



2021 Annual Report from the Center for Medical Cannabis

STATE OF UTAH
CENTER FOR MEDICAL CANNABIS

To: Health and Human Services Interim Committee
From: Richard Oborn, Center Director, Center for Medical Cannabis
Subject: 2021 Annual Report from the Center for Medical Cannabis
Date: November 15, 2021

The Utah Department of Health Center for Medical Cannabis is pleased to submit this annual report as required by Utah Code 26-61a-703. This annual report provides general information and statistics regarding Utah's medical cannabis program as of September 30, 2021.

Executive Summary

Key program developments from the past year include:

- Number of Active Medical Cannabis Cardholders More than Tripled. The number of medical cannabis cardholders with active status more than tripled from September 30, 2020 (11,000) to September 30, 2021 (37,683).
- Number of Licensed Medical Cannabis Pharmacies More Than Doubled. There are currently 14 licensed medical cannabis pharmacies in operation with locations in North Logan, Brigham City, South Ogden, West Bountiful, Park City, Salt Lake City, South Jordan, Lehi, Provo, Springville, Payson, Cedar City, and St. George. In October 2020, there were only seven medical cannabis pharmacies open. Seven opened during the past year. A 15th medical cannabis pharmacy location will open in a rural location in 2022.
- Launch of Medical Cannabis Home Delivery Service. After months of planning, coordination, and software testing, medical cannabis was home delivered in Utah for the first time in January 2021. This key development made medical cannabis more accessible to individuals living in rural areas and those unable to visit pharmacies in-person due to the COVID-19 pandemic. Between January 2021 and September 2021, medical cannabis pharmacies made 6,990 deliveries of medical cannabis to cardholder homes.
- Number of Participating Medical Providers Has Increased by 38%. As of September 30, 2021, there were 781 qualified medical providers (QMPs) registered by the Utah Department of Health. The number of QMPs has increased by 38% during the past year.

The attached Table of Contents outlines information provided in the annual report with corresponding page numbers. Comments or questions about the annual report may be sent to the Center for Medical Cannabis at medicalcannabis@utah.gov.

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1. Center Background and Duties

On November 6, 2018, Utah voters approved Proposition 2 which legalized use of medical cannabis in Utah for qualifying patients. Since its passage, the Utah Medical Cannabis Act (Utah Code 26-61a) has been amended multiple times by the Utah lawmakers. Utah Code 26-61a designates the Utah Department of Health as the state agency responsible for licensing and oversight of medical cannabis pharmacies, registration of medical providers, and issuance of medical cannabis cards to qualifying patients. Qualifying patients first legally purchased medical cannabis in Utah on March 2, 2020.

The Center for Medical Cannabis carries out the department's duties under the Utah Medical Cannabis Act (Utah Code 26-61a). Responsibilities of the Center for Medical Cannabis include:

- licensing of medical cannabis pharmacies and medical cannabis couriers;
- registration of qualified medical providers, medical cannabis cardholders (patients, guardians, and caregivers), medical cannabis pharmacy agents, cannabis courier agents, and pharmacy medical providers;
- establishment and enforcement of administrative rules regulating the medical cannabis industry;
- inspection, audit, and investigation of complaints filed against licensees;
- selection and oversight of vendors responsible for the medical cannabis software used to run Utah's electronic verification system (EVS) and inventory control system (ICS); and
- administrative support of the Compassionate Use Board and the Cannabinoid Product Board as they perform their duties under the Act.

