issues during its initial rollout, the application and registration portal will provide an easier and more user-friendly experience for medical cannabis patients, caregivers, agents and businesses. The system also enables individuals and businesses to access applications across other Maryland state agencies from one account, and allows patients to access their cannabis allotment in real-time. In FY2022, the MMCC will continue to work with OneStop on Phase II of system implementation, which includes several enhancements to the patient, provider, and business portals, and will focus on ease of access and usability.

REVENUE & EXPENDITURES

The MMCC is specially funded through the Natalie M. LaPrade Medical Cannabis Fund. This means MMCC does not receive any taxpayer dollars or funds from the State’s General Fund. As shown in the chart below, the MMCC’s primary sources of funding are business licensing and patient registration fees.

Income

	FY2019	FY2020	FY2021
Licensing Fees	\$5,901,400	\$5,898,835	\$7,205,880
Agent ID Card Fees	\$486,004	\$756,000	\$859,800
Patient ID Card Fees	\$3,796,650	\$4,045,450	\$3,406,673
Interest/Fines	\$187,383	\$167,339	\$312,882
Total Income	\$10,371,437	\$10,867,624	\$11,785,235

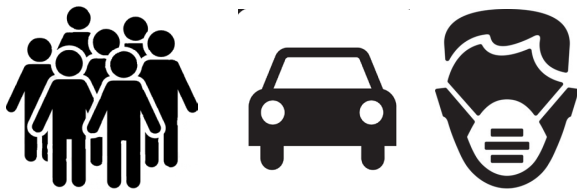
Expenses

Personnel Cost	\$2,981,972	\$4,015,151	\$4,605,166
Contract & Services	\$2,626,834	\$3,249,444	\$3,125,192
Total Expenses	\$5,608,806	\$7,264,595	\$7,730,358

COVID-19 MEASURES

MMCC'S COVID-19 RESPONSE DURING FY2021

During FY2021, MMCC maintained several measures aimed at reducing the spread of COVID-19 and protecting medical cannabis agents and patients. In particular, MMCC extended the following emergency measures that were initially adopted in FY2020:



- Allow curbside delivery and drive-through dispensing to reduce personal contact;
- Suspend agent registration renewals until the end of the State of Emergency;
- Allow telehealth for medical cannabis certifications;
- Require masks and social distancing in licensed dispensaries;
- Suspend patient attestation and signature requirements at the point-of-sale;
- Extend the deadline for preapproved businesses to become operational until after the State of Emergency is terminated; and
- Suspend the use of deli-style sales and sniff jars.

The Maryland Department of Budget and Management (DBM) mandated remote work for all non-emergency state employees in March 2020. This mandate was terminated in April 2021, and subsequently, MMCC staff began a return to the office. In addition, effective July 1, 2021, MMCC offices were reopened to the public on a limited basis, thereby allowing patients to receive on-site application and registration assistance. MMCC staff look forward to providing expanded services to patients and other stakeholders in FY2022.



POLICY & GOVERNMENT AFFAIRS

Despite the challenges presented by the COVID-19 pandemic, the MMCC implemented several important regulatory and legislative initiatives during the past fiscal year. As illustrated below, the MMCC continues to take policy steps to improve the medical cannabis industry and to ensure safe, high-quality medicine is available for patients.

2021 LEGISLATIVE SESSION

The 2021 legislative session of the Maryland General Assembly was unlike any other. Due to the challenges posed by the COVID-19 pandemic, this session was entirely virtual. While no bills impacting the MMCC or the medical cannabis industry passed in 2021, several significant pieces of legislation were introduced. The MMCC looks forward to continued collaboration with our legislative partners on these important bills in 2022 and beyond. Two previous session bills worth highlighting for the upcoming 2022 legislative session are:

- Senate Bill 504, which would prohibit an employer from discriminating against an individual based on the individual's status as a qualifying medical cannabis patient, and
- Senate Bill 461, which would allow the cost of medical cannabis to be reimbursed under workers compensation, in certain circumstances.

REGULATORY PROGRESS

Edible Cannabis Products

The highly anticipated regulations allowing for the manufacture and sale of edible medical cannabis products became effective in April 2021. This final rule is the culmination of 18 months of work where MMCC consulted legal,

medical, public health, and laboratory subject matter experts, held public workshops, and solicited feedback and input from patients, caregivers, and providers. The regulations were also considered at six public meetings and published in the Maryland Register for additional public comment. The public and transparent process resulted in the most comprehensive regulatory framework for edible medical cannabis products in the country that prioritizes safe, effective medicine and protecting the health of minors.

Patient ID Cards

Effective April 22, 2021, MMCC updated the patient identification cards. Each medical cannabis patient receives an identification card after registering with the MMCC. Beginning in April, the requirement that these cards display a photo image of the patient was eliminated. This change aligns Maryland with other state medical cannabis programs and medical cannabis with prescription cards that reflect a patient's name, ID number, and expiration date, but do not include a photo image. Removal of the photo image will also reduce processing times, ensuring that patients obtain the card more quickly. Patients that are registering are still required to submit a passport-style photo with their application.

POLICY & GOVERNMENT AFFAIRS

The Fakiza Rahman Act – Compassionate Use Fund

During the 2020 legislative session, House Bill 870 created a funding mechanism for the Compassionate Use Fund, to make medical cannabis available at a reduced cost to Maryland Medicaid recipients and veterans. The bill, named in honor of Fakiza Rahman, the MMCC's former Director of Operations who passed away in March 2020, became effective in October 2020. Since then, MMCC staff has been working to implement the bill's requirements, including the drafting of comprehensive regulations for the administration of the Fund, and working with state partner agencies to ensure eligible patients are able to receive the benefit.

Additionally, the MMCC has already established the Fund, and made an initial contribution. The MMCC expects the Fund to be operational by mid-2022. See House Bill 870 (2020) sponsored by Delegate Joseline Peña-Melnyk.

Administration of Medical Cannabis on School Grounds

Groundbreaking legislation was enacted during the 2020 Legislative Session in which Maryland became one of a handful of states in the US to authorize school personnel to administer medical cannabis to qualifying students on school property, at school-sponsored activities,

and on a school bus in accordance with guidelines developed by the Maryland State Department of Education (MSDE) and the MMCC.

MMCC staff collaborated with MSDE and other stakeholders during the latter half of 2020 to craft the comprehensive guidelines, which took effect in December of 2020. The guidelines ensure that students who are medical cannabis patients will be able to attend school and participate in school activities while maintaining continuity of care. See House Bill 617/Senate Bill 604 (2020) sponsored by Delegates Steve Johnson, Nicholas Kipke and Mary Ann Lisanti, and Senator Brian Feldman, respectively.



NOTES

FY2021

ANNUAL REPORT

ABOUT THIS REPORT

We hope that this FY2021 Annual Report illustrates the growth and development of the Maryland Medical Cannabis Program. The MMCC looks forward to continued progress on behalf of the patients we serve. As the General Assembly considers the potential legalization of cannabis for adult-use, the MMCC remains committed to ensuring the needs of medical cannabis patients will be taken into account, and the integrity of the medical cannabis program protected. The MMCC greatly appreciates the strong commitment demonstrated by the Maryland General Assembly, industry partners, and the community to support the program and its participants.

Maryland Medical Cannabis Commission

849 International Drive, 4th Floor, Linthicum, MD 21090

410-487-8100 mmcc.maryland.gov