

The Department of Health Medicinal Marijuana Program

2015 Annual Report and 2015 Biennial Report

March 2016

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2015 Annual Report

This document reports the current status of the New Jersey Department of Health (DOH) Medicinal Marijuana Program's (MMP) progress in the implementation of the New Jersey Compassionate Use Medical Marijuana Act (the Act), N.J.S.A. 24:6I-1 et seq. This report provides an update of program developments in calendar year 2015 on the status of the Alternative Treatment Centers (ATCs); medicinal marijuana cultivation; ATC examinations; the patient, caregiver, and physician registries; outreach and communication; education; marijuana testing; the regulatory process; and concludes with calendar year 2015 statistics.

Alternative Treatment Centers (ATCs)

Greenleaf Compassion Center (GCC) in Montclair, Essex County, was issued a permit to cultivate on April 16, 2012, and issued a final permit on October 15, 2012. GCC began dispensing medicinal marijuana to patients on December 6, 2012. Since its initial permitting, 1,493 patients have been served, 6,755 transactions completed, and 221.7 pounds of product dispensed. From January 1, 2015 through December 31, 2015, 1,031 patients were served, 4,529 transactions completed, and 141.7 pounds of product dispensed. GCC dispensed product on 246 days in 2015. The Department maintains 24/7 video surveillance of the ATC operation and access to its internal inventory management system. GCC was re-permitted on January 1, 2015.

Compassionate Care Foundation (CCF) in Egg Harbor, Atlantic County, was issued a permit to cultivate on June 6, 2013, and issued a final permit on October 3, 2013. CCF began dispensing medicinal marijuana to patients on October 28, 2013. Since its initial permitting, 2,275 patients have been served, 12,884 transactions completed, and 514.7 pounds of product dispensed. From January 1, 2015 through December 31, 2015, 1,292 patients were served, 7,916 transactions completed, and 302.7 pounds of product dispensed. CCF dispensed product on 285 days in 2015. The Department maintains 24/7 video surveillance of the ATC operation and access to its internal inventory management system.

Garden State Dispensary (GSD) in Woodbridge, Middlesex County, was issued a permit to cultivate on August 7, 2013, and issued a final permit on November 20, 2013. GSD began dispensing medicinal marijuana to patients on November 22, 2013. Since its initial permitting, 4,785 patients have been served, 32,962 transactions completed, and 1,149.9 pounds of product dispensed. From January 1, 2015 through December 31, 2015, 2,620 patients were served, 19,942 transactions completed, and 634.9 pounds of product dispensed. GSD dispensed

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product on 326 days in 2015. The Department maintains 24/7 video surveillance of the ATC operation and access to its internal inventory management system.

Breakwater ATC (Breakwater) in Cranbury, Middlesex County, was issued a temporary permit to cultivate on November 20, 2014 and issued a final permit on October 14, 2015. Breakwater began dispensing medicinal marijuana to patients on October 15, 2015. From October 15, 2015 through December 31, 2015, 413 patients were served, 783 transactions completed, and 45 pounds of product dispensed. Breakwater dispensed product on 67 days in 2015. The Department maintains 24/7 video surveillance of the ATC operation and access to its internal inventory management system.

Compassionate Science ATC (CS) in Bellmawr, Camden County was issued a temporary permit to cultivate on June 29, 2015 and issued a final permit on September 21, 2015. CS began dispensing medicinal marijuana to patients on September 30, 2015. From September 30, 2015 through December 31, 2015, 778 patients were served, 1,279 transactions completed, and 105 pounds of product dispensed. CS dispensed product on 93 days in 2015. The Department maintains 24/7 video surveillance of the ATC operation and access to its internal inventory management system.

Foundation Harmony (Harmony) has secured a host community in Secaucus, Hudson County. The examination of Harmony principals, corporate structure, and funding source was initiated on December 2, 2014, and is ongoing. The Department is working with Harmony to achieve regulatory compliance during the examination process.