2. Center Achievements

Key achievements of the Center for Medical Cannabis during the past year include:

- Timely Processing of Medical Cannabis Card, Qualified Medical Provider, Pharmacy Medical Provider, and Pharmacy Agent Applications. All applications for an initial registration or renewal of a medical cannabis card from individuals over age 21 with a qualifying condition were processed by the department within 15 days of the department receiving a complete application. All applications for registration as a qualified medical provider (QMP), pharmacy medical provider (PMP), pharmacy agent, and courier agent were also processed by the department within 15 days of the department receiving a complete application. These applications are submitted online by applicants and quickly processed by department staff in the electronic verification system (EVS).
- Licensing of Seven Additional Medical Cannabis Pharmacies. In October 2020, there were only seven medical cannabis pharmacies licensed and operating in Utah. Between December 2020 and June 2021, the department doubled the number of licensed pharmacies as an additional seven pharmacies were inspected and licensed during this period. New locations in areas such as Brigham City, Payson, Cedar City, and St. George dramatically improved access to medical cannabis for many Utah residents. An additional medical cannabis pharmacy location in a rural area is scheduled to open in 2022.
- Launch of Medical Cannabis Delivery Service. After months of planning, coordination, and software testing, medical cannabis was home delivered in Utah for the first time in January 2021. This key development made medical cannabis more accessible to individuals living in rural areas and those unable to visit pharmacies in-person due to the COVID-19 pandemic. The department has established administrative rules that help ensure the deliveries are made in a safe and appropriate manner. Since January 2021, licensed medical cannabis couriers have delivered 6,990 shipments to patient homes.
- Updates to Guidance on the Suggested Use of Medical Cannabis. The department assisted the Utah

Cannabinoid Product Board as it made several updates to its Guidance on the Suggested Use of Medical Cannabis. This document provides general guidance to medical providers and pharmacists who counsel with qualifying patients about the legal use of medical cannabis.

- **Critical Software Improvements.** Several improvements were made during the past year to the software used to run Utah’s medical cannabis program. New functions added to the software include:
 - non-residents may apply online for non-resident medical cannabis cards;
 - a qualified medical provider (QMP) may designate a medical assistant or clerk to access the electronic verification system (EVS) on their behalf;
 - if a cardholder designates a facility as a “caregiver” in the EVS, the facility may assign one or more employees to assist the cardholder with medical cannabis treatment; and
 - a QMP may approve a medical cannabis cardholder who has held a card for over one year to be eligible for an annual renewal of their card, opposed to the standard six-month renewal.

- **Patient Survey Results.** In October 2020, the department conducted a survey of medical cannabis cardholders. The survey collected general information from cardholders regarding their use of medical cannabis. In March 2021, the department began emailing this same survey to medical cannabis cardholders after they completed renewal of their medical cannabis card. Some of the results of the October 2020 survey and the ongoing survey that began in March 2021 are compared in the table below with the corresponding number of respondents to each survey. When comparing the results of these surveys, it is important to consider that the surveys used different methodologies as one was a snapshot in time, and another was completed over the course of eight months. The department plans to revise the survey questions in 2022.

Survey Question	October 2020 Survey Results (559 Responses)	March 2021-October 2021 Survey Results (1,286 Responses)
<u>Benefit to Qualifying Condition.</u> Percentage reporting that they experienced some sort of benefit from the use of medical cannabis for their qualifying condition.	98%	97%
<u>Improved Symptoms.</u> Percentage reporting improved symptoms related to the medical condition being treated who rated the improvement as a 7 or higher (0 = no significant change, 10 = significant change).	90%	81%
<u>Improved Sleep.</u> Percentage reporting improved sleep who rated the improvement as a 7 or higher (0 = no significant change, 10 = significant change).	86%	90%
<u>Decrease in General Pain.</u> Percentage reporting a decrease in general pain who rated the improvement as a 7 or higher (0 = no significant change, 10 = significant change).	84%	77%
<u>Decrease in Use of Other Medications.</u> Percentage reporting a decrease in the use of other medications due to the use of medical cannabis. Medications listed by respondents include opioids and other pain medications.	55%	87%
<u>Level of Confidence in QMP.</u> Percentage reporting their level of confidence in the qualified medical provider who recommended medical cannabis to them as an 8 or higher (0 = no confidence, 10 = great deal of confidence).	90%	84%
<u>Level of Confidence in PMP.</u> Percentage reporting that level their confidence in their pharmacy medical provider who	71%	80%

they met with at the pharmacy as an 8 or higher (0 = no confidence, 10 =great deal of confidence).		
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3. Medical Cannabis Market Analysis

Utah Code 26-61a-305 states that the Utah Department of Health (UDOH) shall consult with the Utah Department of Agriculture and Food (UDAF) after an annual or more frequent analysis of the current and anticipated market for medical cannabis to determine if additional medical cannabis pharmacy licenses are necessary to provide an adequate supply, quality, or variety, of medical cannabis to medical cannabis cardholders.

