



MISSOURI DEPARTMENT OF
**HEALTH &
SENIOR SERVICES**

MEDICAL MARIJUANA REGULATORY PROGRAM

2022 ANNUAL REPORT



[Cannabis.Mo.Gov](https://www.cannabis.mo.gov)

History

Missouri Constitution grants the Missouri Department of Health and Senior Services (DHSS) the authority and responsibility to create a well-regulated program to ensure the availability of, and safe access to, medical marijuana.

The Division of Cannabis Regulation was created within DHSS to administer the Medical Marijuana Regulatory Program (MMRP). Per Article XIV, DHSS is required to annually submit a report to the Governor detailing the efficient discharge of its duties.

Reported activities herein are based on the MMRP program year (PY) of Dec. 1, 2021, through Nov 30, 2022.



MISSOURI DEPARTMENT OF
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Division of Cannabis Regulation

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Executive Summary

Key Achievements

- \$380.4 million in cumulative retail product sales;
- \$13.2 million in taxes deposited into the Missouri Veterans' Health and Care Fund (Veterans' Fund);
- \$18 million transferred to the Missouri Veterans Commission bringing the cumulative amount transferred to \$26.9 million;
- 53 Approvals to Operate (ATO) issued, for a total of 354 operating facilities; 89% of licenses issued are operational;
- 4,206 agent identification cards issued to allow agents to work in medical marijuana facilities.

Patient Licenses Issued During PY22

New
126,192

Renewed
78,720

What we do

Our Mission

To administer Missouri's Medical Marijuana Regulatory Program in alignment with the provisions of Article XIV of the Constitution, as determined by the will of the citizens of Missouri.

What we aspire to be

Our Vision Statement

A program that provides safe and secure access to medical marijuana for qualifying Missouri patients through consistent regulation, enforcement and education.

How we plan to get there

Our Strategic Priorities

1. Make medical marijuana accessible for qualifying patients in Missouri;
2. Uphold safety and quality standards for medical marijuana; and
3. Regulate the medical marijuana industry to comply with Missouri law and keep communities safe.

Transparency

We are committed to being transparent in our processes and accountable for our decisions.

Partnerships

We believe that collaboration with partners leads to administrative efficiencies and has a positive impact on service delivery.

Who we are Our Values

Evidence Based Practices

We believe that research and analysis informs our practices and leads to the most effective high quality programs.

Quality of Service

We strive to provide the highest level of quality in the delivery of our services.

Introduction

This report is the annual accounting to the Governor regarding the discharge of responsibilities granted to the DHSS by Article XIV, Section 1 of the Missouri Constitution and encompasses activities occurring during the Program Year (PY) of Dec. 1, 2021 – Nov. 30, 2022.

These activities include:

- Receive fees for licenses and certifications;
- Approve or deny licenses and certifications; and
- Suspend, fine, restrict or revoke licenses and certifications.

Program implementation and growth continued in PY22. During this fourth year, patient, patient caregiver, and facility agent populations continued to rise as the program developed maturity, and additional licensed facilities began operations after passing their initial commencement inspections and receiving their approval to operate. PY22 was the first year medical licensed facilities were required to submit a license renewal application.

During PY22, with almost all licensees approved to operate, DHSS shifted more of its focus and resources to enforcing quality standards for medical marijuana through consistent regulation of the industry, ensuring compliance with Article XIV and associated rules in order to promote safe and secure access for qualifying medical patients.

Missouri Veterans' Health and Care Fund

The Missouri Veterans' Health and Care Fund (Veterans' Fund) was established for receiving all fees and taxes collected pursuant to Article XIV. In addition to licensing fees collected by DHSS, Article XIV requires a four percent tax on the retail sale of medical marijuana to be submitted to the Missouri Department of Revenue (DOR). Article XIV permits DOR to retain up to five percent of the collected tax for its administration. DOR must deposit the remaining taxes into the Fund.

Article XIV also requires that DHSS use the Veterans' Fund to carry out its responsibilities in implementing Section 1 activities and allows a reserve to be held in the Veterans' Fund in order to maintain a reasonable working cash balance for DHSS. Any remaining funds after administration and the reserve are to be transferred to the Missouri Veterans Commission.

Administration of the Medical Marijuana Program

The administration of Article XIV Section 1 activities is self-funded, meaning DHSS' operating costs to administer the medical marijuana program are fully funded through fees and taxes. DHSS' operating costs include fixed and variable expenditures. Fixed expenditures include costs such as personnel salaries and benefits, as well as contracts to maintain the licensing registry and the constitutionally required track and trace system. Variable expenditures also include costs such as maintaining supplies and equipment, travel to inspect facilities, and defense of licensure, suspension and revocation appeals. The legislature appropriates a budget for each state fiscal year (FY) cycle, which runs July 1 through June 30. The tables below detail the legislatively appropriated budgets and the amount of budget expended during each fiscal year since program establishment in FY19.

Figure 1 details the administration of Article XIV Section 1 activities, while Figure 2 details the transfer to the Veterans Commission. During PY22, DHSS transferred \$18.0 million to the Missouri Veterans Commission, bringing the cumulative amount transferred to \$26.9 million.

Figure 1: Medical Marijuana Program Administration: DHSS Appropriated Budget and Expenditures

Fiscal Year (July 1 - June 30)	MMRP Appropriated Budget	MMRP Expended Budget	Veterans' Fund Ending Balance
FY19	\$3,161,975	\$585,014	\$3,291,266
FY20	\$13,311,557	\$6,276,380	\$17,535,778
FY21	\$13,543,316	\$9,393,434	\$17,750,378
FY22	\$13,827,511	\$8,408,818	\$14,713,640
FY23	\$14,071,166	\$3,808,009	\$16,145,298

Notes: Appropriations are the annual mechanisms which authorize departments to utilize funds, and departments cannot exceed their appropriated amount. FY23 amounts are current as of November 30, 2022. Please note that fiscal year dates are different than the program year dates.

Figure 2: Transfer to the Missouri Veterans Commission

Fiscal Year	Appropriated Transfer Amount	Tax Deposited into Veterans' Fund	Collected Fees	Veterans Commission Transfer Amount
FY19	\$0	\$0	\$3,958,000	\$0
FY20	\$0	\$0	\$21,338,720	\$0
FY21	\$2,135,510	\$2,004,425	\$11,888,074	\$2,135,510
FY22	\$11,843,310	\$11,398,720	\$14,232,466	\$11,843,310
FY23	\$13,000,000	\$5,858,270	\$5,751,225	\$13,000,000

Notes: Transfer amounts are comprised of revenues from fees as well as the four percent tax. The first four percent tax was deposited into the Fund in March 2021 (FY21), and the first transfer of funds to the Veterans Commission occurred Sept. 2020 (FY21). FY23 tax and fee amounts are current as of Nov. 30, 2022. FY21 was the first year the legislature appropriated a transfer to the Veterans Commission. Please note that fiscal year dates are different than the program year dates.

