Medical Cannabis Program Update

Owen Parker, MPH
Bureau Chief, Cannabis Regulation
Division of Compliance & Administration
Health and Human Services

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IOWA Health and Human Services

What We'll Cover

- Federal Marijuana Rescheduling Update
- Federal Hemp Update
- 2026 Program Data Update
- 2026 Annual Report Recommendations

Federal Rescheduling Update

Federal Marijuana Rescheduling, Administrative Hearings



This hearing considers whether marijuana should be rescheduled more broadly, beyond the narrower medical marijuana order already in effect. The administrative law judge's recommendation is not a final scheduling decision:

- **Scope:** The hearings examine the scientific, medical, and legal basis for broadly transferring marijuana from Schedule I to Schedule III under the Controlled Substances Act.
- **Proceedings:** DEA completed 11 days of evidentiary hearings, with participating parties presenting testimony and submitting post-hearing briefs.
- **Next Steps:** The administrative law judge will issue a recommended decision for consideration by the DEA Administrator. A final determination has not been issued, and no decision date has been established.

Broader Rescheduling: Current Status

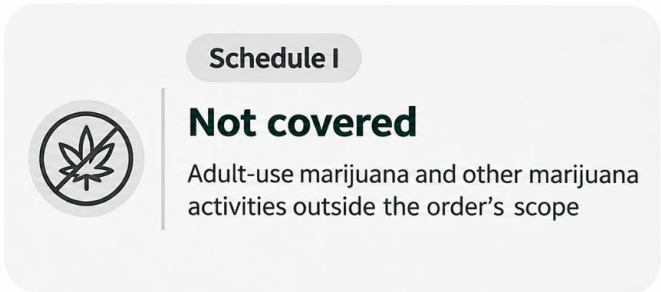
- **September 29:** The administrative law judge stayed proceedings following a request to consider a newly released Government Accountability Office (GAO) report on DEA scheduling procedures.
- **October 22:** The judge admitted the GAO report into the record but declined to reopen hearings for additional testimony.
- **November 5:** The supplemental briefing period concluded, with the procedural stay scheduled to expire.

Current Status: The proceeding awaits the judge's recommended decision and subsequent federal agency action. No final decision on broader rescheduling has been issued.

Final Order State-Licensed MMJ

- **April 23, 2026:** The Attorney General issued a final order transferring qualifying state-licensed medical marijuana and FDA-approved marijuana products from Schedule I to Schedule III, effective April 28.
- **Federal Registration:** The order established an expedited DEA registration pathway for qualifying state-licensed medical marijuana businesses.
- **Federal Requirements:** Rescheduling does not automatically grant DEA registration or FDA approval, and covered activities remain subject to applicable federal controlled substance requirements.
- **Judicial Review:** The order faces consolidated challenges in federal appellate court. A September 9 ruling declined to suspend the order while litigation proceeds, leaving it in effect pending further review.





DEA Registration: Implementation Progress



- DEA established an expedited registration process for qualifying medical marijuana manufacturers, distributors, and dispensaries.
- Businesses submitting complete applications during the initial 60-day period (April 28–June 26) received temporary authority to continue qualifying state-licensed activities while their applications remain pending.
- **October 30:** DOJ announced the initial issuance of federal registrations covering more than 900 dispensaries across seven states.
- DEA continues reviewing applications, including additional facility inspections and production-control requirements for manufacturers and distributors.
- Federal registration requires compliance with applicable federal conditions; state licensure alone does not confer registration.