Of the 14 medical cannabis pharmacy locations currently open in Utah, seven have been open for less than one year. A 15th medical cannabis pharmacy location is scheduled to open in 2022. Home delivery service began in January 2021. The UDOH and UDAF believe issuance of additional medical cannabis pharmacy licenses should not be considered until after June 2022 when more data is available regarding the impact of home delivery service and the seven new pharmacy locations. Later this year a business analyst will join the department staff to help the department conduct this market analysis.

4. Medical Cannabis Product Availability Analysis

The primary factor impacting the availability of medical cannabis products available for purchase at medical cannabis pharmacies in Utah and other states is the continued federal prohibition against cannabis products with more than .3% concentration of THC. Federal prohibition prevents any business from legally transporting cannabis products across state lines. All cannabis products purchased by medical cannabis cardholders in Utah must originate from a cultivator and processor licensed and physically located in Utah.

For this reason, product availability is a significant problem for most states during their first year of launching a cannabis program and Utah’s experience was no different. Despite efforts of Utah-licensed cultivators, processors, and pharmacies to meet the high demand for products in Utah, the program’s first year came with several reports of shortages with popular products such as unprocessed flower and vape cartridges. A thin supply of these products caused some patient cardholders to visit multiple locations in search of the product type that most effectively treated their medical condition.

Other factors that adversely impacted product availability during the first year were processing delays at testing laboratories and the high demand for products due to the fast growth in the number medical cannabis cardholders in Utah compared to other states.

As the program nears its second full year of qualifying patients legally purchasing products in Utah there are no longer reports of product shortages. Licensed cultivators have now had a chance to expand operations and produce a significantly better supply. The Utah Department Agriculture and Food reports that between March 1, 2020 and November 2020, cultivators produced 10,856 pounds of cured biomass. In contrast, between January 2021 and November 2021, cultivators produced 65,161 pounds of cured biomass. While medical cannabis cardholders now see a variety of unprocessed flower and vape cartridges to choose from, they hope to see an even better selection of products in the future. Some patients report low availability of medical cannabis products with high CBD and low THC content and the department plans to work with UDAF on further analysis of this concern.

5. Medical Cannabis Cardholder Registrations

Table 1. Patient Cardholders, Caregivers, and Guardians as of September 30, 2021

37,683	<u>Active Resident Patient Cardholders.</u> Number of resident patients with an active medical cannabis card as of September 30, 2021.
307	<u>Non-Resident Patient Cardholders.</u> Number of non-resident patients who have received temporary medical cannabis cards as of September 30, 2021.
247	<u>Caregiver cardholders.</u> Number of caregiver cardholders with an active medical cannabis card as of September 30, 2021.
55	<u>Guardian Cardholders.</u> Number of guardian cardholders with an active medical cannabis card as of September 30, 2021.
50,462	<u>Initial Applications Filed.</u> Number of initial applications filed for medical cannabis cards (March 2020 to September 30, 2021).
32,304	<u>Unique Renewal Applications.</u> Number of unique renewal applications filed for medical cannabis cards (March 2020 to September 30, 2021).
0	<u>Medical Cannabis Cards Revoked.</u> Number of medical cannabis cards revoked by the Utah Department of Health.