Program Revenue

While the fiscal year begins July 1, the majority of revenues for the program are collected during December and January in the form of facility annual fees. Every third year, licensees are required to also submit renewal fees. PY22 was the first year such fees were paid starting in June with the largest amount submitted in September as seen in Figure 3.

This uneven revenue flow results in a need to maintain enough of a reserve balance in the Veterans' Fund each June 30th to cover MMRP's estimated operating expenses for the first six months of the next state fiscal year of July through December.

Figure 3: Program Fees and Taxes Deposited Into Veterans' Fund



While Figure 4 shows two months when the monthly expenditures exceeded the monthly amount of collected revenues, this increase is due to transferring funds to the Veterans Commission. During review of the FY22 supplemental budget, the legislature approved an additional transfer to the Veterans Commission which allowed DHSS to transfer \$5 million in May 2022. The \$13 million appropriated as part of the FY23 budget was transferred to the Veterans Commission in September 2022.

Figure 4: Program Fees, Taxes and DHSS Operating Expenditures



Fees Structure

Per Article XIV Section 1, certain application and license fees are "...increased or decreased each year by the percentage of increase or decrease from the end of the previous calendar year's Consumer Price Index, or successor index as published by the U.S. Department of Labor, or its successor agency." This language has been published with the fee schedules since May 2019. Annual fee adjustments are effective July 1 to align with Missouri's state fiscal year.

The Consumer Price Index rose 7% from 2021 to 2022, and the increase was applied to application and licensure fees for July 1, 2022 – June 30, 2023.

Figure 5: Medical Marijuana Fee Charts

Patient, Caregiver and Patient Cultivator Fees				
Fee Type	New Application (7/1/2021- 6/30/2022)	Renewal (7/1/2021- 6/30/2022)	New Application (7/1/2022- 6/30/2023)	Renewal (7/1/2022- 6/30/2023)
Patient	\$25.94	\$25.94	\$27.76	\$27.76
Caregiver	\$25.94	\$25.94	\$27.76	\$27.76
Patient Cultivator	\$103.73	\$103.73	\$110.99	\$110.99

Facility Fees						
Type	New Application (7/1/2021- 6/30/2022)	"Annual (7/1/2021- 6/30/2022)"	"Renewal (7/1/2021- 6/30/2022)"	New Application (7/1/2022- 6/30/2023)	"Annual (7/1/2022- 6/30/2023)"	"Renewal (7/1/2022- 6/30/2023)"
Change Request Fee	\$2,074.64	NA	NA	\$2,219.86	NA	NA
Cultivation Facility	NA	\$25,933.05	\$5,000.00	NA	\$27,748.36	\$5,549.67
Dispensary Facility	NA	\$10,230.00	\$3,000.00	NA	\$11,099.35	\$3,329.81
Facility Agent	\$77.80	NA	\$77.80	\$83.25	NA	\$83.25
Laboratory Testing	NA	\$5,000.00	\$5,000.00	NA	\$5,000.00	\$5,000.00
Manufacturing Facility	NA	\$10,373.22	\$3,000.00	NA	\$11,099.35	\$3,329.81
Seed to Sale	\$5,000.00	\$5,000.00	NA	\$5,000.00	\$5,000.00	NA
Transportation	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00

Per Article XIV, some fees are non-refundable. For the refundable fees, most refunds occur due to overpayments. Patient, caregiver, and/or patient cultivator application fee overpayments occur when applicants select the wrong payment category in the payment portal or double pay for patient cultivation when both the patient and the caregiver submit a patient cultivation application.

Licenses and Certifications

Agent ID Cards

Certain owners, managers, operators, and employees are required by rule to obtain an agent identification (ID) card in order to be in and around medical marijuana. Agent ID cards are a 3-year license.

Figure 6: Agent ID Cards: Program Year Comparisons

Applications					Cards Issued				
PY19	PY20	PY21	PY22	TOTAL	PY19	PY20	PY21	PY22	TOTAL
NA	1,005	5,196	4,387	10,588	NA	934	4,979	4,206	10,119

In PY22, the number of agent ID application submissions decreased by 18.4% from PY21 as employment opportunities stabilized in the medical marijuana industry. DHSS received an average of 349 agent applications per month, and 95.8% of agent applications were approved. Article XIV and associated rules require that DHSS approve or deny facility agent ID applications within 14 days of receiving a complete application. On average, DHSS processed agent ID applications within ten days.

Figure 7: Agent ID Cards: Counts By Month

Month	Applications	Issued	Active
2021-12	349	335	6,213
2022-01	400	396	6,608
2022-02	464	424	7,032
2022-03	493	464	7,497
2022-04	368	356	7,853
2022-05	376	363	8,216
2022-06	363	344	8,571
2022-07	282	*326	8,800
2022-08	399	383	9,269
2022-09	295	269	9,539
2022-10	309	282	9,838
2022-11	289	264	10,101

* Includes applications submitted near the end of the previous month that were issued a license.

Active license counts are captured on or near the last day of the month and are current as of the date of capture.

Patient and Caregiver Registry

In PY22, DHSS continued to meet the constitutional requirement of processing patient applications within 30 days from the date of submission, processing over 235,000 applications, compared to over 193,000 applications received during PY21, representing a 22.7% growth in submissions across all application types. DHSS improved the cloud-based call center management system for receiving patient and public inquiries, created new patient related website content, and designed and implemented enhancements to the online registry system. At the close of PY22, there were 563 physicians actively registered and verified to submit electronic Physician Certification Forms within the patient registry system. This surpasses the number of participating physicians prior to implementation of the electronic physician certification process.

Figure 8: Patient and Caregiver ID Cards: Comparisons by Program Year

Type	Applications Received					Cards Issued				
	PY19	PY20	PY21	PY22	TOTAL	PY19	PY20	PY21	PY22	TOTAL
New Patient	24,027	64,485	122,274	130,086	340,872	22,706	56,448	119,894	126,192	325,240
Patient Renewal	NA	14,050	38,757	78,706	131,513	NA	12,062	38,347	78,720	129,129
New Caregiver	673	2,479	3,378	2,613	9,143	563	2,019	2,634	2,220	7,436
Caregiver Renewal	NA	312	736	1,033	2,081	NA	255	720	974	1,949
New Patient Cultivation	8,239	14,633	15,848	9,430	39,911	7,276	8,703	15,398	9,302	40,679
Patient Cultivation Renewal	NA	6,157	12,976	15,529	34,662	NA	5,486	12,713	15,391	33,590

Figure 9: Average Monthly Application Submissions: Comparison by Program Year

Type	PY20	PY21	PY22
New Patient	5,374	9,991	10,841
Patient Renewal	1,982	3,196	6,559
New Caregiver	207	220	218
Caregiver Renewal	52	60	86
New Patient Cultivation	1,219	1,283	786
Patient Cultivation Renewal	513	1,059	1,294
Total	9,549	16,224	20,150

There was significant growth in patient application submissions following the start of retail sales in late PY20. Patient application submissions increased by 69.9% in PY21, and slowed to 24.2% growth in PY22.

