



SFY 2024 MEDICAL CANNABIS ANNUAL REPORT

July 1, 2023 – June 30, 2024

Annual Legislative Report

November 2024



HISTORY OF MEDICAL CANNABIS IN SOUTH DAKOTA

On November 3, 2020, voters in South Dakota passed Initiated Measure (IM) 26 establishing a medical cannabis program in South Dakota for individuals with debilitating medical conditions. IM 26 made medical cannabis legal in South Dakota effective July 1, 2021.

In addition to providing a summary of SFY2024 activities, this report includes a summarized timeline of program development and implementation and updated patient, practitioner, and certified establishment numbers, as well as legislative changes through June 30, 2024. For a more complete history of the program, please refer to the program's SFY2023 annual report.

2021 LEGISLATIVE SESSION

The Department of Health met with members of the State Legislature to begin discussions on the implementation of a medical cannabis program. Also began discussion with key stakeholders.

MAY 2021

The legislative Marijuana Interim Summer Study Committee convened to discuss the administrative rulemaking and implementation process for medical cannabis in South Dakota

JUNE 2021

The Department of Health released draft rules for the medical cannabis program. The Department worked on stakeholder engagement and traveled to meet with and learn from North Dakota's medical use program.

JULY 2021

The Departments of Health and Revenue jointly issued an RFP to identify and select a vendor for a seed-to-sale tracking system.

AUGUST 2021

The Department of Health appeared before the legislative Marijuana Summer Study Committee and met with various stakeholder groups.

SEPTEMBER 2021

Accela was awarded the RFP for the establishment system and patient registration card system.

The Department of Health presented its initial proposed Medical Cannabis Program rules to the Legislative Interim Rules Review Committee.

The Committee approved 143 of the 149 proposed rules.

OCTOBER 2021

METRC was awarded the contract for the seed-to-sale inventory tracking system.

The Department released updated drafts of some of the reverted rules.

The Interim Rules Review Committee approved the revised rules.

The Department released the Medical Cannabis Establishment application form.

NOVEMBER 2021

Practitioners (physicians) began certifying patients in the online patient registry system. The first patient cards were issued to patients.

JANUARY 2022

The first medical cannabis establishment registration certificates were issued to dispensaries and the first lottery drawing was held.

JUNE 2022

Medical Cannabis Program staff attended the Cannabis Regulators Association (CANNRA) conference.

The first testing laboratory was certified.

The first cannabis plants were legally harvested in the state.

JULY 2022

The first dispensary opened.

AUGUST 2022

METRC, the state's seed-to-sale inventory management system, went live.

NOVEMBER 2022

The Interim Rules Review Committee approved the proposed rule changes.

MAY 2023

South Dakota reached 10,000 patients. This exceeded the Department's original projection of 6,000 patients within three years.

JULY 2023

SB 1 which was introduced by the Medical Marijuana Oversight Committee took effect. SB 1 added a list of qualifying conditions to the definition of a "debilitating medical condition."

NOVEMBER 2023

The Interim Rules Review Committee approved 16 of the 18 proposed rule changes.

2024 LEGISLATIVE SESSION

The Department brings bills SB 42 and 43, which are passed by the legislature. Senate Bill 42 removed extracts from the definition of edible cannabis products, prohibited patients from giving away medical cannabis after a card has been voided by a practitioner, increased the time for the program to review establishment renewal applications from 10 days to 45 days, and clarified that testing is required on the product in final form immediately prior to retail sale to the patient. The bill also required verification by a dispensary that a patient has not exceeded the allowable limit of medical cannabis prior to dispensing, allows the program to place an establishment on probationary status when violations are present (but certificate suspension or revocation is not necessary), and allows for the

program to report medical cannabis patient first and last name and birth date to the prescription drug monitoring program. Senate Bill 43 raised the maximum ceiling for establishment fees up to \$20,000 and required the Department to amend current establishment fees. The program amended its administrative rule setting the annual establishment certificate fees to \$9,000.