Rescheduling: Identified Impacts, Outstanding Questions

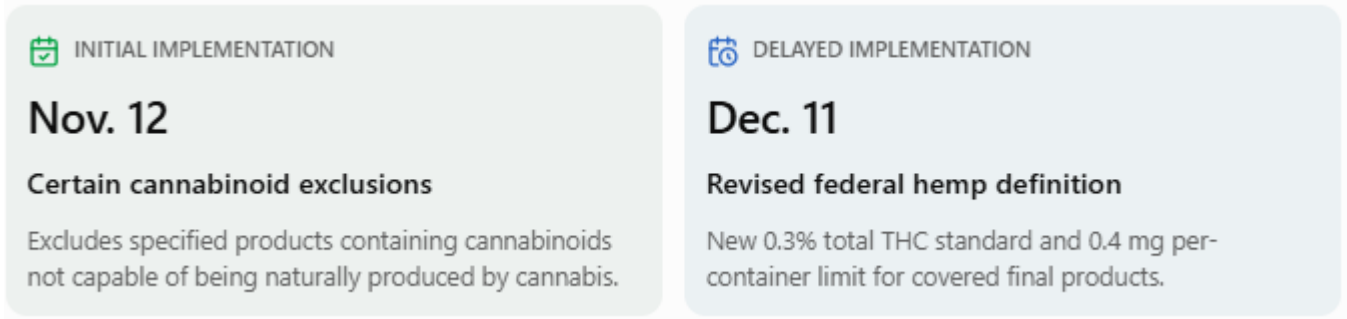
- **Federal taxation:** Qualifying Schedule III medical marijuana activities are no longer subject to the Internal Revenue Code §280E deduction limitation; implementation and retrospective tax treatment remain important considerations.
- **Regulatory compliance:** The order permits reliance on certain state medical marijuana requirements, including packaging, security, disposal, and patient certifications, subject to federal conditions.
- **Manufacturing and distribution:** Federal registration introduces additional obligations involving inspections, production controls, quotas, and certain transaction requirements.
- **Research:** The order establishes opportunities for federally registered researchers to obtain marijuana from qualifying state-licensed sources.

Federal guidance: State regulators continue to seek clarification regarding registration expectations, implementation timelines, and consistency of federal oversight.

Federal Hemp Update

Federal Hemp Changes Update

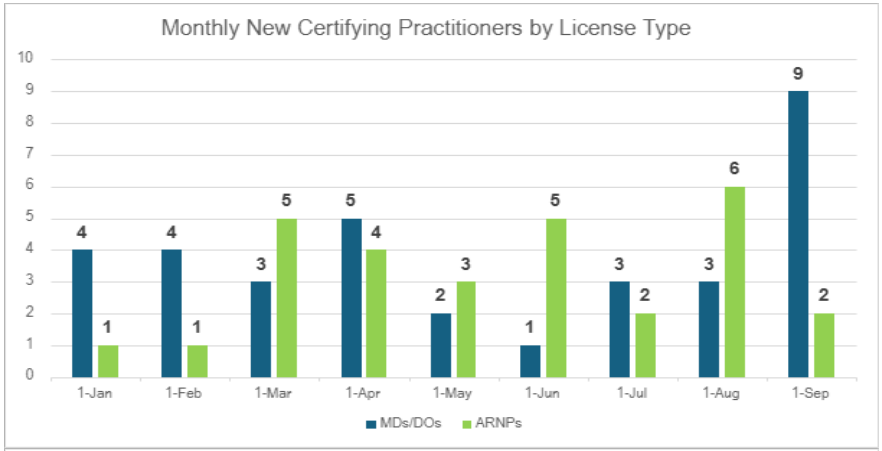
- **November 2025:** Congress enacted legislation narrowing the federal definition of hemp, including new total THC standards and a 0.4 mg THC-per-container limit for final hemp-derived cannabinoid products.
- **September 2026:** A continuing resolution delayed most of the new federal hemp restrictions by approximately 30 days.
- **Looking Ahead:** Additional congressional proposals seek to delay, amend, or replace the restrictions with a federal regulatory framework for hemp-derived cannabinoid products.
- **Key Takeaway:** The federal changes remain scheduled for phased implementation, with additional congressional action possible before December 11, 2026.