Figure 10: Patient and Caregiver ID Cards in Active Status

Month	Patient	Caregiver	Patient Cultivation
2021-12	161,264	3,269	28,082
2022-01	166,306	3,268	28,082
2022-02	171,060	3,240	28,089
2022-03	177,706	3,214	28,279
2022-04	181,978	3,207	28,107
2022-05	184,407	3,147	27,622
2022-06	187,018	3,094	27,520
2022-07	190,501	3,017	26,887
2022-08	197,690	3,015	26,808
2022-09	202,874	3,009	26,635
2022-10	204,985	2,957	26,174
2022-11	205,897	2,910	25,627

Note: Active license counts are captured on or near the last day of the month and are current as of the date of capture.

Figure 11: Patient and Caregiver ID Cards Issued: Counts by Month and Application Type

Month	New Patient	Patient Renewals	New Caregiver	Caregiver Renewals	Patient Cultivation	Patient Cultivation Renewals
2021-12	10,880	4,602	198	92	937	1,223
2022-01	9,391	4,528	207	94	778	1,122
2022-02	9,195	4,779	175	77	763	1,077
2022-03	12,648	6,395	229	67	1,167	1,313
2022-04	11,797	6,376	210	61	949	1,155
2022-05	11,989	6,490	189	98	851	1,243
2022-06	10,409	7,338	177	84	749	1,484
2022-07	10,377	6,983	175	89	704	1,483
2022-08	13,479	8,609	206	94	850	1,782
2022-09	10,983	7,803	177	80	664	1,372
2022-10	8,956	7,222	152	70	485	1,213
2022-11	6,088	7,595	125	68	405	924

Figure 12: Patient and Caregiver Active ID Card Totals: PY19 through PY22

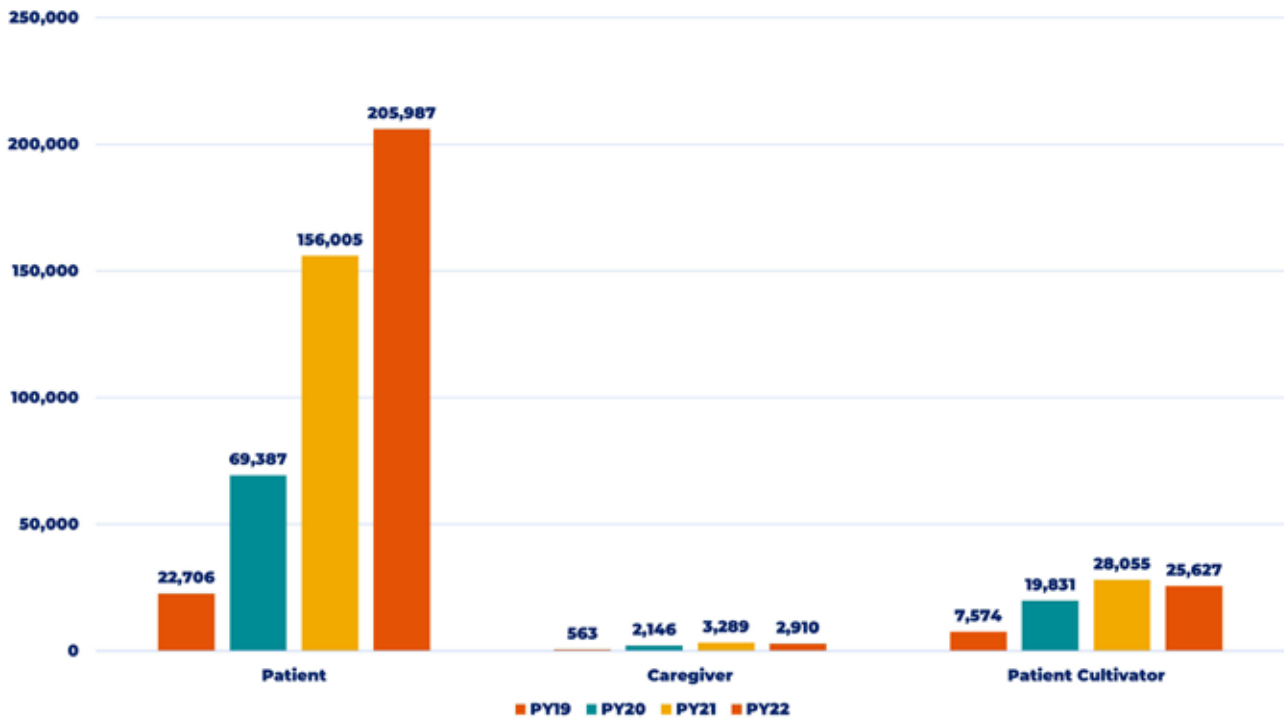


Figure 13 shows that only 1% of participating patients opt to have a caregiver, a decrease from PY21 when it was 2%.

By rule, patients can apply to cultivate marijuana or have their caregiver apply to cultivate marijuana on their behalf. During PY22, the percent of patients who cultivated or accessed cultivation through a caregiver decreased to 12%. For comparison, PY20 was the high trend of 27.9%. Figure 14 depicts the 12% of active patients who cultivate or access cultivation through a caregiver.