Figure 1. Active Patient Cardholders by Quarter, March 2020 to September 2021

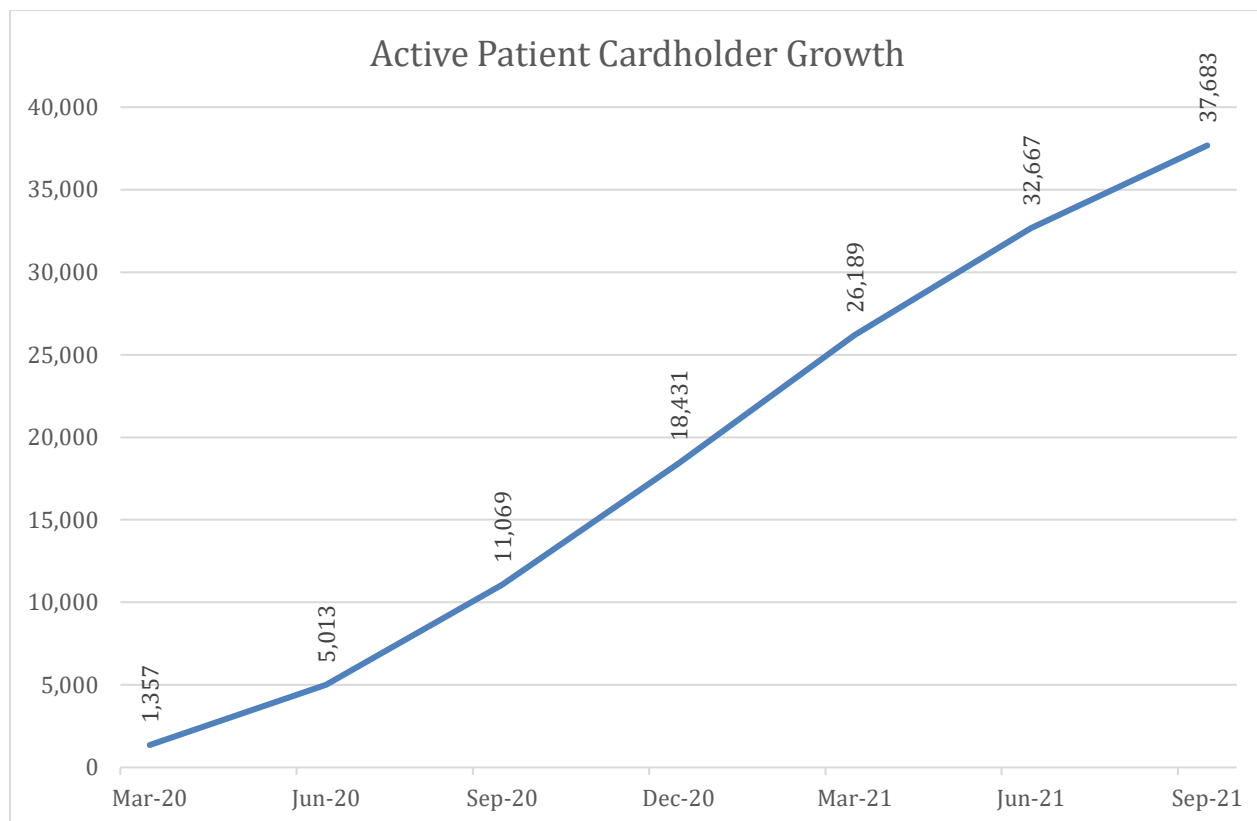


Table 2. Patient Cardholder Demographics by Age as of September 30, 2021

Patient Age	Count	Percentage of Total
10 yrs and under	22	Less than 1%
11-17	40	Less than 1%
18-20	81	Less than 1%
21-30	7,978	21%
31-45	15,065	40%
46-55	5,749	15%
56-65	4,811	13%
66 and older	3,937	10%
Total	37,683	100%

Table 3. Patient Cardholders by County of Residence as of September 30, 2021

County	Patient Count
Beaver	64
Box Elder	771
Cache	1,584
Carbon	247
Daggett	8
Davis	4,250
Duchesne	133
Emery	74
Garfield	27
Grand	41
Iron	479
Juab	95
Kane	30
Millard	82
Morgan	92
Piute	9
Rich	20
Salt Lake	15,220
San Juan	21
Sanpete	201
Sevier	105
Summit	662
Tooele	670
Uintah	270
Utah	6,528
Wasatch	336
Washington	1,279
Wayne	6
Weber	4,267
*Unknown	112
Total	37,683

*User data entry errors in the patient zip code field results in some “unknown” counties.

