

Ohio Medical Marijuana Control Program

State of Ohio Board of Pharmacy

RFA II Proposal – 4.19.2021





Requirements for Determining # of Dispensaries

Section 3796.05 of the Revised Code and rule 3796:6-2-05 of the Administrative Code require the State of Ohio Board of Pharmacy to consider the following when determining the number of dispensaries in the state:

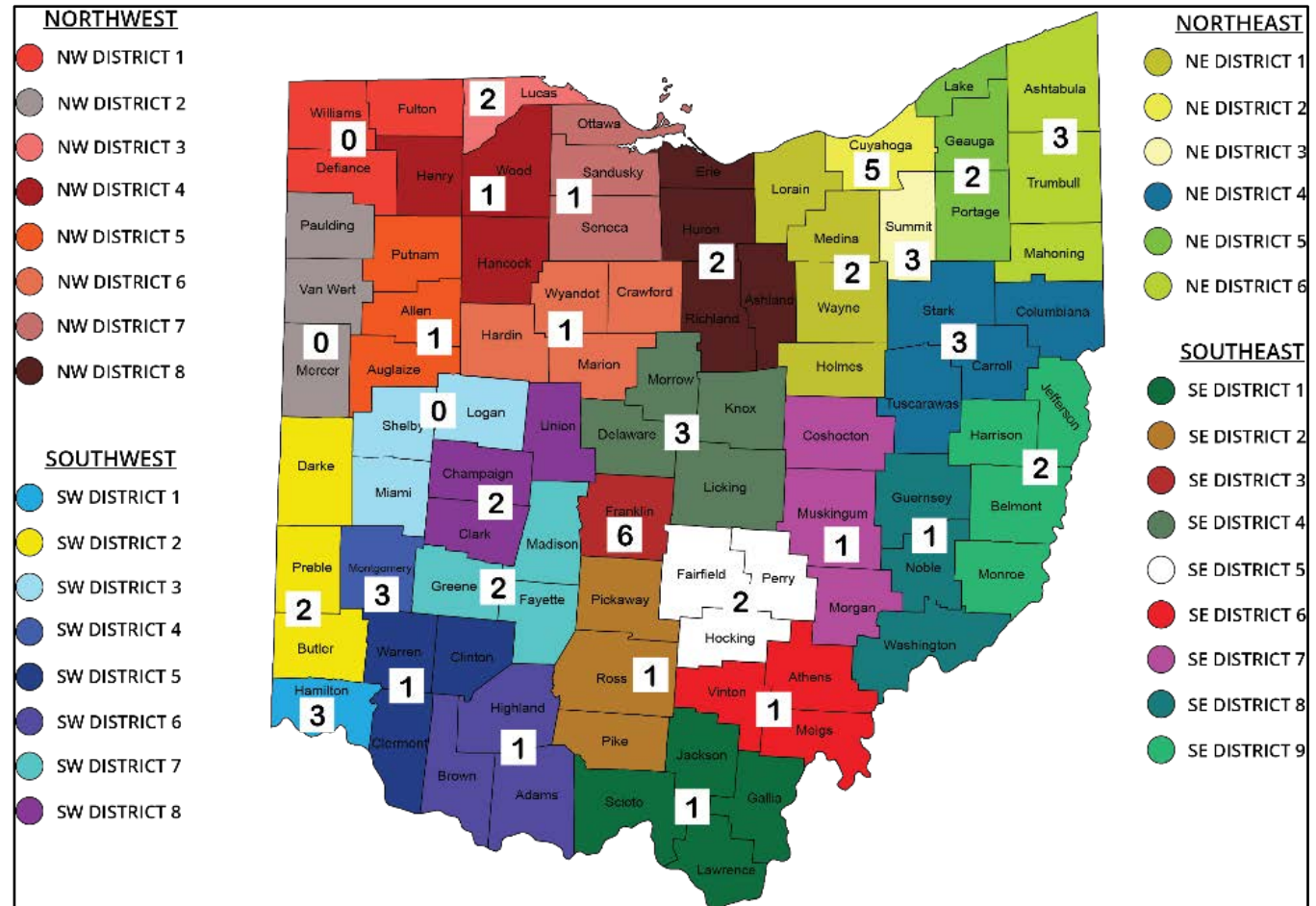
- 1) The population of this state;
- 2) The number of patients seeking to use medical marijuana; and
- 3) The geographic distribution of dispensary sites.