Figure 13: Active Patients and Caregivers

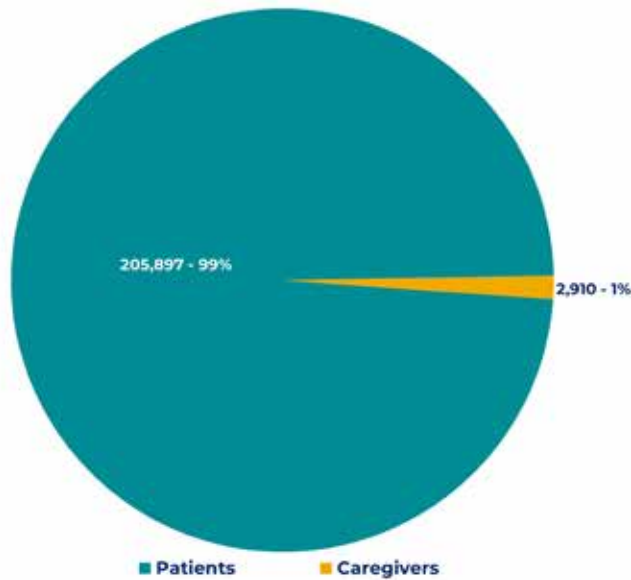


Figure 14: Active Patients and Caregivers Who Cultivated in PY22

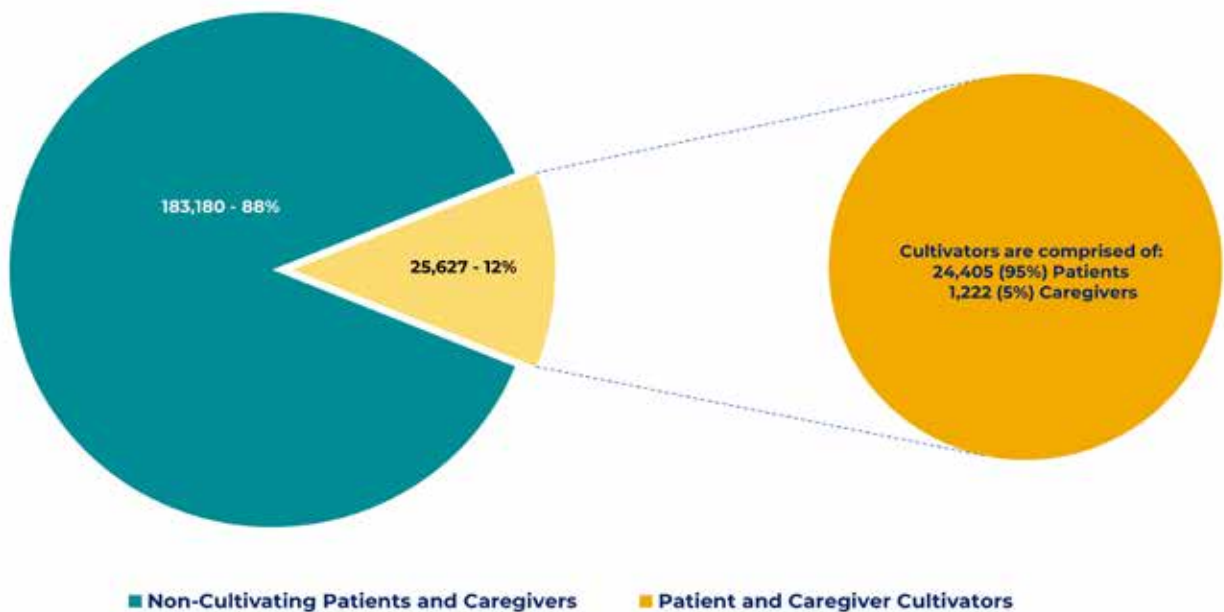


Figure 15: Active Patients by Qualifying Medical Condition

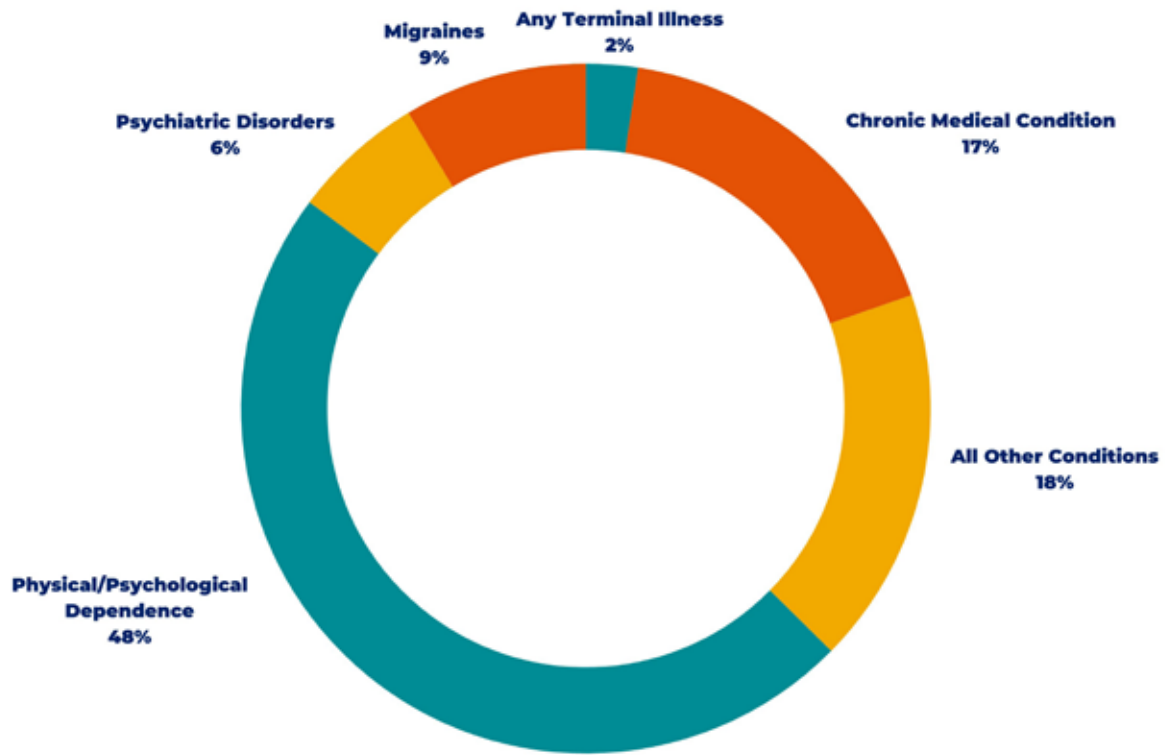


Figure 15 illustrates that 48% of active patients reported physical/psychological dependence as their qualifying medical condition.

Figure 16: Percent of Active Patients (By Age)