Medicinal Marijuana Cultivation

As a result of amendments to P.L.2009, c.307, ATCs are not limited in the number of strains of medicinal marijuana cultivated. The chart below outlines the number of medicinal marijuana strains cultivated by permitted ATCs since the inception of the program. The laboratory results of strains available are contained in the MMP Strain Library which is available to physicians and patients.

| | GCC | CCF | GSD | BW | CS | Total |
|-------------------------|-----|-----|-----|----|----|-------|
| Total Strains Initiated | 13 | 26 | 31 | 8 | 26 | 104 |
| Strains Discontinued | 4 | 10 | 4 | 3 | 0 | 21 |
| Strains in Cultivation | 9 | 16 | 27 | 5 | 26 | 83 |
| Strains Tested | 13 | 15 | 25 | 5 | 15 | 73 |
| *CBD Strains Available | 2 | 2 | 3 | 1 | 2 | 10 |
| Total Strains Available | 10 | 14 | 24 | 5 | 15 | 68 |

*CBD strains are, at a minimum, a 1 to 1 ratio of CBD to THC

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ATC Examinations

The Department executed a Memorandum of Agreement with the Department of Law and Public Safety (LPS) on January 12, 2012. LPS agreed to assist DOH with obtaining credible and relevant criminal, financial, and other information; as well as provide legal expertise in the examination of the ATCs' principals and business structure to assist the Department in making informed decisions regarding ATC permitting.

Greenleaf Compassion Center (GCC) – Examination of GCC principals and business structure was initiated on December 15, 2011. Examination was completed on April 16, 2012. GCC was issued an ATC permit upon review and approval of the examination and attaining full regulatory compliance.

Compassionate Care Foundation (CCF) – Examination of CCF principals was initiated on February 13, 2012. Examination was completed on March 18, 2013. CCF was issued an ATC permit upon review and approval of the examination and attaining full regulatory compliance.

Garden State Dispensary (GSD) – Examination of GSD principals was initiated on September 4, 2012. Examination was completed on April 24, 2013. GSD was issued an ATC permit upon review and approval of the examination and attaining full regulatory compliance.

Breakwater ATC (Breakwater) – Examination of Breakwater principals was initiated on August 24, 2012. Examination was completed on December 13, 2013. Breakwater was issued an ATC permit upon review and approval of the examination and attaining full regulatory compliance.

Compassionate Science ATC (CSATC) – The examination of CSATC principals, corporate structure, and funding source was initiated on February 12, 2013. Examination was completed on June 3, 2015. CSATC was issued an ATC permit upon review and approval of the examination and attaining full regulatory compliance.

Foundation Harmony (Harmony) –The examination of Harmony principals, corporate structure, and funding source was initiated on December 2, 2014 and is ongoing.

Examination timeframes are impacted by a number of factors including the complexity of the ATC business structure, their contractual agreements and their responsiveness to requests for information.

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Patients/Caregiver Registry

The MMP developed an electronic patient and caregiver registration and payment process (the registry). The registry is an encrypted, public web application that provides end-to-end security of personal, medical and financial information of the applicant. This registry opened on August 9, 2012. Since the registry opened, 6,960 qualifying patients and 631 caregivers have been registered with the program. From January 1, 2015 through December 31, 2015, 2,557 qualifying patients and 79 caregivers registered with the program. The MMP has issued identification cards to 6,527 qualifying applicants completing the registration process. Additionally, all authorized debilitating illnesses are represented in the present patient population.

On August 18, 2014, the MMP initiated the patient and caregiver registration renewal process. From January 1, 2015 through December 31, 2015, 530 qualifying patients and 28 caregivers completed the renewal process. A prorated registration fee is provided to patients who paid an initial registration fee but did not receive medicinal marijuana for a period of time after receiving their initial MMP ID card. The prorated fee is applied at the time of registration renewal and deducts for the time period a patient did not receive medicinal marijuana from an Alternative Treatment Center.

The patient and caregiver registration fee is \$200.00 for two years. Patients and caregivers that receive New Jersey Medicaid, Supplemental Nutrition Assistance Program (SNAP) benefits, New Jersey Temporary Disability Insurance benefits, Supplemental Security Income (SSI) benefits or Social Security Disability (SSD) benefits, receive a reduced registration fee of \$20.00. Approximately 48 percent of registered patients and caregivers receive the reduced application fee of \$20.00.