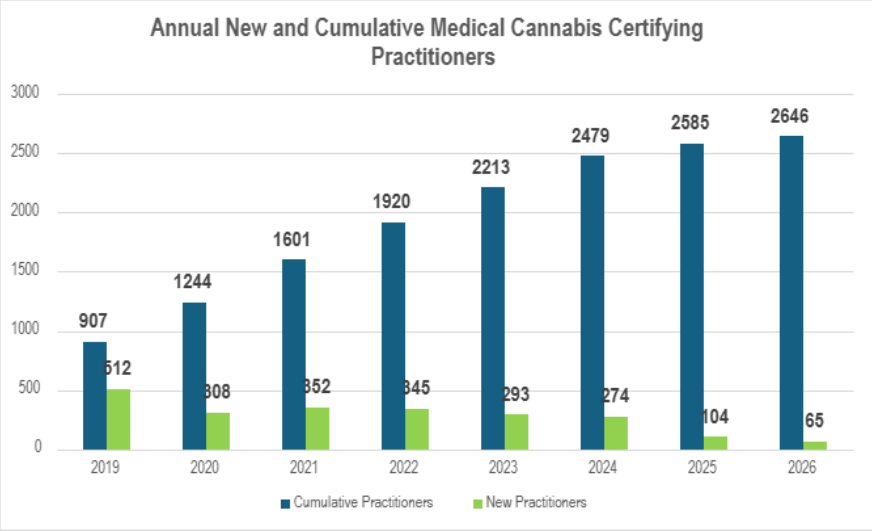


2026 Program Data Update

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Practitioners

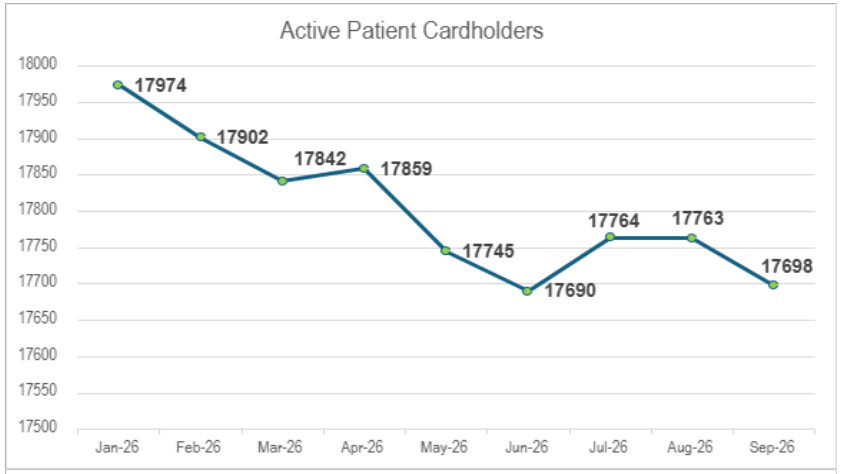


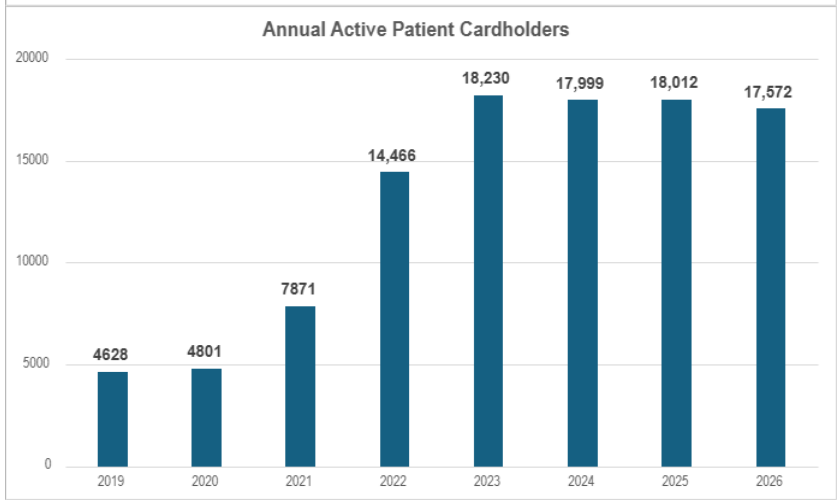


- **Continued participation:** Cumulative certifying practitioners increased to **2,646 in 2026**, up from 2,585 in 2025.
- **Slower growth:** 65 new practitioners were added through September, compared with 104 in 2025 and 274 in 2024.
- **Overall trend:** Practitioner participation continues to expand, although the rate of new practitioner enrollment has moderated substantially compared with prior years.