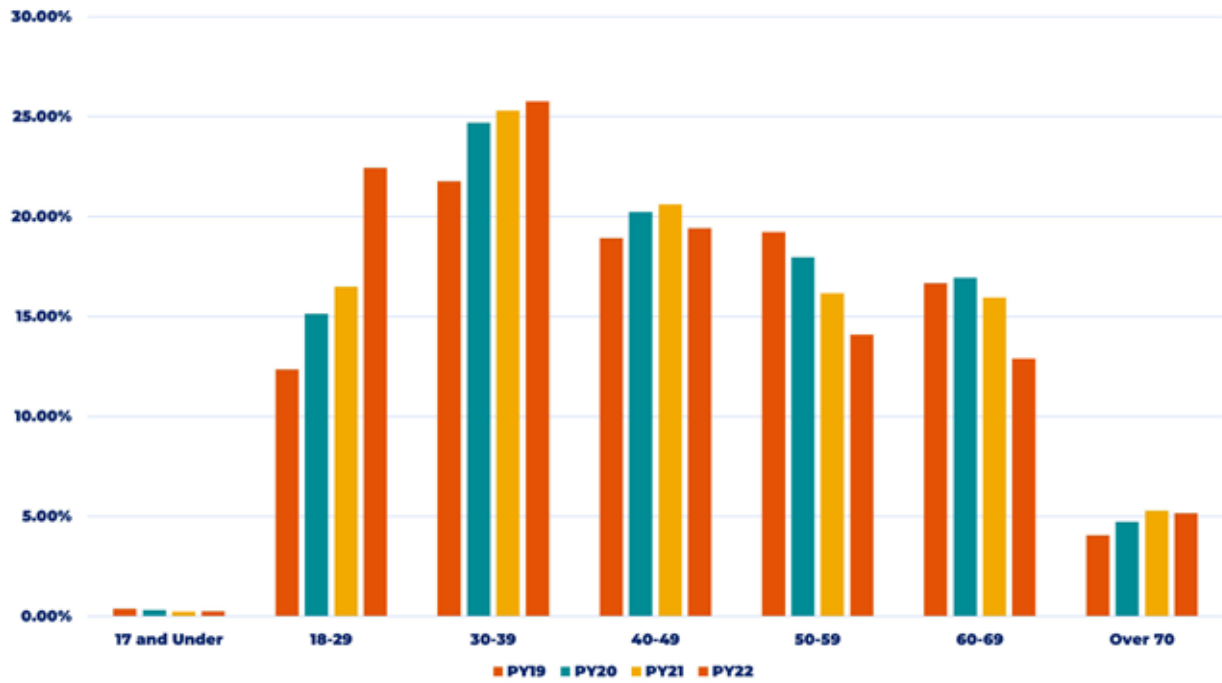
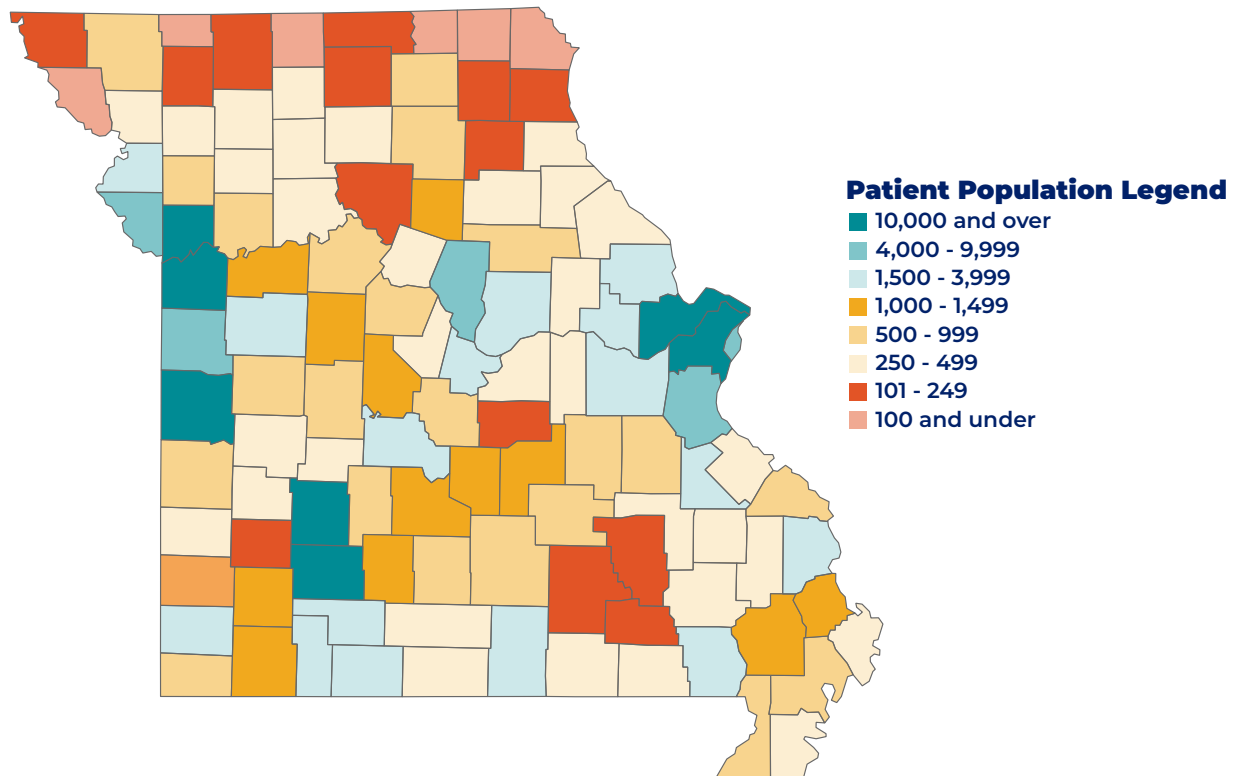


Figure 16 shows that the majority of patients are in the 30 – 39 age group. The number of patients in the 18-29 age group almost doubled since the program began.

Figure 17: Number of Active Patients by County of Residence (PY22)