The Board is required to consider these factors each biennial licensing term to determine whether a sufficient number of medical marijuana dispensaries exist.



Dispensary Districts

- To ensure geographic distribution, the Board established 31 dispensary districts. The districts were developed using the following factors:
 - Established rules and regulations in other state medical marijuana programs
 - Patient populations
 - Consultation with regulators in other states
 - Ohio's population
 - Existing compliance resources for the State Board of Pharmacy
 - Access to major Ohio roadways
- Districts were also posted for public comment prior to implementation.





Factor #1: The population of this state

The Board initially issued 57 provisional licenses and there are currently 52 dispensaries that are operational.

Looking at the bordering states that operate medical marijuana programs, Ohio's current number of licenses is comparatively low based upon state population.

State	Population	Number of Medical Marijuana Dispensaries	Dispensaries Per Capita (100k)
Ohio	11.69 million	57	0.48
Pennsylvania	12.8 million	109	0.85
Michigan	9.987 million	364 - medical outlets only	3.64

NOTE: Michigan's medical marijuana program has been in operation since approximately 2008 and includes a recreational program. Pennsylvania's program became operational in 2018. Ohio's program became operational in 2019.

Factor #2: The number of patients seeking to use medical marijuana



- When Ohio's program began, initial assumptions estimated anywhere between 12,000–24,000 patients within the first two years of the program. These assumptions were based upon experiences of other states (CT, IL, MA, MN, NH and NY).
- These states demonstrated relatively low rates of patient growth in the first two years of their respective programs.
- As of January 2021 (when the assessment was conducted), Ohio's Medical Marijuana Control Program reported 136,507 registered patients. This number is significantly larger than patient registration assumptions for the first two years of program operation.

Factor #2: The number of patients seeking to use medical marijuana



- Adding to this, patient demand differs significantly by dispensary district. For example, SW-3 (Franklin County) has a total of 17,050 patients across 6 licenses (average patients per dispensary = 2,841).
- This figure is significantly higher than other dispensary districts, such as SE-6 (Vinton, Athens, Meigs) which averages only 1,315 patients per dispensary. Therefore, any expansion needs to promote equal access across dispensary districts.