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Patients

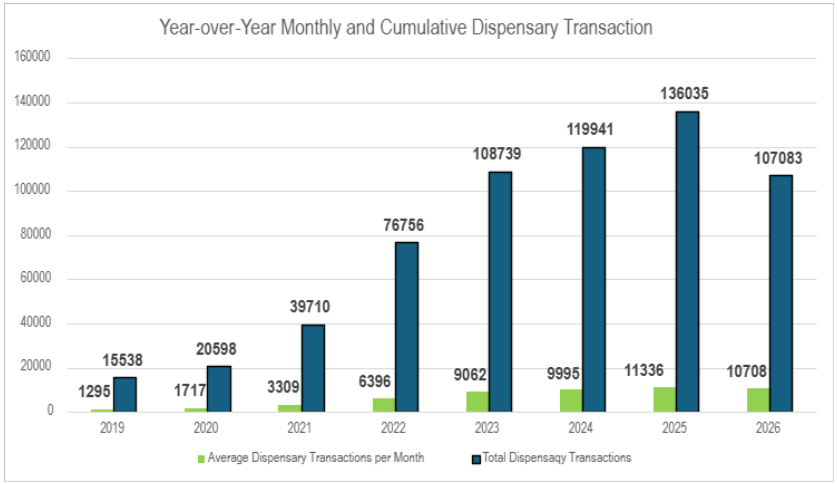


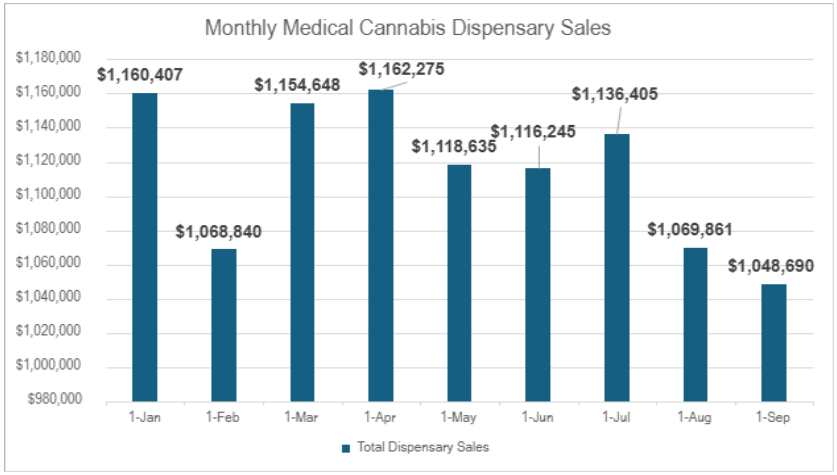


- **Stable patient population:** Active patient cardholders remained relatively consistent throughout 2026, ranging from approximately 17,700 to 18,000.
- **Modest decline:** Active cardholders decreased from 17,974 in January to 17,698 in September, a reduction of 1.5%.
- **Annual participation:** The program recorded 17,572 active cardholders in 2026, compared with 18,012 in 2025, a 2.4% decline.
- **Overall trend:** Following substantial growth from 2019–2023, patient participation has stabilized near 18,000.