Physician Registry

Since the inception of the program, 452 physicians have registered with the program; of those physicians registered, 362 are active, 83 requested to be inactivated, and 7 were disapproved. From January 1, 2015 through December 31, 2015, 37 new physicians registered with the program. Of active physicians, 74 percent are currently authorizing patients for the program. All registered physicians are listed on the MMP website. Patients may ask their primary physician to register with the MMP or they may locate a participating physician on the website by county and/or medical specialty.

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Participating physicians must hold an active New Jersey medical license in good standing issued by the NJ Board of Medical Examiners, possess an active controlled dangerous substances registration issued by the NJ Division of Consumer Affairs that is not subject to limitation, and practice within the State of New Jersey.

Outreach & Communication

The MMP developed a Customer Service Unit (CSU) for physicians, patients, caregivers, ATCs and the public. The CSU has responded to 32,493 public inquiries via telephone and e-mail. The CSU has also assisted patients and caregivers through the registration process.

The MMP communicates with ATCs in the examination process to facilitate the review of submissions. Additionally, the MMP communicates daily with operational ATCs to monitor activity, obtain status reports, and resolve any programmatic issues to ensure compliance with the Act and applicable regulations.

Education

The MMP has partnered with the New Jersey Board of Medical Examiners, the Medical Society of New Jersey, and the Drug Policy Alliance to provide an electronic library of scholarly articles and research materials, which are available on the MMP website.

The MMP has developed a Medicinal Marijuana Strain Library available to registered physicians and patients through the MMP registry. The library contains laboratory testing results of available strains of medicinal marijuana cultivated by the ATCs. As of December 31, 2015, there were 68 distinct strains available and posted on the library site. The library is designed to assist physicians and patients in making informed decisions regarding medicinal marijuana use.

Marijuana Testing

The MMP worked with several State agencies to develop marijuana sampling and testing protocols that ensure compliance with labeling standards and the quality of the product. Furthermore, the Department's Public Health Environmental Laboratory (PHEL) established additional, scientific protocols for product sampling and testing.

The PHEL worked with the Department of Agriculture to develop protocols related to testing for molds and pesticides. The MMP sampling and testing process

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was developed after researching marijuana testing protocols in the United States, Canada, and Europe. Product testing is necessary to establish cannabinoid profiles and screen the product for mold and other contaminants that can be dangerous for patients with compromised immune systems. The PHEL has developed a testing protocol for the detection of pesticides. Additionally, ATCs have provided the MMP with certification that no chemical pesticides are used in the cultivation of medicinal marijuana.

As of December 31, 2015, the MMP has conducted laboratory testing on 72 distinct strains (68 available, 4 discontinued) of medicinal marijuana cultivated by operating ATCs.

Medical Review Panel

The Department received recommendations for volunteers who may be interested in serving on the medical review panel. The Department conducted outreach to prospective panel members. The table below lists the confirmed members, their specialty area, and requirements as per the rules.

| Panel Member | Specialty | Rule Requirement |
|-----------------------------|--|--|
| Stewart A. Berkowitz, MD | President, New Jersey State Board of Medical Examiners | President, New Jersey State Board of Medical Examiners |
| Alex Bekker, MD, PhD | Anesthesiology | Pain& symptom management expertise/Physician |
| Petros Levounis, MD, MA | Psychiatry Addiction Medicine | Pain& symptom management expertise/Physician |
| Cheryl Kennedy, MD | Psychiatrist Addiction Medicine | Pain& symptom management expertise/Physician |
| Jessica Ann Scerbo, MD | Pediatric, Hematology & Oncology | Physician |
| Mary L. Johansen, PhD | Nursing | Non-physician |
| Mary M. Bridgeman, Pharm D. | Pharmacist | Non-physician |
| Stephanie Zarus, Pharm D. | Pain Management | Non-physician |

The process as set forth in the rules will continue to move forward through 2016. The process of allowing for petitions to consider additional illnesses is subject to public notice.