JUNE 2024

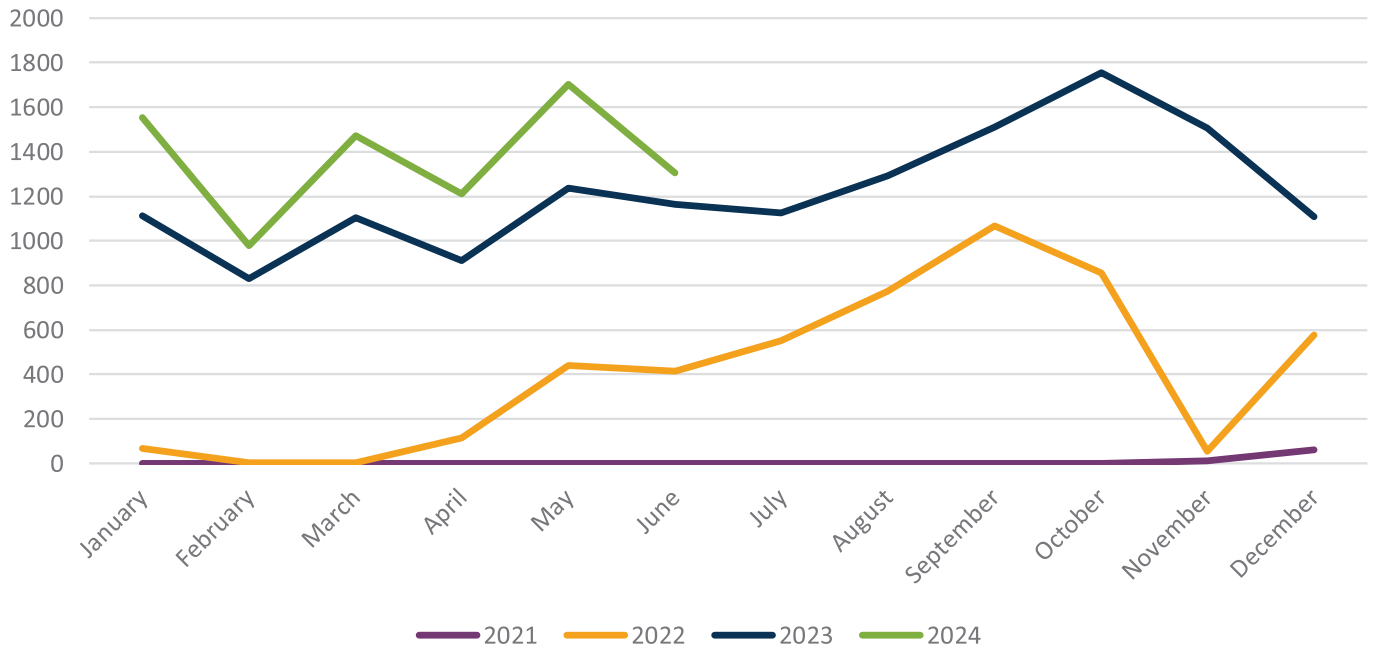
Program staff attend the CANNRA stakeholders meeting in Minneapolis to gain and share knowledge with other state and international cannabis regulators.

The program worked to prepare the draft rule on amending establishment fees and to implement changes from the 2024 Legislative Session . House Bill 1024 required the program to add notification language to the application for a medical cannabis registry identification card to include notification of the Federal Gun Control Act of 1968. Senate Bill 10 required that a practitioner issuing

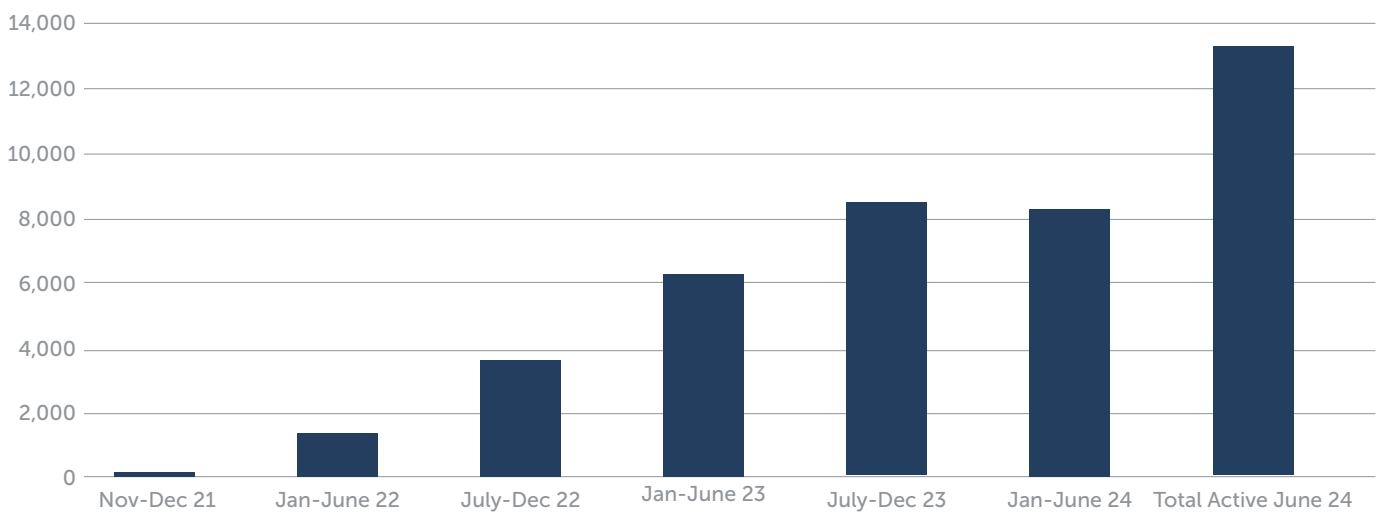
a medical cannabis certification to an individual provide an electronic notification of the issuance of a medical cannabis certification to the patient's primary provider or referring practitioner if the individual is not their patient and that the patient's primary provider or referring practitioner must include the notification in the patient's medical file. Senate Bill 11 prohibited a practitioner from referring a patient to a clinic for the purpose of getting a medical cannabis certification if that practitioner or an immediate family member has an ownership or investment interest in the clinic or a compensation arrangement. Senate Bill 191 established conditions under which an individual who is on probation or on conditional release or parole may use medical cannabis and required updates to the medical certification by practitioners.