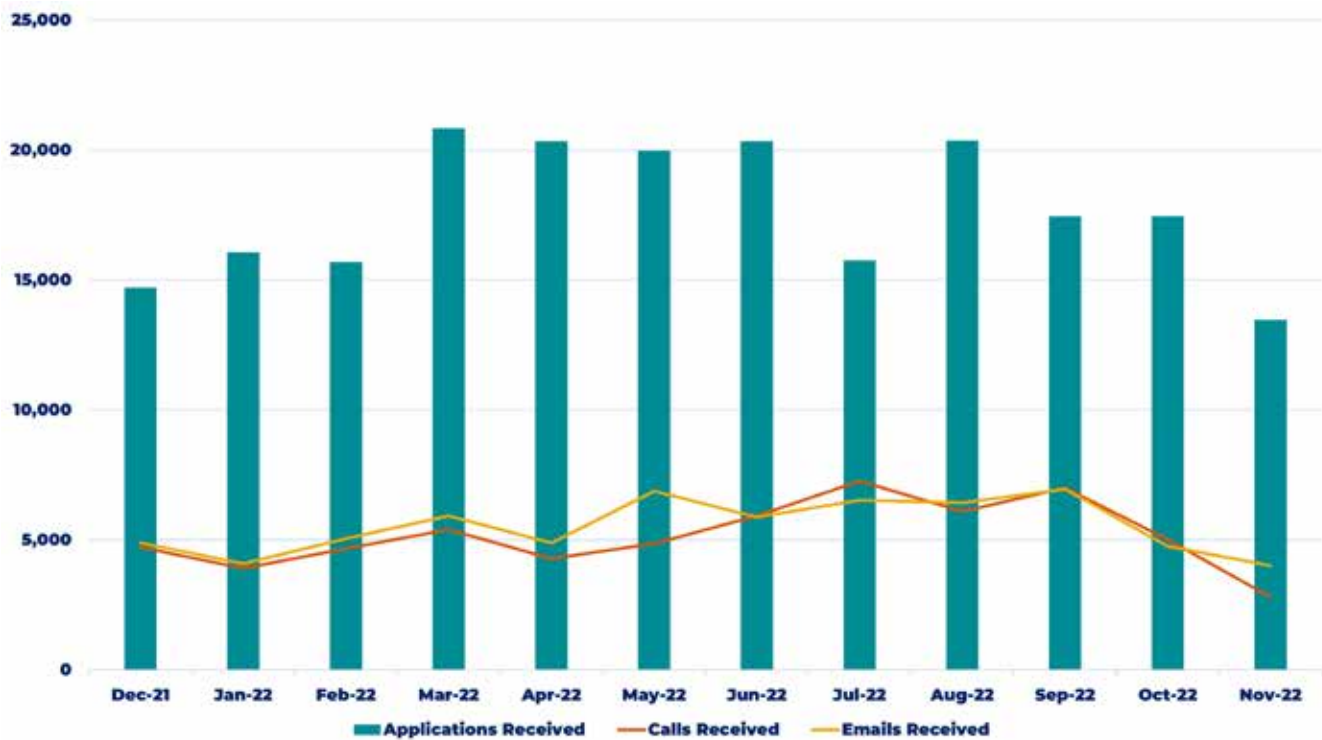
DHSS call center inquiries are handled by the team that is also responsible for the processing of patient and caregiver applications. During PY22, the number of inquiries increased by 31,000 over PY21. Of this, 64% were handled through the Interactive Voice Response (IVR) feature of five menu options that play recordings giving standard information in response to frequently asked questions.

During PY22, DHSS received and responded on average to 5,762 emails and 5,436 calls per month. DHSS continues to process applications according to constitutionally prescribed deadlines while simultaneously responding to a high volume of call and email inquiries.

Article XIV and associated rules require that DHSS approve or deny applications for patient and caregiver ID cards within 30 days of receiving a complete application. On average, DHSS processed patient applications within 14 days and caregiver applications within 11 days.

Figure 18 highlights the volume of applications, calls, and emails received each month for PY22.

Figure 18: Patient and Caregiver Applications, Calls and Emails Received (PY22)



Facility License Overview

In 2022, DHSS regulated the following types of medical marijuana facilities: cultivation, dispensary, manufacturing, transportation, testing, and seed-to-sale. DHSS continues to accept applications for transportation and seed-to-sale certifications; however, all other facility license types are not open. Any new medical marijuana cultivation, manufacturing, dispensary, and testing licenses issued in PY22 are from previously denied applications and awarded through agreements in the appeals process.

DHSS awarded 30 new medical marijuana licenses in PY22 and approved 53 medical marijuana facilities to operate. By the end of PY22, the majority of the medical marijuana facility licensees were approved to operate after completing the commencement inspection process per 19 CSR 30-95.040(5)(B).

Figure 19: New Licenses Awarded (PY22)

License Type	Awarded
Cultivation	7
Dispensary	10
Manufacturing	2
Transportation	3
Seed to Sale	8
Total	30

A continuing regulatory priority for DHSS is to verify that each new facility licensee complies with the minimum standards for licensure outlined in Article XIV and 19 CSR 30-95. Once a Minimum Standards review is complete, facilities may either submit a business change request or proceed through the commencement inspection process to receive an approval to operate. For business change requests, 19 CSR 30-95.040(4)(C) states all licensed or certified cultivation, dispensary, manufacturing, testing, and transportation facilities must seek and obtain DHSS approval before they may:

- Assign, sell, give, lease, sublicense or otherwise transfer its license to any other entity;
- Make ownership changes greater than 10%;
- Materially deviate from the proposed physical design, including location;
- Combine licensed facilities at a single location; or
- Construct offsite warehouses.

Figure 20 outlines the quantity and type of business change requests received and completed during PY22.

Figure 20: Business Change Requests Processed

Type	Combination	Location	Material Deviation	Ownership	Grand Total
Cultivation	9	5	21	63	98
Dispensary	1	16	23	187	227
Manufacturing	12	5	22	66	105
Testing	0	3	0	1	4
Transportation	7	2	2	11	22
Total	29	31	68	328	456

Commencement Inspections

Licensees are expected to request a commencement inspection when they believe their facility will, within a month, be ready to begin operations and meet all state and local requirements for their facility per 19 CSR 30-95.040(5)(B). Prior to requesting the commencement inspection, a facility must:

- Complete the Minimum Standards Review;
- Have no open Business Change Requests;
- Review the Missouri Medical Marijuana Facilities Welcome Meeting presentation; and
- If requested, receive approval for an operational deadline variance.

During the commencement inspection process, facilities are to provide all documentation necessary to confirm a facility's operational readiness. Documentation required of each facility included documents such as zoning permits, insurance documents, certificate of occupancy, standard operating procedures, alarm and surveillance inspection reports, waste plans and any other documentation necessary to determine compliance with Article XIV, 19 CSR 30-95 and local requirements

Figure 21: Approvals to Operate by Facility Type

Facility Type	Approval to Operate
Cultivation	10
Dispensary	15
Manufacturing	23
Transportation	5
Total	53