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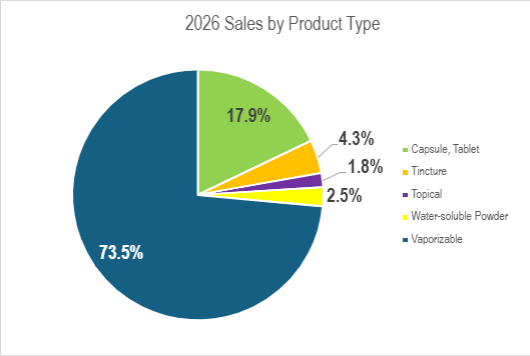
Dispensary Sales

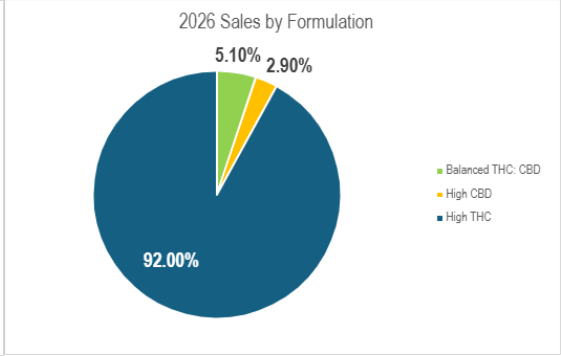


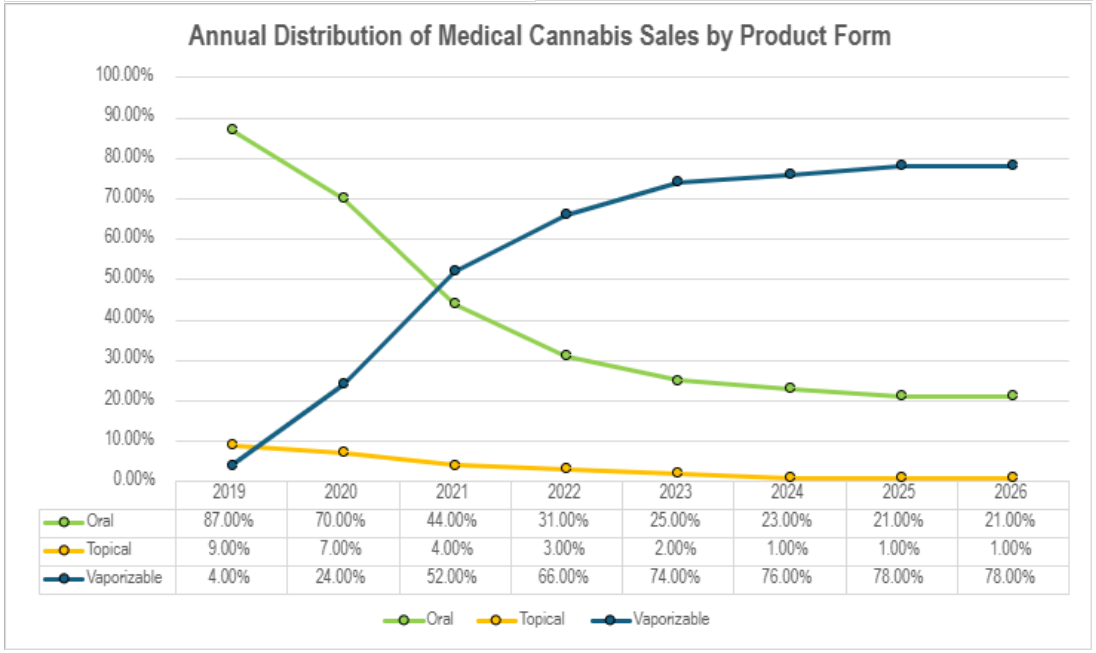


- **Consistent transaction volume:** Dispensaries recorded **107,083 transactions in 2026 to date**, averaging approximately 10,708 transactions per month.
- **Stable monthly sales:** Dispensary sales remained between approximately $1.05 million and $1.16 million per month through September 2026.
- **Overall trend:** Following rapid expansion from 2019–2025, dispensary activity has begun to stabilize.