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Regulatory Process

Manufacturing Standards

In March of 2015 the Department provided standards for manufacturing lozenge, topical formulations and edible form products. To date one ATC (Compassionate Sciences) has provided a manufacturing proposal to the Department and has started the development of a manufacturing process room within their facility.

Permitting Process

The Department and New Jersey Department of Law and Public Safety established a permitting process to thoroughly review the financial and personal backgrounds of the principals associated with the ATCs. The permitting process is modeled after protocols and procedures for reviewing the background and finances of casino operators undertaken by the Division of Gaming Enforcement, within LPS. Additionally, the MMP has developed an:

- Online registration process for patients, caregivers and ATC employees. Successful applicants are issued an identification card specific to their role within the program;
- Identification card system with various security features that mitigate counterfeiting and which can be validated by law enforcement through an online search; and
- ATC Monitoring Unit that conducts on-site inspections, monitors the ATCs by video in real time, and remotely accesses the ATC internal inventory management systems.

The DOH has collaborated with several State and private entities to implement the Act, including, but not limited to, LPS, including the Office of the Attorney General, the Boards of Medical Examiners and Pharmacy, and the Division of Gaming Enforcement; the Departments of Agriculture, Environmental Protection, Labor and Workforce Development, and Treasury; the Motor Vehicle Commission; Rutgers University; the University of Mississippi; the Drug Policy Alliance; the Medical Society of New Jersey; and the Coalition for Medical Marijuana New Jersey. Each has lent expertise to program implementation and operation.

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Budget

The FY16 MMP budget consists of an appropriation of \$1,607,000 and a carry forward from FY15 of \$439,730 for a total overall budget of \$2,046,730. Revenue generated from July 1, 2015 to December 31, 2015 from the issuance of patient and caregiver identification cards and ATC permitting is \$243,093. This revenue is used to help offset the operation cost of the program.

Program Statistics

Patient Registry Applications

| | <u>Current</u> | <u>New in 2015</u> |
|---------------------------------|----------------|--------------------|
| Patients Active | 6,126 | 2,557 |
| Patients Inactive | 188 | 115 |
| Patients Deceased | 646 | 561 |
| <u>Patients Disapproved</u> | <u>339</u> | <u>136</u> |
| Total Patient Applications | 7,299 | 3,369 |
| Qualifying Patients Registered* | 6,960 | 3,233 |

Caregiver Registry Applications

| | <u>Current</u> | <u>New in 2015</u> |
|--------------------------------|----------------|--------------------|
| Caregivers Active | 360 | 79 |
| Caregivers Inactive | 271 | 51 |
| <u>Caregivers Disapproved</u> | <u>0</u> | <u>0</u> |
| Total Caregiver Applications | 631 | 130 |
| Primary Caregivers Registered* | 631 | 130 |

Registry Identification Cards Revoked 0

*Approximately 48% of registered patients and caregivers qualified for and received the reduced application fee of \$20.00.

Alternative Treatment Center Examinations

| | |
|-----------|---|
| Initiated | 6 |
| Completed | 5 |
| Ongoing | 1 |

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Alternative Treatment Center Permits

| | |
|---------|---|
| Issued | 5 |
| Full | 5 |
| Limited | 0 |
| Revoked | 0 |

Physician Registry

| | <u>Current</u> | <u>New in 2015</u> |
|---------------------------------|----------------|--------------------|
| Physicians Active* | 362 | 37 |
| Physicians Inactivated | 83 | 41 |
| Physicians Disapproved | 7 | 3 |
| Total Physician Activity | 452 | 81 |