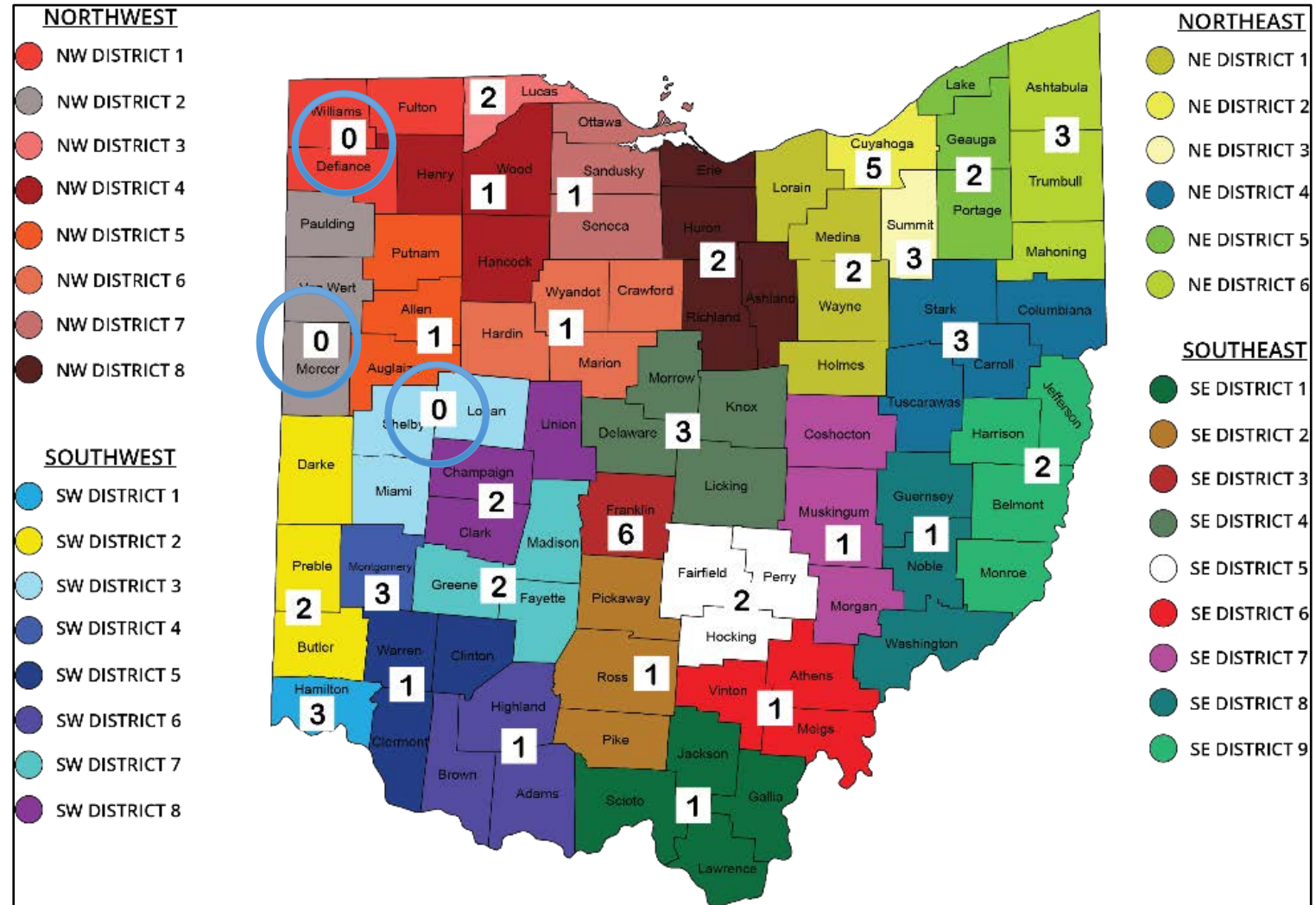
Factor #3: The geographic distribution of dispensary sites to ensure patient access to medical marijuana



Dispensary Districts & Number of Current Dispensary Licenses

During the initial RFA process, the Board did not receive any viable applications for dispensaries in the following districts:

- NW District 1 (Williams, Fulton, Defiance)
- NW District 2 (Paulding, Van Wert, Mercer)
- SW District 3 (Shelby, Miami, Logan)





Assessment of the Three Required Factors

Factor #1: The number of dispensaries per capita compared to other medical marijuana programs indicates a need to increase the number of Ohio dispensary licenses.

Factor #2: The number of patients seeking to use medical marijuana exceeds initial estimates, indicating a need to increase the number of Ohio dispensary licenses with a particular focus on meeting patient demand in certain districts.

Factor #3: There are three dispensary districts without an operational dispensary, thus indicating a need to increase the number of dispensaries to ensure geographic distribution and patient access.



Assessing the Number of Additional Dispensary Licenses for RFA II

To assess the needs for additional dispensaries, the Board conducted an analysis of patient data by dispensary district with the following goals:

1. Promotion of dispensaries in districts where there are currently none;
2. Increasing access in higher demand dispensary districts to ensure equal access across the districts.



Assessing the Number of Additional Dispensary Licenses for RFA II

To achieve the first goal, the Board plans to add dispensary licenses in the three dispensary districts that currently do not have licenses:

- NW District 1 (Williams, Fulton, Defiance)
- NW District 2 (Paulding, Van Wert, Mercer)
- SW District 3 (Shelby, Miami, Logan)

Assessing the Number of Additional Dispensary Licenses for RFA II



To achieve the second goal, the Board analyzed the number of patients per dispensary district with the intent of equal access across districts (see chart on next slide).