Table 4. Patient Cardholders by Medical Conditions as of September 30, 2021

*All current cardholders with Qualifying Condition = Other have been reviewed by the Compassionate Use Board. Conditions petitioned to the Compassionate Use Board appear in Table 6.

Qualifying Condition	Patient Certification Count	Percentage of Total
AIDS	19	< 1%
ALS	22	< 1%
Alzheimer's	33	< 1%
Autism	235	1%
Cachexia	41	< 1%
Cancer	1,098	3%
Chronic Pain	29,012	77%
Crohn's Disease	436	1%
Debilitating Seizures	108	< 1%
Epilepsy	349	1%
HIV	155	< 1%
Hospice	48	< 1%
MS	503	1%
Nausea	1,001	3%
Other*	23	< 1%
Persistent Muscle Spasms	257	1%
PTSD	3,976	11%
Rare Condition	87	< 1%
Terminal Illness	75	< 1%
Ulcerative Colitis	205	1%
Total	37,683	100%

6. Compassionate Use Board

Table 5. Compassionate Use Board Approved/Denied Petitions by Age

	Approvals		Denials	
	Minors	Adults	Minors	Adults
Sep-20	10	1	0	0
Oct-20	26	0	0	0
Nov-20	16	0	0	0
Dec-20	15	2	0	0
Jan-21	36	3	0	0
Feb-21	40	1	2	0
Mar-21	19	2	2	0
Apr-21	17	0	0	0
May-21	10	3	1	0
Jun-21	12	1	0	0
Jul-21	13	1	1	0
Aug-21	14	1	2	0
Sep-21	17	0	0	0
Total	245	15	8	0

Table 6. Number of Approved Petitions by Medical Condition

Medical Condition	# Approved	% of Total Approved
Anxiety*	9	3%
Autism	48	18%
Cachexia	1	<1%
Cancer	6	2%
Chronic Pain	94	36%
Crohn's Disease	4	2%
Debilitating Seizures	3	1%
Epilepsy	12	5%
Fetal Alcohol Syndrome*	1	<1%
HIV	1	<1%
Inclusion Body Myositis*	1	<1%
Insomnia*	6	2%
Nausea	9	3%
Persistent Muscle Spasms	3	1%
Premenstrual Dysphoric Disorder*	2	1%
PTSD	53	20%
Rare Condition	3	1%
Terminal Illness	2	1%
Ulcerative Colitis	1	<1%
Unspecified Intellectual Disabilities*	1	<1%
Total	260	100%

*indicates a condition that is not listed in Utah Code 26-61a-104 (2) as a qualifying condition.

7. Qualified Medical Providers

Table 7. Qualified Medical Provider Totals as of September 30, 2021

781	<u>Active Qualified Medical Providers</u> – Number of medical providers with an active QMP registration.
162	<u>Active Qualified Medical Providers with Cardholder Cap of 600</u> – Number of medical providers approved by UDOH who are limited to 600 active cardholders at one time (21% of all QMPs).
619	<u>Active Qualified Medical Providers with Cardholder Cap of 275</u> – Number of medical providers limited to 275 active cardholders at one time (79% of all QMPs).

Table 8. Qualified Medical Providers by County as of September 30, 2021

The table below shows the distribution of QMPs registered throughout Utah by county within which their office is located. This total is greater than the total of registered QMPs because a QMP may have multiple office locations.