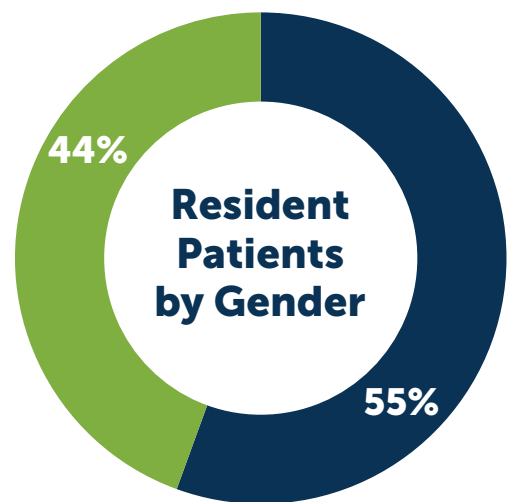
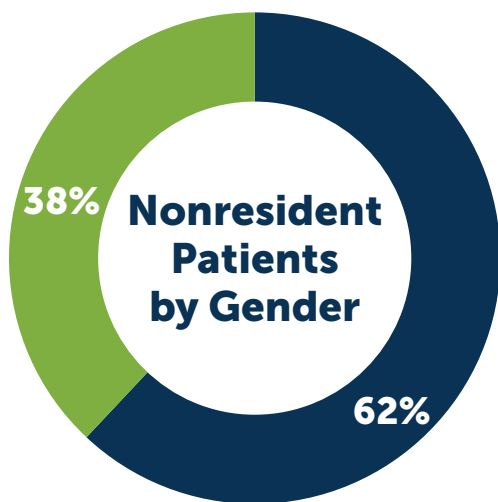
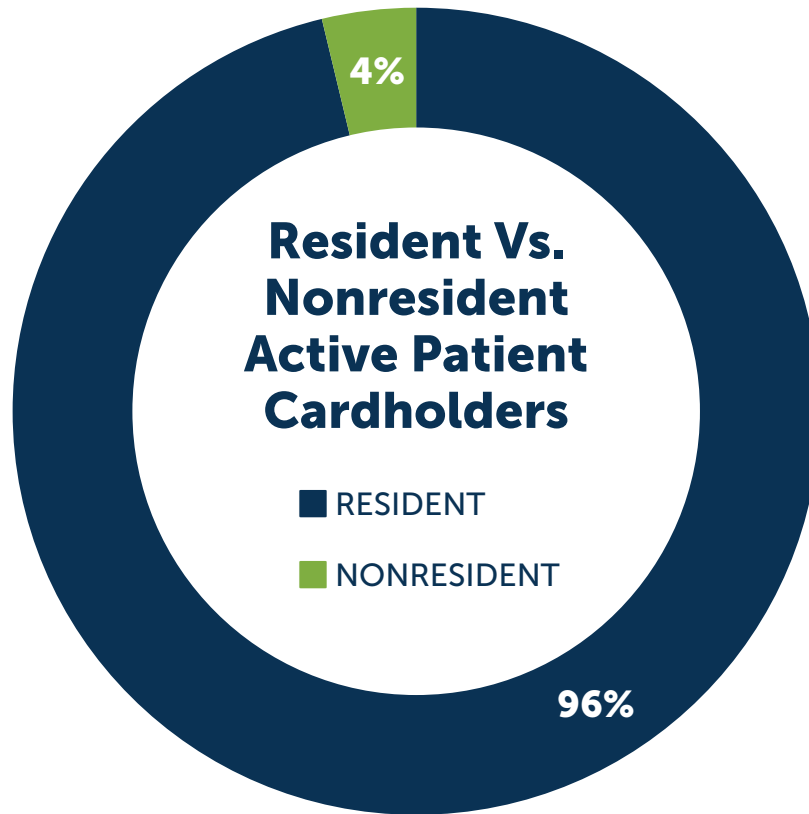
PROGRAM SPECIFIC DATA