Assessing the Number of Additional Dispensary Licenses for RFA II



District	Number of Dispensaries (includes PDLs)	Patients Per District	Patients Per # of Dispensaries (includes PDLs)
SW - 8	2	2989	1494.5
SW - 7	2	2858	1429
SW - 6	1	1315	1315
SW - 5	1	7245	7245
SW - 4	3	8389	2796.333333
SW - 3	0	2288	-
SW - 2	2	5817	2908.5
SW - 1	3	12191	4063.666667
SE - 9	2	1748	874
SE - 8	1	1350	1350
SE - 7	1	1438	1438
SE - 6	1	1350	1350
SE - 5	2	2558	1279
SE - 4	3	5233	1744.333333
SE - 3	6	17050	2841.666667
SE - 2	1	1687	1687
SE - 1	1	1647	1647
NW - 8	2	2783	1391.5
NW - 7	1	1545	1545
NW - 6	1	1838	1838
NW - 5	1	1827	1827
NW - 4	1	2008	2008
NW - 3	2	3145	1572.5
NW - 2	0	793	-
NW - 1	0	1093	-
NE - 6	2	6734	3367
NE - 5	2	5636	2818
NE - 4	3	6296	2098.666667
NE - 3	3	5944	1981.333333
NE - 2	5	13725	2745
NE - 1	2	5987	2993.5
	Total = 57	Total = 136,507	Avg = 2667.25



Proposed Dispensary License Allocation

- To promote equal access across regions, the Board developed the following proposed RFA II based upon feedback from the industry and patients.
- This included a review of patient survey data and industry feedback (OMCIA, etc.) that highlights the need for more dispensaries to improve access and reduce costs to patients.
 - In a recent survey of Ohio patients conducted by the program, 58% of respondents indicated they were either “somewhat dissatisfied” or “very dissatisfied” with the price of products.



Proposed Dispensary License Allocation

- The allocation method uses a metric of **1,200 registered patients per dispensary per district.**
- This figure attempts to address access by including all registered patients in each district. This accounts for patients who have registered but may have not purchased due to cost or access issues.
- This figure also ensures dispensary viability, as the Board has determined a dispensary needs between 300-600 active patients to maintain viability.



Assumptions for Proposed Allocation

Assumptions for the proposed allocation:

- Add dispensary licenses for every district that exceeds 1,200 patients per dispensary per district to bring the number of patients per dispensary per district below 1,200 registered patients.
- Any region with less than 1,200 patients per dispensary per district, is not eligible to receive another dispensary license.
- The three districts without a dispensary license will automatically receive at least one dispensary license to meet geographic diversity requirements.
- Patient numbers include both active patients and patients who have registered but have not purchased medical marijuana.

Current

District	Current Number of Dispensaries (includes PDLs)	Patients Per District & Patients Per Dispensary
NW - 4	1	2008



Proposed

District	Proposed Total Number of Dispensaries	Patients Per Dispensary
NW - 4	2	1004