County	Number of QMP office locations	% of total QMP office locations in each county
Salt Lake	450	52%
Utah	131	15%
Davis	72	8%
Weber	63	7%
Cache	49	6%
Washington	42	5%
Summit	9	1%
Iron	8	< 1%
Wasatch	7	< 1%
Box Elder	6	< 1%
Tooele	5	< 1%
Juab	5	< 1%
Carbon	4	< 1%
Sevier	3	< 1%
Sanpete	3	< 1%
Uintah	2	< 1%
Millard	2	< 1%
Beaver	1	< 1%
Grand	1	< 1%
Duchesne	1	< 1%
Emery	1	< 1%
Morgan	1	< 1%
Daggett, Wayne, Piute, Rich, Garfield, San Juan, Kane	0	0%
Total	866	100%

Table 9. Qualified Medical Providers by DOPL License Type as of September 30, 2021

Qualified Medical Provider DOPL License Type	Number of QMPs Registered
Medical Doctor (MD)	261
Osteopathic Doctor (DO)	49
Physician Assistant (PA)	105
Advanced Practice Registered Nurse (APRN)	324
Podiatrist	0
Total	739

8. Medical Cannabis Pharmacies

Table 10. Medical Cannabis Pharmacy Licenses and Licensing Dates

In accordance with Utah Code 26-61a-301, the department accepts applications for a license to operate a medical cannabis pharmacy in a competitive Request for Proposal (RFP) process administered by the Utah Division of Purchasing. When the department first accepted applications for the original 14 medical cannabis pharmacy licenses in 2019, it received 113 applications. The table below lists the 14 medical cannabis pharmacy licenses issued. All seven of the licenses eligible for renewal have been renewed. No medical cannabis pharmacy licenses have been revoked.

Business Name	City	County	Licensing Date
Dragonfly Wellness	Salt Lake City	Salt Lake	March 2020
Perfect Earth Modern Apothecary	North Logan	Cache	March 2020
Perfect Earth Modern Apothecary	South Ogden	Weber	April 2020
WholesomeCo Cannabis	West Bountiful	Davis	August 2020
Curaleaf	Lehi	Utah	August 2020
Deseret Wellness	Provo	Utah	August 2020
Beehive Pharmacy	Salt Lake City	Salt Lake	October 2020
Deseret Wellness	Park City	Summit	February 2021
Beehive Pharmacy	Brigham City	Box Elder	April 2021
Pure UT	Payson	Utah	April 2021
Cannabist	Springville	Utah	April 2021
Bloc Pharmacy	South Jordan	Salt Lake	May 2021
Bloom Medicinals	Cedar City	Iron	June 2021
Bloc Pharmacy	St. George	Washington	June 2021

Table 11. Medical Cannabis Pharmacy Employee Totals as of September 30, 2021

72	<u>Active Pharmacy Medical Providers</u> - Pharmacy medical providers who have an active registration with the Utah Department of Health.
328	<u>Active Pharmacy Agents</u> - Pharmacy agents who have an active registration with the Utah Department of Health.

Table 12. Medical Cannabis Pharmacy Transaction, Shipment, and Sales Revenue Totals

480,621	<u>Total Transactions at Medical Cannabis Pharmacies</u> – Medical cannabis pharmacy transactions between October 1, 2020 and September 30, 2021.
6,990	<u>Total Shipments of Medical Cannabis from Medical Cannabis Pharmacies to Cardholder Homes</u> – Shipments of medical cannabis that were home delivered from medical cannabis pharmacies to cardholder homes. Shipments started in January 2021. (Range: between January 1, 2021 and September 30, 2021).
\$61,262,982	<u>Medical Cannabis Pharmacy Net Sales Revenue</u> – Medical cannabis pharmacy sales revenue between October 1, 2020 and September 30, 2021. This includes sales revenue from medical cannabis products, medical cannabis devices and educational materials. (Gross sales less discounts)