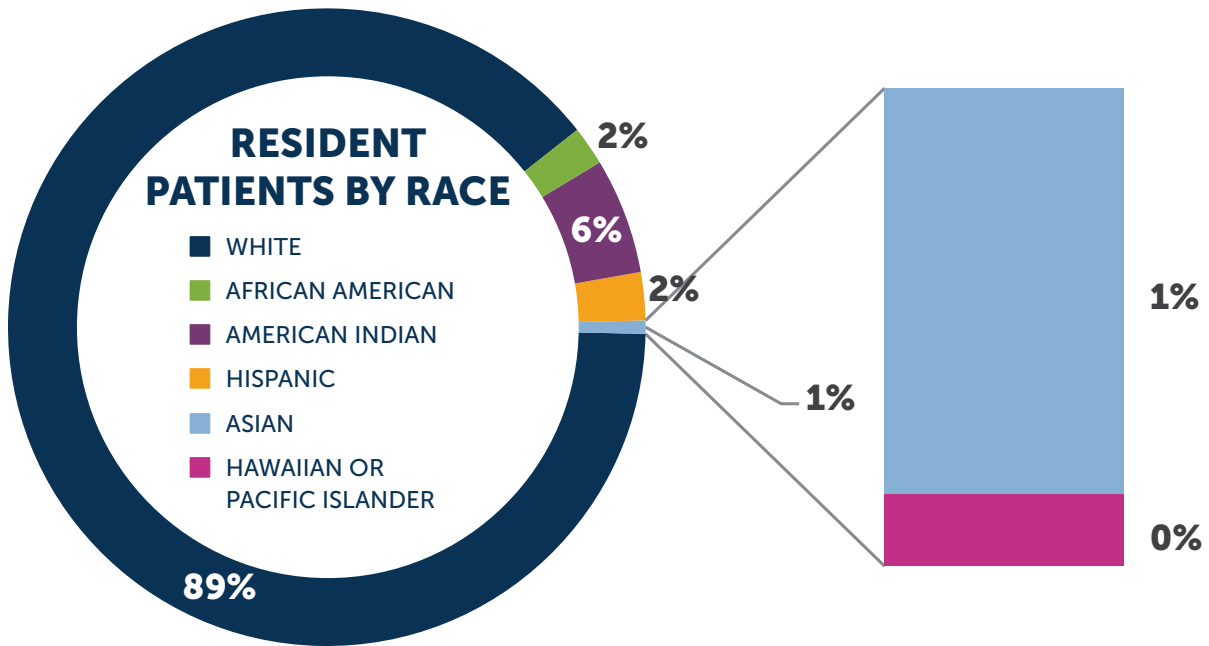
PATIENT APPROVALS BY MONTH PER YEAR



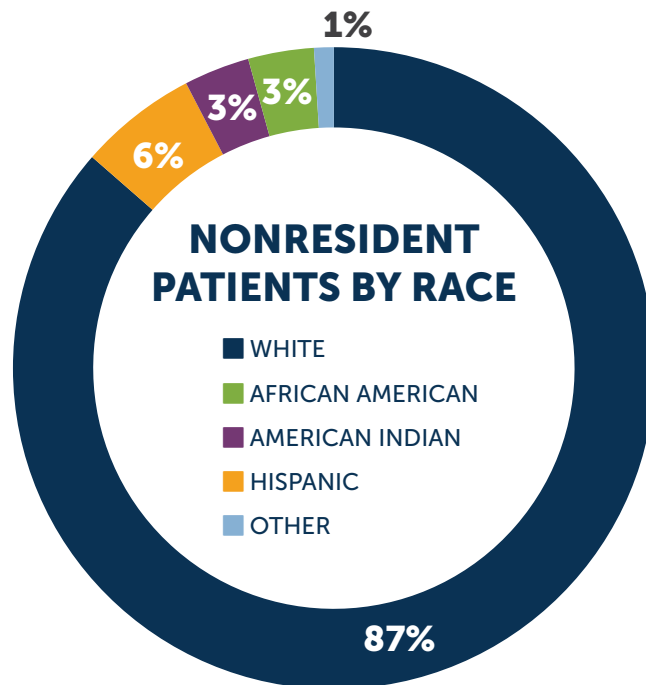
APPROVED PATIENTS







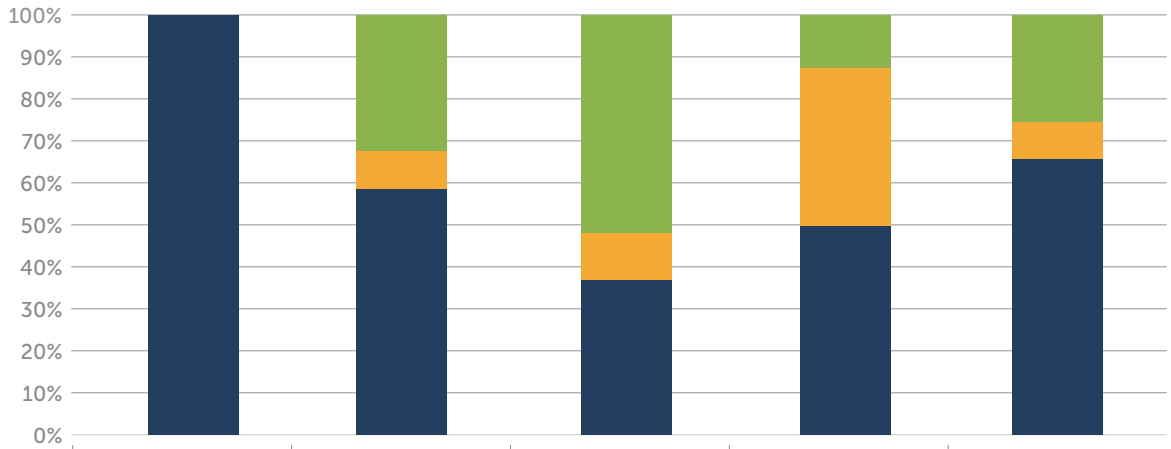
PATIENTS BY RACE



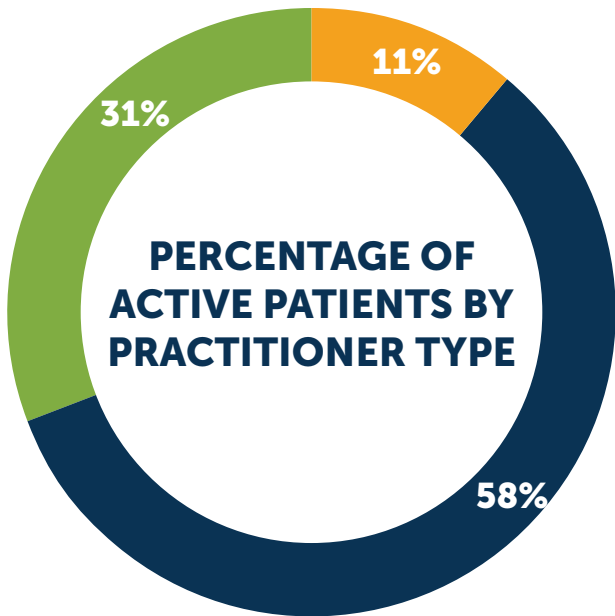
PATIENT NUMBERS BY DEBILITATING MEDICAL CONDITION

1.	Severe, debilitating pain	10,001	72.71%
2.	Post - traumatic stress disorder	1,608	11.69%
3.	Severe and persistent muscle spasms	574	4.17%
4.	Severe nausea, except nausea associated with pregnancy	514	3.74%
5.	Cancer or its treatment, if associated with severe or chronic pain, nausea or severe vomiting, or cachexia or severe wasting	480	3.49%
6.	Seizures	153	1.11%
7.	Multiple sclerosis	122	0.89%
8.	Epilepsy and seizures	113	0.82%
9.	Crohns disease	99	0.72%
10.	Cachexia or wasting syndrome	68	0.49%
11.	Acquired immune deficiency syndrome or positive status for human immunodeficiency virus	20	.15%
12.	Amyotrophic lateral sclerosis	3	.02%