Product Purchasing

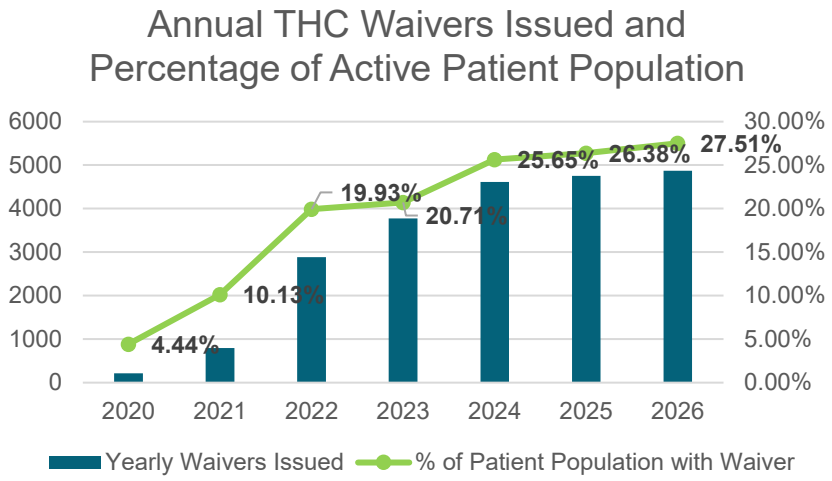


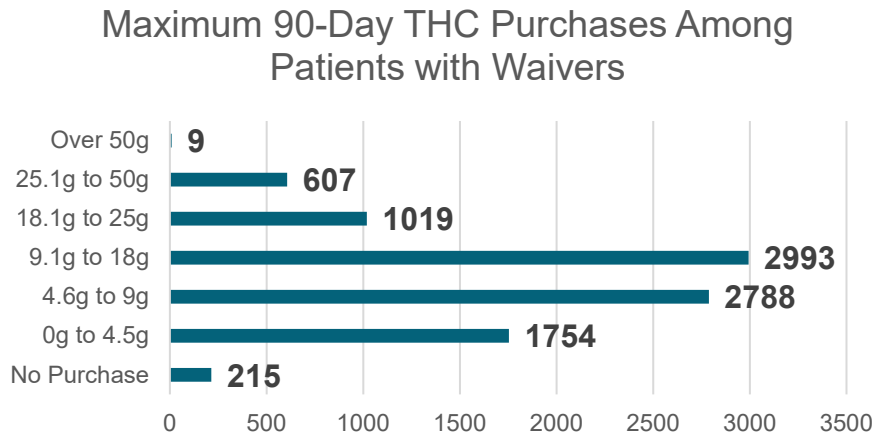




- **Vaporizable products dominate:** Vaporizable products account for 73.5% of sales, followed by capsules and tablets at 17.9%.
- **High-THC formulations preferred:** High-THC products represent 92% of sales, compared with 5.1% for balanced THC and 2.9% for high-CBD formulations.
- **Long-term shift in preferences:** Vaporizable products increased from 4% of sales in 2019 to approximately 78% in 2026, while oral products declined from 87% to 21%.
- **Overall trend:** Purchasing preferences have stabilized in recent years, with sustained demand for vaporizable, high-THC products.

THC Waivers





- **Continued growth:** THC waivers have increased annually, with approximately **4,800 issued in 2026**.
- **Increasing prevalence:** The proportion of active patients with a waiver increased from 4.4% in 2020 to **27.5% in 2026**, representing more than one in four patients.
- **Purchasing patterns:** Approximately half of patients with waivers purchased 9 grams of THC or less during their highest 90-day purchasing period, while more than 80% purchased 18 grams or less.
- **Overall trend:** Waiver participation continues to increase, although most patients with waivers purchase quantities well below the higher limits their waivers may authorize.

2026 Annual Report Recommendations

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2026 Recommendations

1. Reaffirmation of the Board's Position on Raw Cannabis Forms
2. Amending the name of Chapter 124E to "The Medical Cannabis Act"
3. Removing sales Tax from Patient Purchases at a Dispensary
4. Iowa Tax Status: Licensee Equality with Traditional Businesses
   - Potential addressed through Federal rescheduling
5. Provide Patient Purchasing Information Back to the Certifying Provider
6. Improve the Oversight of Certifications via Telemedicine
7. Seek a Federal Exemption for Iowa's program
   - Potentially addressed through Federal rescheduling

Questions

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