Figure 2. Medical Cannabis Pharmacy Transactions by Quarter

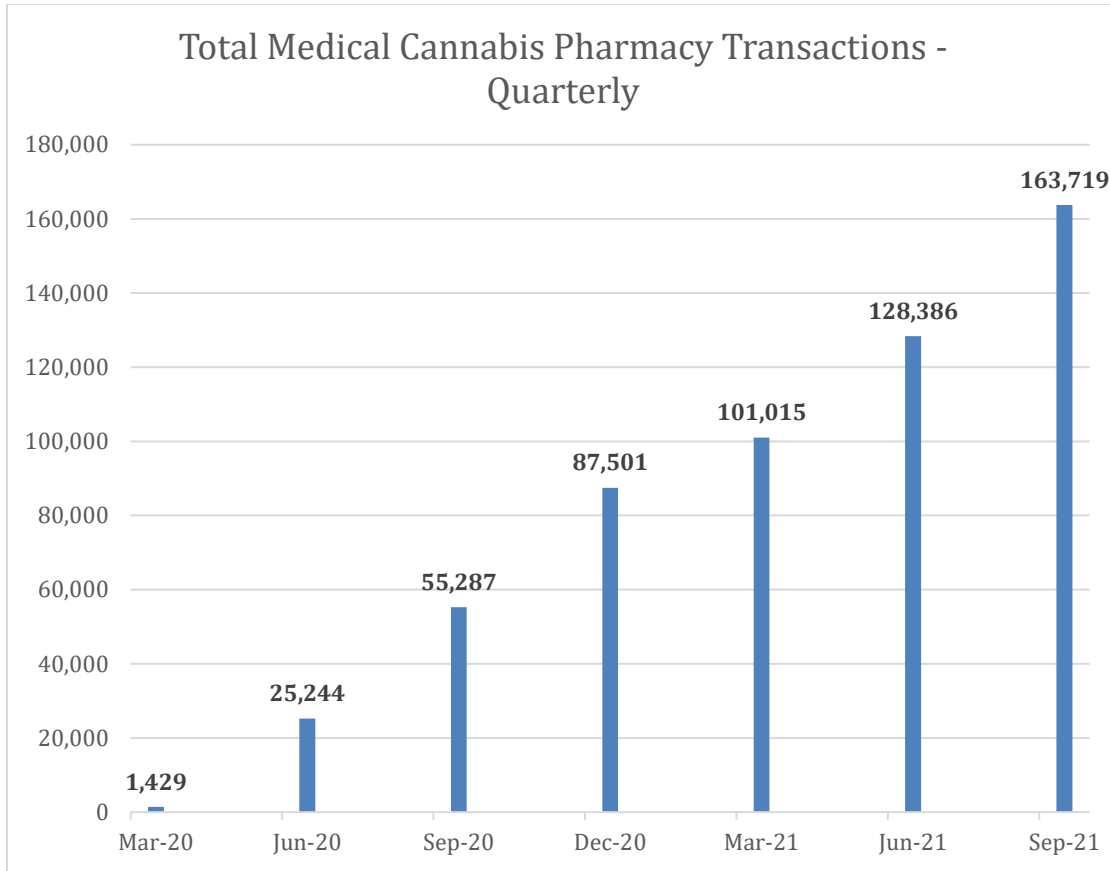
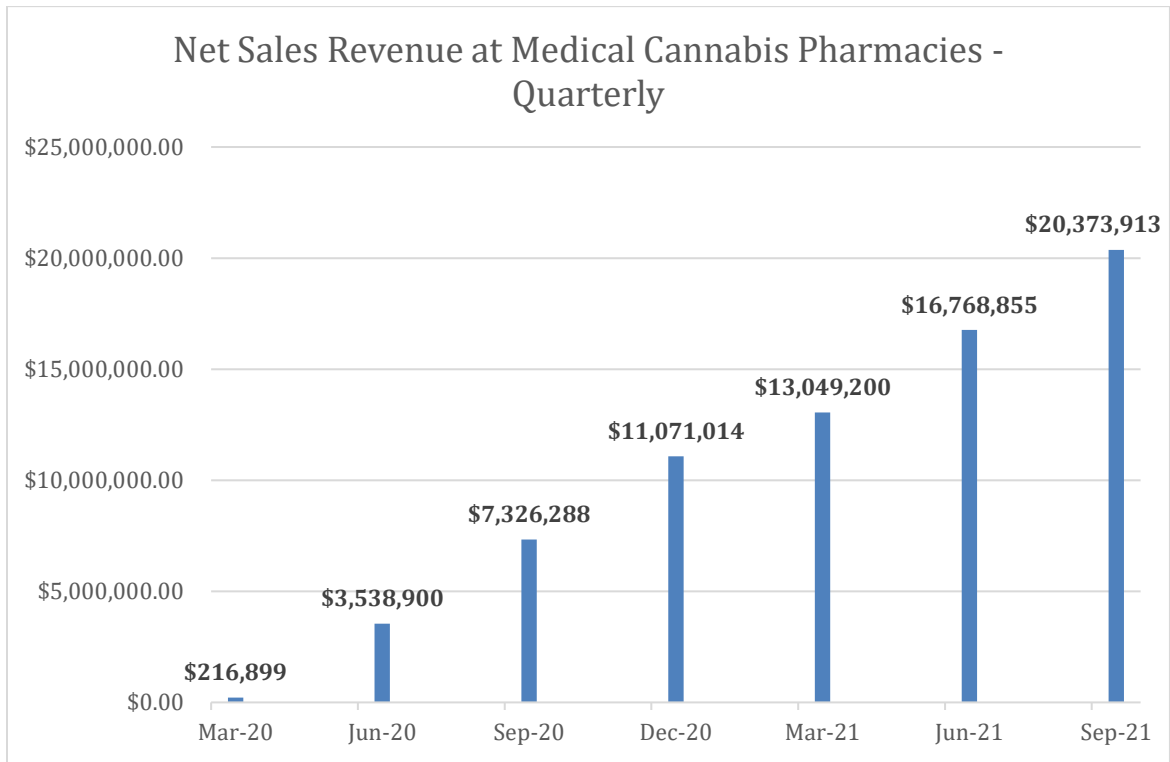