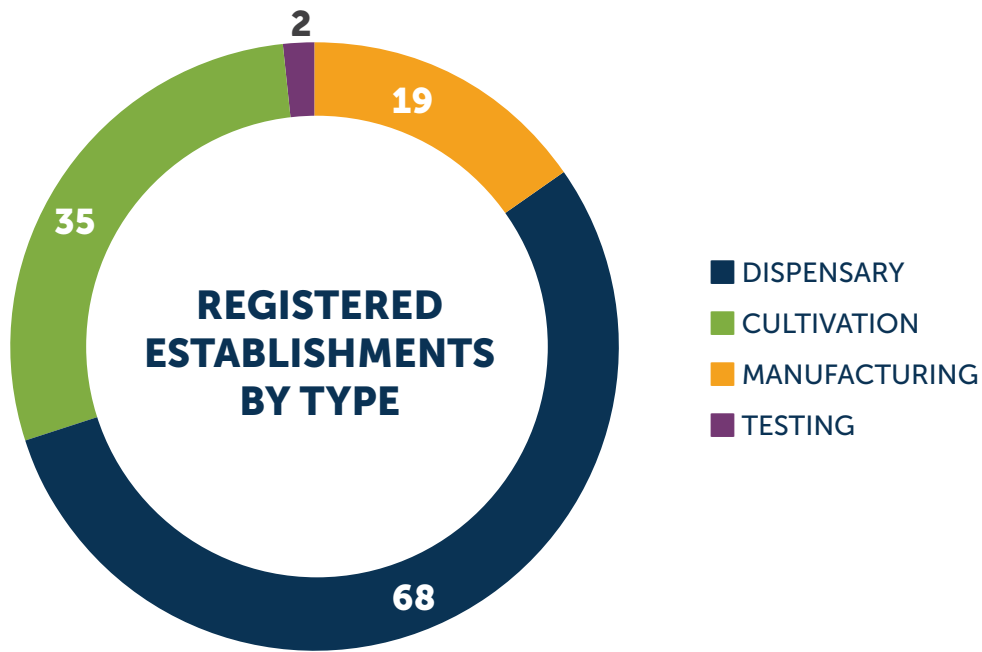
TOTAL APPROVED PRACTITIONERS



	NOV 21-JUN 22	JUL-DEC 22	JAN-DEC 23	JAN-JUNE 24	TOTAL
Advanced Practice RN	0	33	28	1	72
Physician Assistants	0	9	7	3	19
Physician	100	60	20	4	184



- PHYSICIAN (8135)
- ADVANCED PRACTICE RN (4267)
- PHYSICIAN ASSISTANT (1551)



INSPECTIONS

NUMBER OF ON SITE INSPECTIONS COMPLETED

Dispensaries	41
Cultivation	21
Manufacturer	10
Testing Facilities	2
Total Number of Inspections	74
Completed by DPS Inspectors	10
Completed by DOH Inspectors	64

MOST FREQUENT RULE VIOLATIONS CITED DURING INSPECTIONS

Training – Inventory Tracking System	44:90:04:16
Record Keeping – Inventory Tracking	44:90:09:04
Security Cameras – Placement, Recording, and Storage	44:90:04:07–44:90:04:09
Retention of Certificates of Analysis	44:90:09:04
Transport Manifests (Vehicles)	44:90:04:18
Daily Inventory Record Keeping	44:90:11:03
Exceeding Maximum Batch Creation Size	44:90:09:06