Proposed Allocation - RFA II

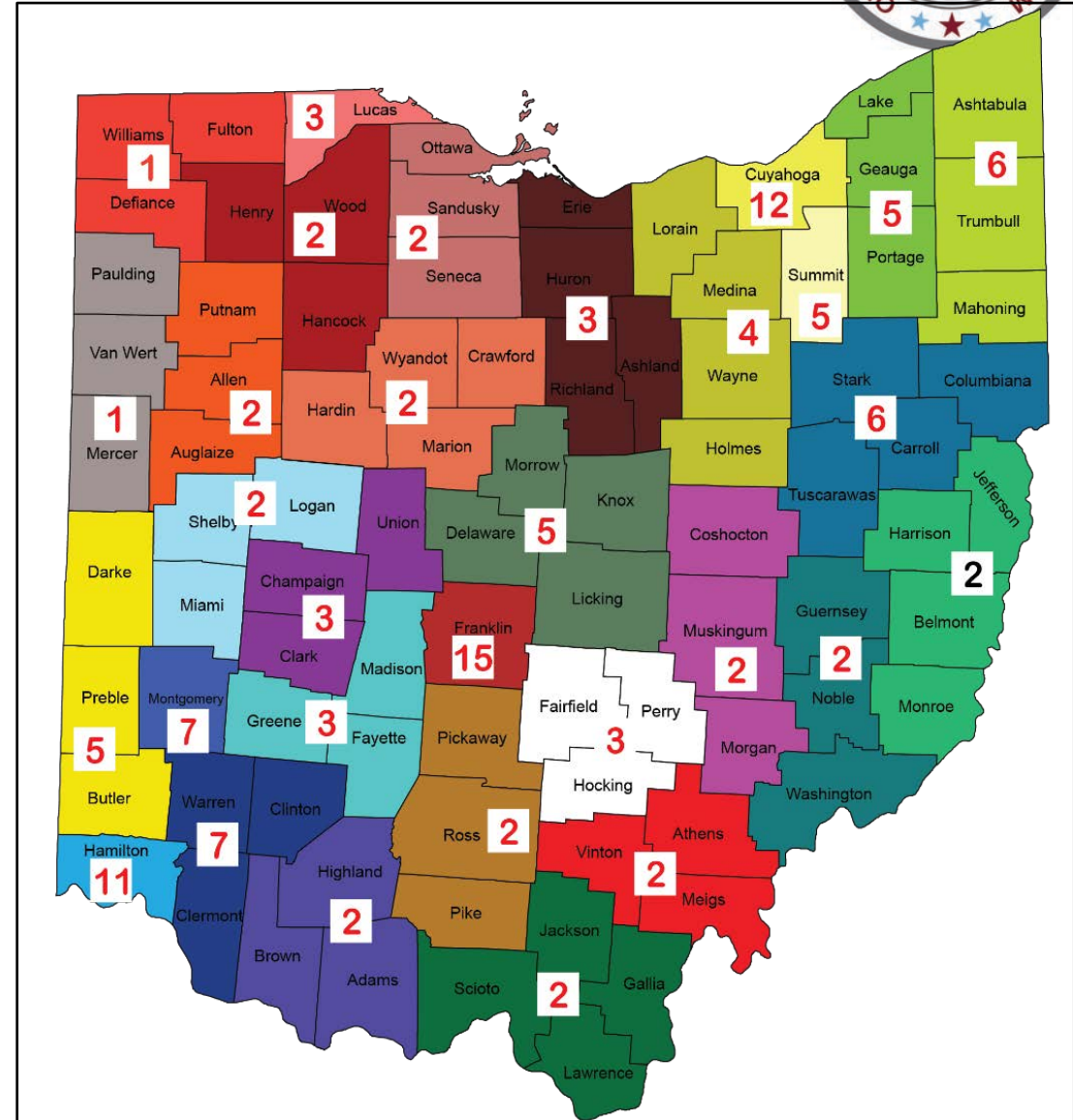
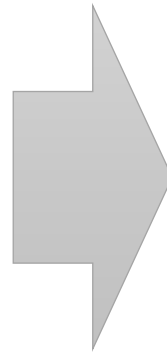
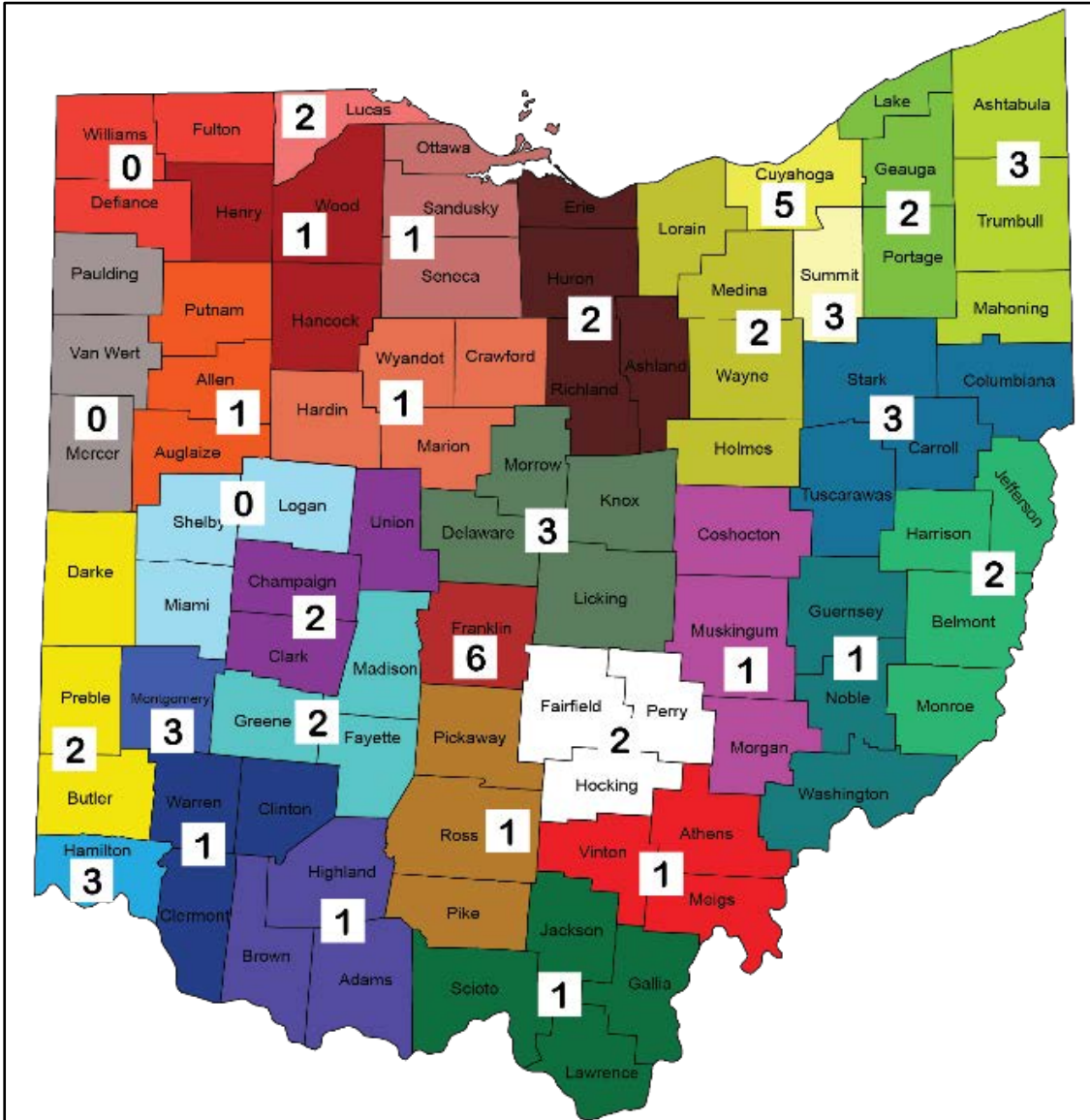