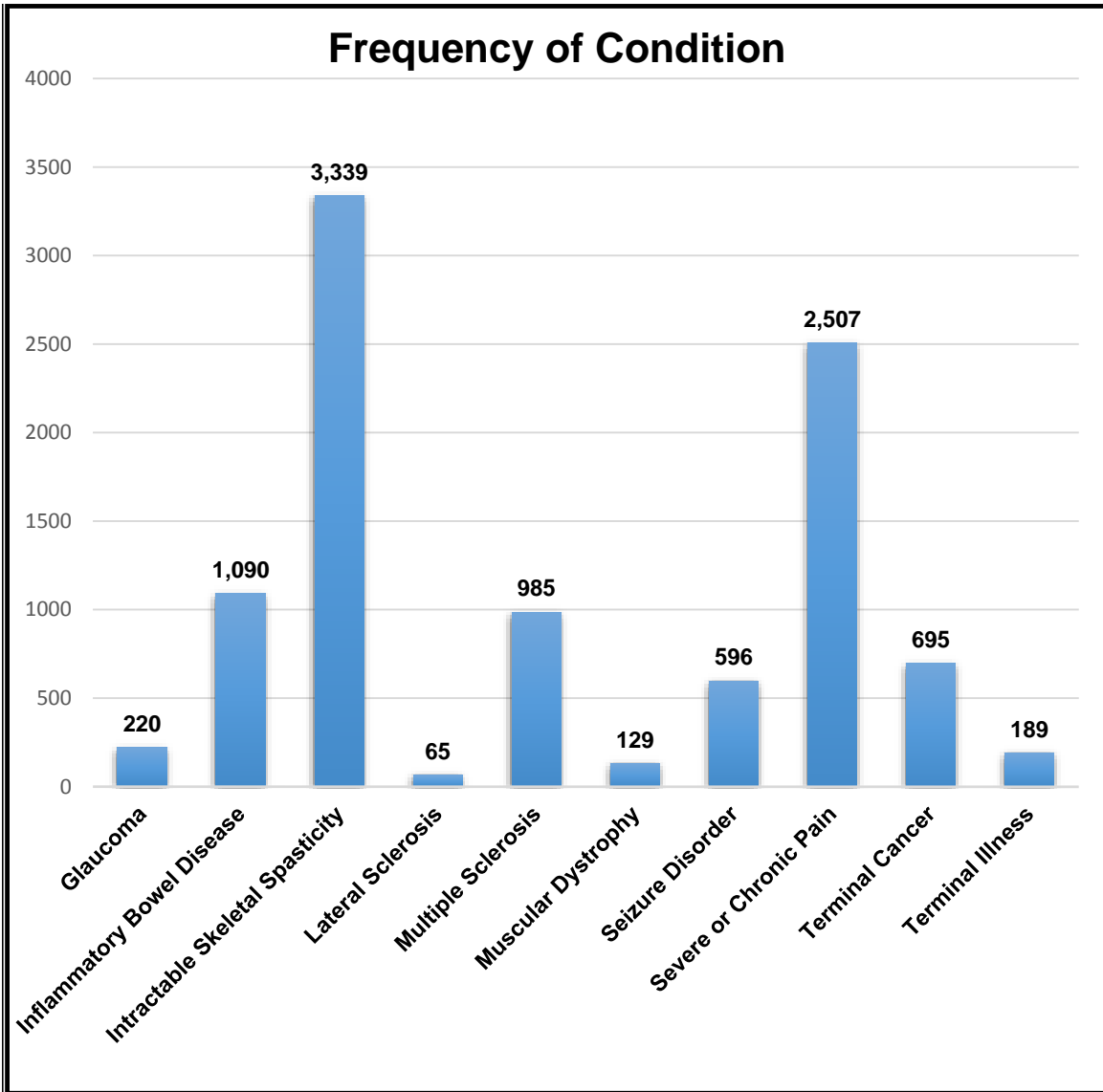
*Of the 362 active registered physicians, 270 or 75% are executing certifications for registered patients.