Facility Operations

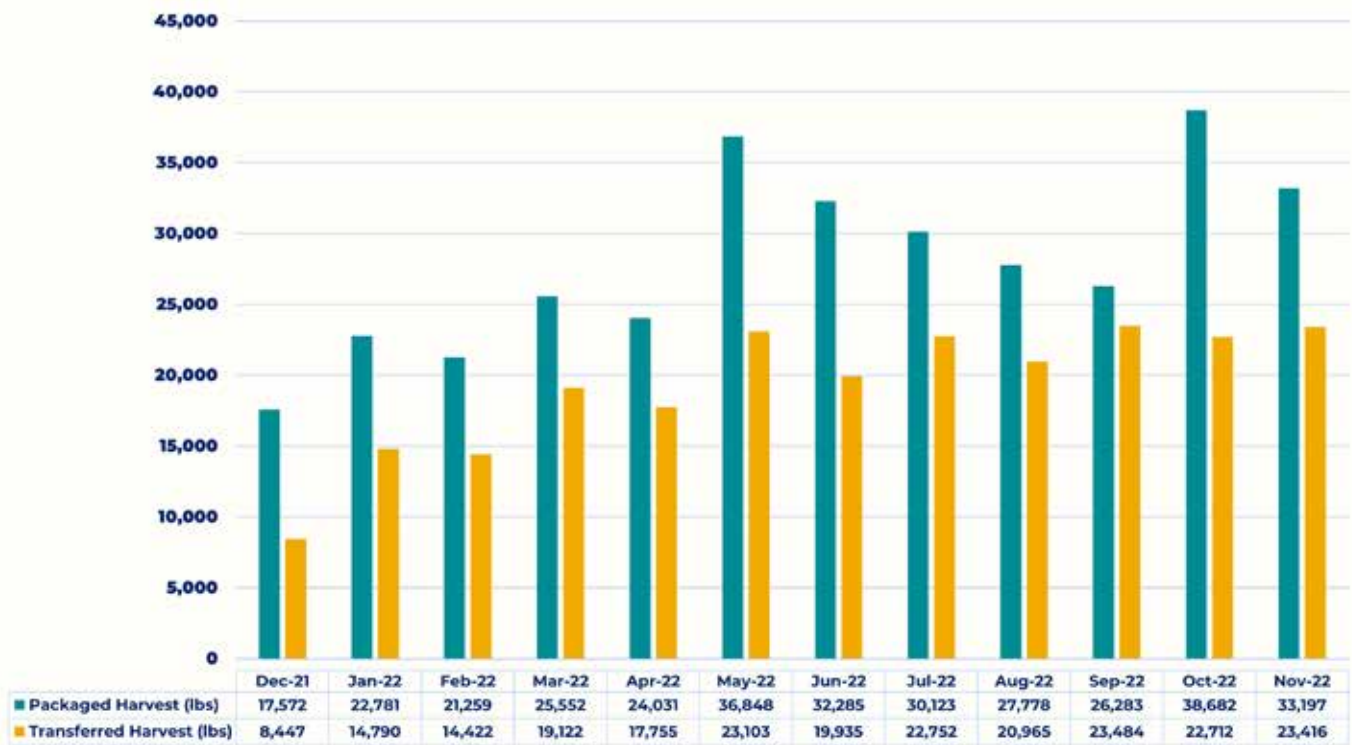
Medical marijuana licensees enter data regarding their operations into the statewide track and trace system, Metrc. Aggregate data pulled from Metrc is informative for understanding the scale of operations in the medical marijuana industry. However, it is important to note that this data is time-specific and subject to licensee inventory adjustments, including returns or exchanges on medical marijuana products. Updates occur in real-time, so previously reported license data for the same period may differ slightly from data reported here.

Packaged Harvests

A “packaged harvest” refers to the amount of product a cultivation facility has available for supply after removing waste and bringing it to the desired moisture level. In total, Missouri’s cultivators packaged 1,336 thousand pounds (lbs.) of unprocessed medical marijuana with an average of 28 thousand lbs. packaged each month.

During PY22, cultivation licensees transferred 69% of their packaged harvests to a dispensary or manufacturing facility indicating supply was meeting demand. Figure 22 compares the packaged harvest weight with the transferred harvest weight in pounds (lbs).

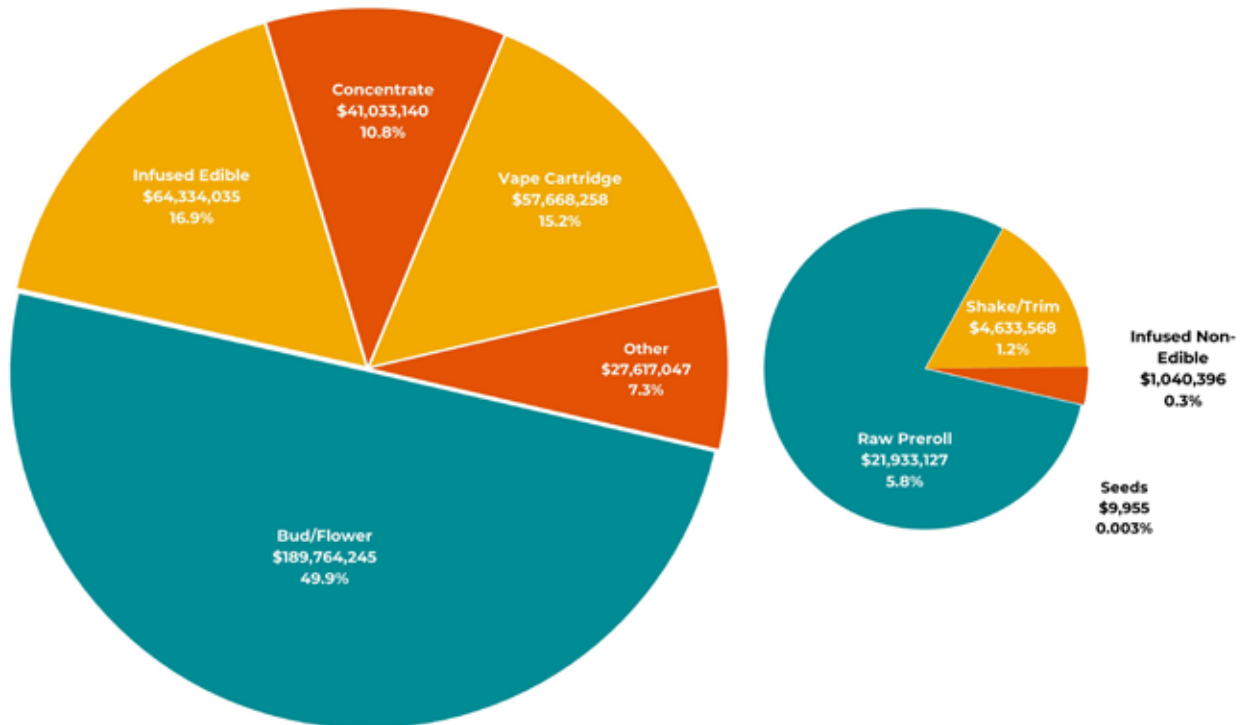
Figure 22: Monthly Packaged Harvest Weight (lbs) (Supply) vs. Transferred Harvest Weight (lbs) (Demand)



Retail Product Sales

In PY22, dispensaries sold \$380.4 million worth of retail products to qualified patients and caregivers. Bud/flower remained the most popular medical marijuana product type consumed by Missouri's patients, accounting for 49.9% of all sales in PY22. Again in PY22, infused edibles were patients' second most popular product type, followed by concentrates.

Figure 23: Annual Medical Marijuana Sales (\$) (%)



Suspend, Fine, Restrict or Revoke Licenses and Certifications

DHSS has the authority to suspend, fine, restrict or revoke licenses and certifications for violations of rule and Article XIV. These penalties are found in the regulations on the DHSS website.

Patient, Caregiver and Cultivation Enforcement

DHSS receives complaints from law enforcement and the public on individuals suspected of violating Article XIV or 19 CSR 30-95. DHSS reviews each complaint, which may result in the revocation of a patient, caregiver or patient/caregiver cultivator license. DHSS received 35 patient complaints in PY22, with unauthorized access to marijuana as the top complaint. Unauthorized access means DHSS received a complaint on an individual in possession of medical marijuana, but the individual did not have a valid patient card. DHSS does not have authority over individuals who do not hold a patient, caregiver or cultivation card issued by the department.