Region	Proposed Number of New Dispensaries	Proposed Total of Dispensaries	Proposed Patients Per # of District Dispensaries <1,200
SW - 8	1	3	996.3333333
SW - 7	1	3	952.6666667
SW - 6	1	2	657.5
SW - 5	6	7	1035
SW - 4	4	7	1198.428571
SW - 3*	2	2	1144
SW - 2	3	5	1163.4
SW - 1	8	11	1108.272727
SE - 9	0	2	874
SE - 8	1	2	675
SE - 7	1	2	719
SE - 6	1	2	675
SE - 5	1	3	852.6666667
SE - 4	2	5	1046.6
SE - 3	9	15	1136.666667
SE - 2	1	2	843.5
SE - 1	1	2	823.5
NW - 8	1	3	927.6666667
NW - 7	1	2	772.5
NW - 6	1	2	919
NW - 5	1	2	913.5
NW - 4	1	2	1004
NW - 3	1	3	1048.333333
NW - 2*	1	1	793
NW - 1*	1	1	1093
NE - 6	4	6	1122.333333
NE - 5	3	5	1127.2
NE - 4	3	6	1049.333333
NE - 3	2	5	1188.8
NE - 2	7	12	1143.75
NE - 1	3	5	1197.4
Total	73	130	Avg = 974.2371387

Proposed Allocation



Comparison - Current vs. Proposed





Assessment of Proposed Allocation Process

- Adds 73 new dispensary licenses to ensure geographic distribution and patient access.
- Brings dispensaries per capita to 1.11, which exceeds PA (0.85) but is lower than the Michigan number (3.64).
- Comparable to the January 2021 request from the industry (OMCIA) for a total of 150 dispensary licenses (a proposed increase of 93 dispensaries from the current allocation).



Proposed Dispensary RFA II Process

- As previously done, RFA II will require applicants to specify the district(s) wherein they are applying, and provisional dispensary licenses will be awarded based on those districts. The districts will remain the same as in the previous RFA.
- Dispensary applications will be scored to determine who is a qualified applicant.
- All viable applications will be entered into a lottery system, wherein individual lotteries will be held for each dispensary district with available licenses.