REVENUE & EXPENSES

IN SFY2024, FEES WERE COLLECTED AS FOLLOWS:

Establishments (new application and annual renewals)	\$5,310
Patient card	\$75
Low-income patient card	\$20
Caregiver	\$20
Lost/stolen card	\$20
Home cultivation application	\$20

IN SFY2024, TOTAL REVENUE AND EXPENDITURES WERE AS FOLLOWS

Total Expenditures	\$1,193,010
Total Revenue	\$1,915,946
Cardholder Fees Revenue	\$1,141,176
Establishment Fees Revenue	\$774,770

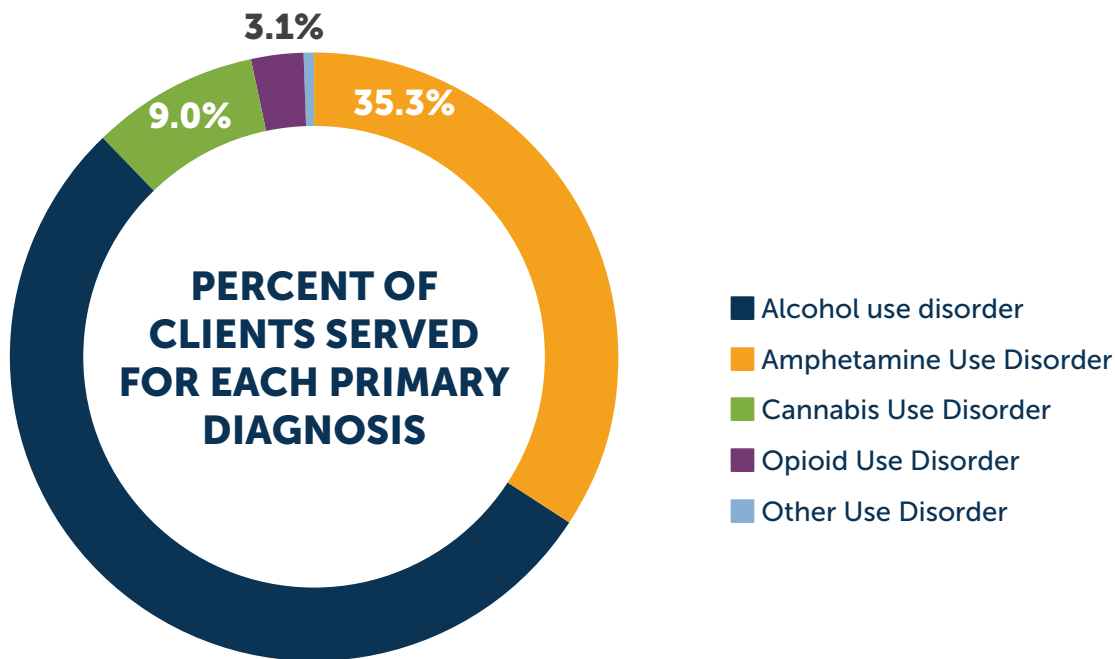
IMPACT OF MEDICAL CANNABIS

Pursuant to SDCL §34-20G-94, the Department must annually report to the Legislature on the impact of medical cannabis on public safety, public health, and behavioral health services; any other information regarding the effects of medical cannabis.

No deaths have included the primary cause of death as marijuana-use related in the ten-year period from 2014 to 2023. Forty-one (41) deaths in South Dakota during this time period have been identified as having marijuana use as a significant condition or contributing factor. The top four causes of death in South Dakota where marijuana use was a contributing factor included:

1	MOTOR VEHICLE ACCIDENTS
2	SUICIDE
3	HEART DISEASE
4	ACCIDENTAL DRUG OVERDOSE

The Department of Social Services, Division of Behavioral Health, monitors and tracks data for publicly funded behavioral health services. This tracking occurs through the Division of Behavioral Health's information management system, STARS, or State Treatment and Activity Reporting System. According to FY23 statistics published by the Division of Behavioral Health, 8,533 adults and 437 children received publicly funded behavioral health substance use disorder treatment services. Of those, 9% of adults and 59% children, or an estimated 771 adults and youth had a cannabis use disorder as a primary diagnosis.