Facility License Enforcement

The statewide track and trace system is an important regulatory tool for monitoring patient purchase limits and licensee actions to prevent inversion and diversion of marijuana from or to the illicit market. Article XIV requires licensees to use the statewide track and trace system for medical marijuana inventory from seed, or immature plant stage, to sale or destruction.

DHSS can initiate investigations in several ways: receiving a complaint, or DHSS staff may discover an issue during an inspection or review. In either case, DHSS will determine if an investigation is warranted to substantiate the allegations or potential compliance issue. In the event an investigation is warranted, DHSS will provide the licensee with a copy of the complaint, if there is one, and an opportunity to respond during the investigation.

If DHSS determines, during an inspection or otherwise, that a facility is not in compliance with Article XIV or applicable rules and regulations, DHSS may issue an Initial Notice of Violation to the licensee explaining how the licensee has violated the rules and what remedial or corrective actions the facility is expected to take. Once notified, the licensee is required to correct the violations within 15 days. DHSS will then conduct a follow-up inspection within 15 to 30 days to confirm the facility has corrected the violation(s). The licensee must notify DHSS if they believe they need additional time to correct the violation(s), which may be granted for good cause.

If the follow-up inspection reveals the licensee has not corrected the violation(s), DHSS will issue a Final Notice of Violation to the licensee. The Final Notice of Violation explains how the licensee continues to violate the rules and regulations, describes the expected remedial or corrective actions the licensee is to take, and notifies the licensee DHSS will suspend its license or certification if the specified remedial action is not corrected within 30 days. The licensee must notify DHSS if they believe they need additional time to correct the violation(s), which DHSS may grant for good cause. If the licensee fails to correct the violation(s) within 30 days of receiving a Final Notice of Violation, DHSS may suspend the license or certification. At this time, the licensee's facility will be required to cease operations, and the licensee must sign a corrective action plan designed to bring the license into compliance. If, at any time, DHSS determines a licensee presents an immediate and serious threat to the health and safety of the public or the licensee's agents, DHSS may order the licensee to immediately suspend all or a part of its operations until the licensee has eliminated the threat.

DHSS received 123 licensee complaints in PY22 with burglary/attempted burglary as the top complaint. DHSS suspended four licenses in response to health and safety concerns. The four licenses are now under new ownership, and DHSS is awaiting the licensees' commencement inspection requests prior to beginning operations.

Appeal Process for License Denials

Administrative Hearings

DHSS focuses a majority of its efforts on ensuring that patients, caregivers, agents and facilities know and understand what is required for an application to be approved and what is required to retain a license that is granted. However, when it becomes necessary to deny an application or suspend or revoke a card, license or certification, these actions may be reviewed by the State of Missouri Administrative Hearings Commission ("AHC"), per Article XIV.

Per Article XIV of the Missouri Constitution, a denial of license or identification card may be appealed to the AHC. The AHC acts as a neutral and independent tribunal to impartially review agency decisions. The right to an administrative hearing is contingent on the individual or business filing a complaint to the AHC within 30 days of DHSS' sending its decision to the individual or business.

During PY22, the AHC processed 51 appeals due to the denial of a patient, caregiver or agent cards. From December 2019 to February 2020, the AHC received 857 appeals from denied facility applicants.

By the end of PY22, there were:

- 96 cases dismissed (in favor of DHSS),
- 15 cases settled (then dismissed),
- 8 summary decisions granted in favor of DHSS,
- 4 cases where AHC upheld the denial of license after hearing, and
- 2 cases where AHC granted a license after hearing.

Cases Filed with the Courts

In addition to appeals of denials before the AHC, state agencies may be sued in circuit court. AHC decisions may also be appealed for review by the circuit court. As with all cases that are filed with Missouri circuit courts, decisions entered by the lower courts can be appealed up to the Court of Appeals or the Supreme Court. Seven court cases were active during PY21 challenging various aspects of the MMRP or actions taken by DHSS.

Conclusion

During PY22, DHSS focused on ensuring that quality standards for medical marijuana were maintained through consistent regulation of the industry by ensuring compliance with Article XIV and associated rules in order to provide safe and secure access for qualifying medical patients.

Key Achievements

- \$380.4 million in cumulative retail product sales;
- \$13.2 million in taxes deposited into the Missouri Veterans' Health and Care Fund (Veterans' Fund);
- \$18 million transferred to the Missouri Veterans Commission, bringing the cumulative amount transferred to \$26.9 million;
- 53 Approvals to Operate (ATO) issued, bringing cumulative number of operating facilities to 354 (89%);
- 4,206 agent identification cards issued to allow individuals to work in medical marijuana facilities, bringing the total number of agents working in this new industry to over 10,000.

At the end of PY22, Amendment 3 appeared on the November 8, 2022 General Election ballot and passed. Amendment 3 changed some provisions to Article XIV, Section 1 Right to Access Medical Marijuana and added a new Section 2 Marijuana Legalization, Regulation, and Taxation. These new provisions became effective December 6, 2022.

New provisions to Section 1 required some license fees to be reduced on December 8, 2022: Patient and Caregiver ID card fees were reset to \$25, and patient and caregiver ID cards were extended from a 1-year license to a 3-year license, Patient Cultivators ID card will be reduced from \$100 for a 1-year license to \$50 for a 3-year license, and Agent ID card fees were reset to \$75.

In the PY21 Annual Report, DHSS predicted there would be over 200,000 active patients by November 30, 2022. At the conclusion of PY22, there were 205,897 active patient licenses, bringing Missouri's patient adoption rate to 3.3%. As noted in the PY21 Annual Report, patient adoption refers to the percentage of a state's population who become qualified patients.

The adult use cannabis market is expected to impact patient adoption. A review of publicly available data of other states' medical programs indicates patient adoption declines following the implementation of an adult use cannabis program. Prior to December 6, 2022, individuals who wanted to apply for and hold a valid patient ID card were required to be a Missouri resident. Amendment 3 removed the residency requirement. Missouri has several border-states without a regulated cannabis market, and it is anticipated that some residents from these states will utilize Missouri's medical program.

In the upcoming PY23, DHSS will implement Section 1 changes and the new Section 2 provisions, which allows licensed medical facilities to request to convert their license into a comprehensive license to allow them to participate in both the medical and adult consumer markets. Section 2 provisions also require new microbusiness dispensary and microbusiness wholesale facility licenses to be offered to qualifying owners. DHSS will monitor how these new constitutional provisions impact patients' ability to access medical marijuana in Missouri.



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