Figure 3. Medical Cannabis Pharmacy Sales Revenue by Quarter



9. Center for Medical Cannabis Expenses and Revenues

Table 13. Expenses of the Center for Medical Cannabis - FY 2021 and FY 2022

Expense Description	FY 2021 (Actual)	FY 2022 (Projected)
Department Personnel	\$806,648	\$1,755,078
Electronic System Software (fees, maintenance, and change orders for inventory control system and electronic verification system)	\$922,972	\$720,941
Travel (In State and Out of State)	\$1,185	\$15,700
Misc. Transaction Fees and Office Supplies	\$94,833	\$247,700
DTS Teleworking and Hosting	\$14,476	\$32,000
Compassionate Use Board	\$57,610	\$60,222
Cannabinoid Product Board	\$11,922	\$38,218
Website, DTS	\$3,582	\$5,500
Misc. Expenses including Attorney General Time for Rulemaking, Legal, Office Maintenance, Insurance, other	\$104,392	\$164,251
Total Expenses	\$2,017,620	\$3,039,610

Table 14. Revenues of the Center for Medical Cannabis - FY 2021 and FY 2022

Revenue Description	FY 2021 (Actual)	FY 2022 (Projected)
Pharmacy Transaction Fees	\$1,116,063	\$1,560,000
Pharmacy Licensing Fees	\$863,050	\$906,533
Pharmacy Application Fees	\$0	\$20,000
Interest Income	\$15,644	\$15,409
Patient Card Fees	\$791,120	\$896,070
Caregiver Card Fees	\$27,888	\$24,649
Guardian Fees	\$7,615	\$6,930
Qualified Medical Provider Fees	\$35,470	\$22,050
Pharmacy Medical Provider Fees	\$8,400	\$2,200
Pharmacy Agent Fees	\$29,200	\$10,300
Courier Licensing Fees	\$6,067	\$12,000
Courier Agent Fees	\$3,100	\$5,000
Total Revenues	\$2,903,617	\$3,481,141



For more information, contact:

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