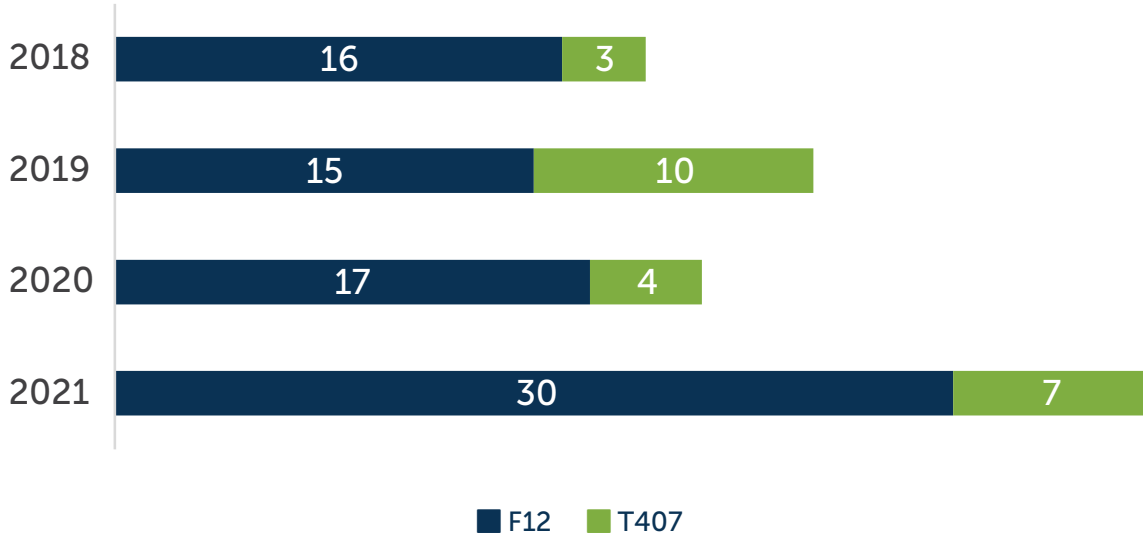


INPATIENT AND OUTPATIENT VISITS

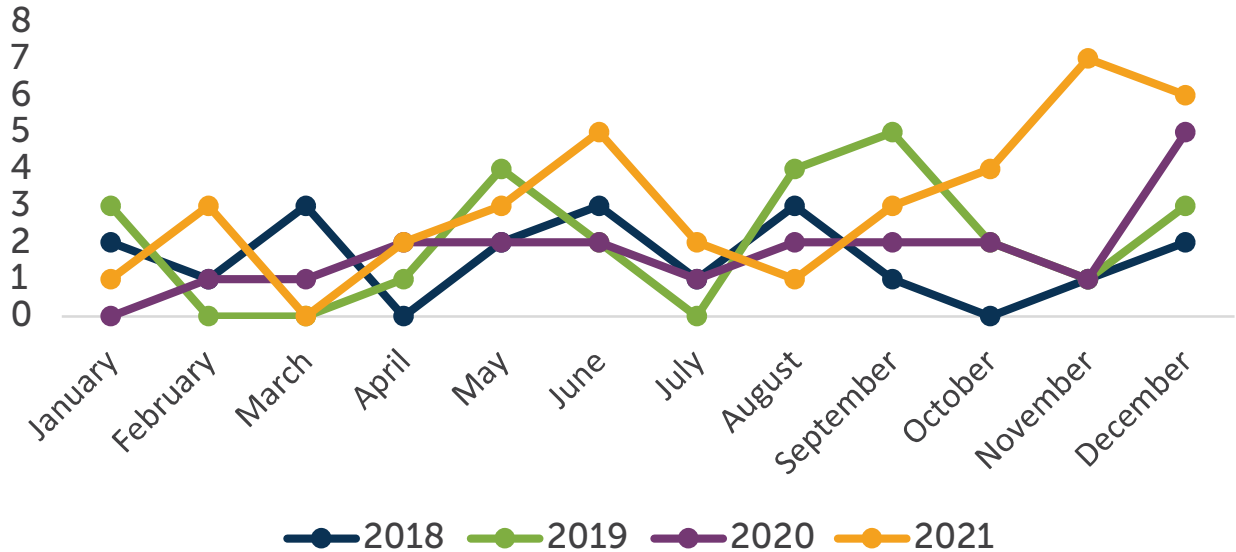
The State Epidemiology, Surveillance, and Informatics Center (ESIC) reviewed and analyzed the following data representing inpatient and outpatient visits reported to the South Dakota Association of Healthcare Organization. Data are based on discharge dates in patient records. Data includes patients seen in South Dakota facilities, regardless of patient residence.

ICD-10-CM PROVIDER PRINCIPAL DIAGNOSIS CODES:
F12: CANNABIS-RELATED DISORDERS
T407: POISONING BY, ADVERSE EFFECT OF AND UNDERDOSING OF CANNABIS (DERIVATIVES)

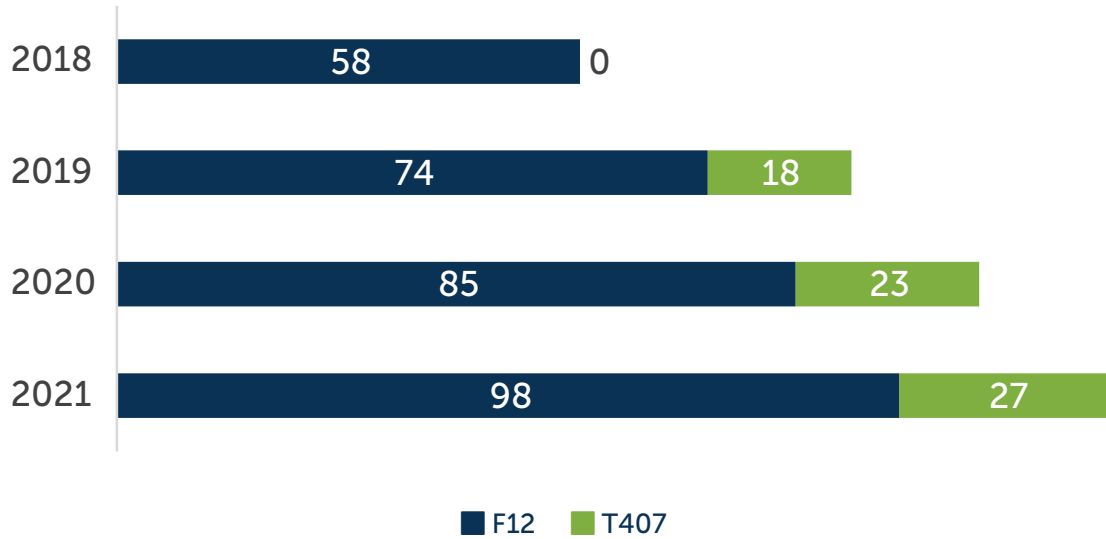
INPATIENT VISITS BY ICD-10-CM CODES



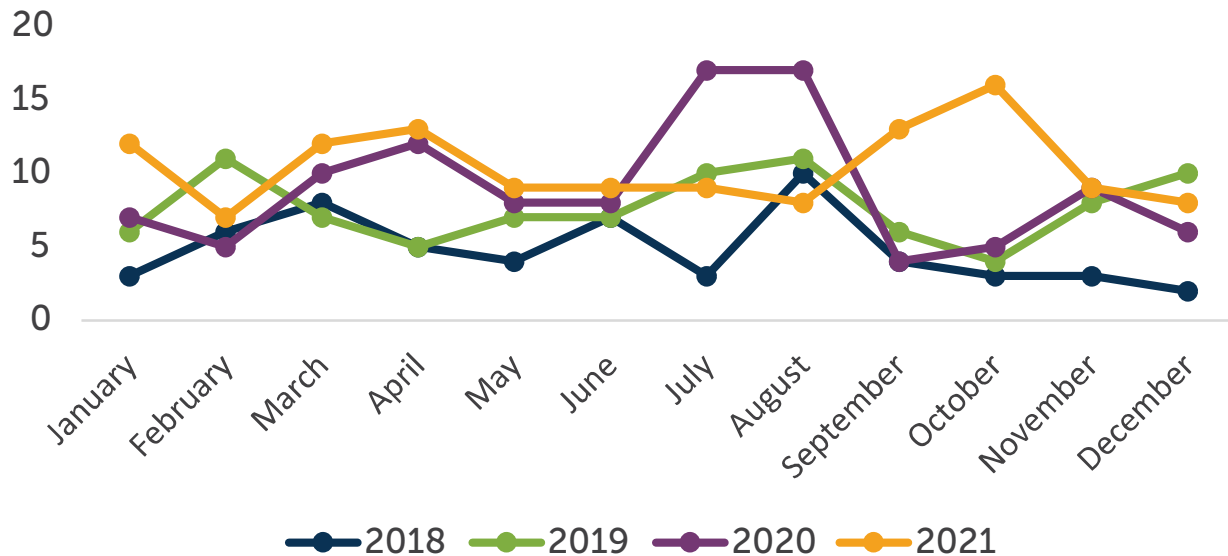
INPATIENT VISITS BY DISCHARGE DATE



OUTPATIENT VISITS BY ICD-10-CM CODES



OUTPATIENT VISITS BY DISCHARGE DATE



RECOMMENDATIONS

The program continues to maintain and protect the safety of patients while carrying out the program's responsibilities under state law and administrative rule.

Cardholder numbers, after a rapid initial ascent, have begun to stabilize. The Program continues to carefully monitor registered establishment numbers. The program has noted some establishments have closed while others have not gotten off the ground to become operational, but new applicants are replacing those numbers.

The 2024 Legislative Session approved the addition of three additional staff members to Medical Cannabis Program. These positions will increase the program's capacity to carry out its mission and keep up with its fast-paced workload. Staff members for the newly created positions started in August and September of 2024, and the program is fully staffed.

Program staff are completing significant research on developing and implementing a fines structure. This is a critical enforcement tool and one that necessitates significant research and stakeholder input. It will also require promulgation of administrative rules.

Currently, the program utilizes suspension, potential revocation, and the issuance cease and desist orders for enforcement, as well as card revocation. These tools are resource intense and constitute a significant portion of staff workload in ensuring establishment and card holder compliance.

Another major undertaking this past fiscal year has been surveillance and monitoring to ensure security camera systems at the numerous establishments are operational and compliant with the requirements in administrative rule.

Program staff provide customer assistance and technical guidance to cardholders and establishments on a day-to-day basis.

Program staff stay abreast of state and industry trends in the medical cannabis arena and issues across the nation through its active participation in the state regulators association. Program staff utilize this resource for training and research with other state medical cannabis programs to benefit from other states' experiences as well as the identification of best practices.

The program monitors patient and establishment numbers and looks for trends. As the program matures and develops and we have the benefit of more longitudinal data staff will continue to monitor, evaluate, address issues, and make recommendations for future improvements.