Nature of the Patients' Qualifying Illness Since Program Inception

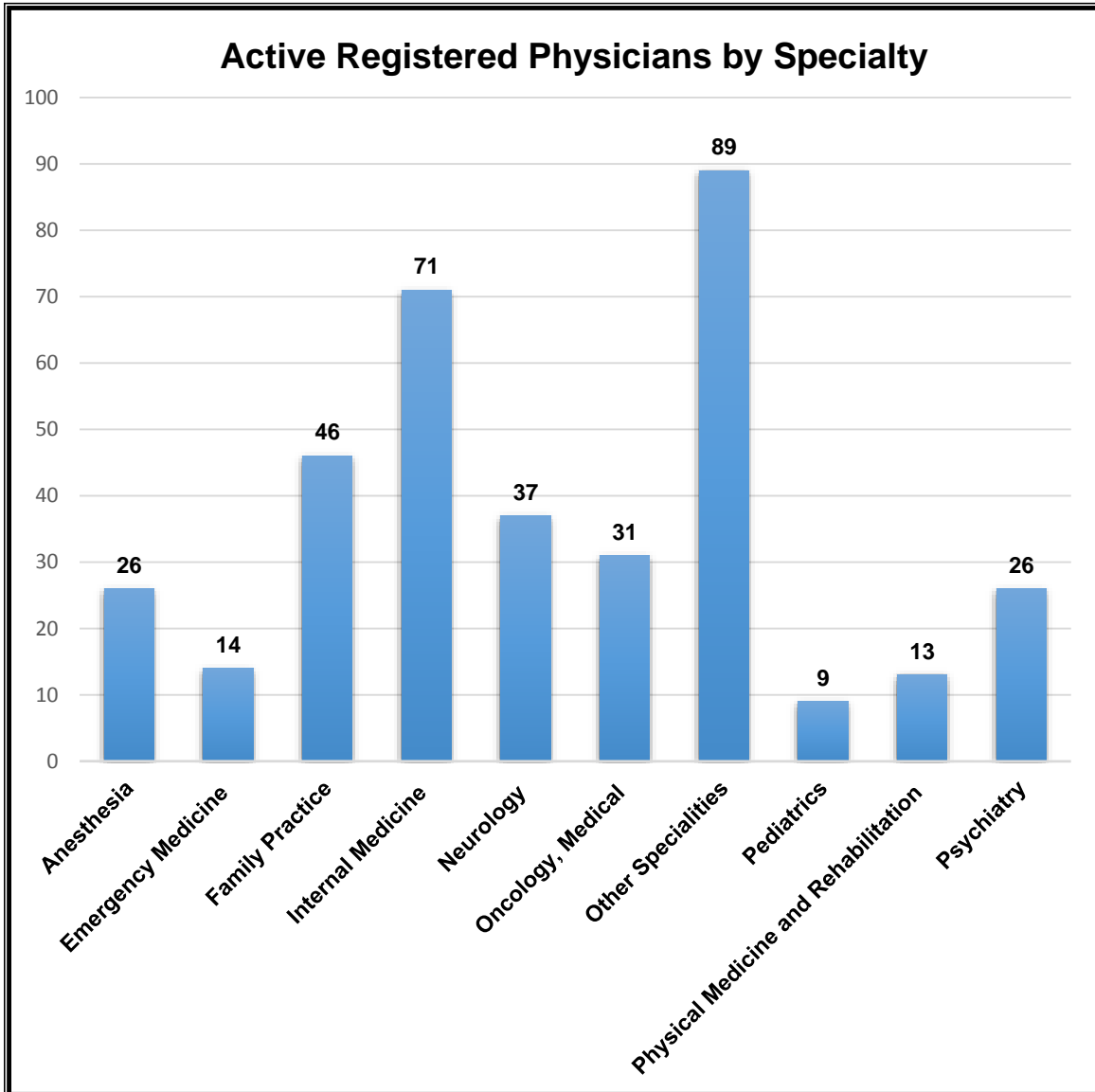
| Debilitating Condition | Count of Patient Conditions | Percentage of Population |
|---------------------------------|------------------------------------|---------------------------------|
| Glaucoma | 220 | 6.07% |
| Inflammatory Bowel Disease | 1,090 | 11.11% |
| Intractable Skeletal Spasticity | 3,339 | 34.02% |
| Lateral Sclerosis | 65 | 0.66% |
| Multiple Sclerosis | 985 | 10.04% |
| Muscular Dystrophy | 129 | 1.31% |
| Seizure Disorder | 596 | 6.07% |
| Severe or Chronic Pain | 2,507 | 25.54% |
| Terminal Cancer | 695 | 7.08% |
| Terminal Illness | 189 | 1.93% |
| Total | *9,815 | 100.00% |

*Condition count is greater than patient total as some patients suffer from multiple qualifying illnesses.

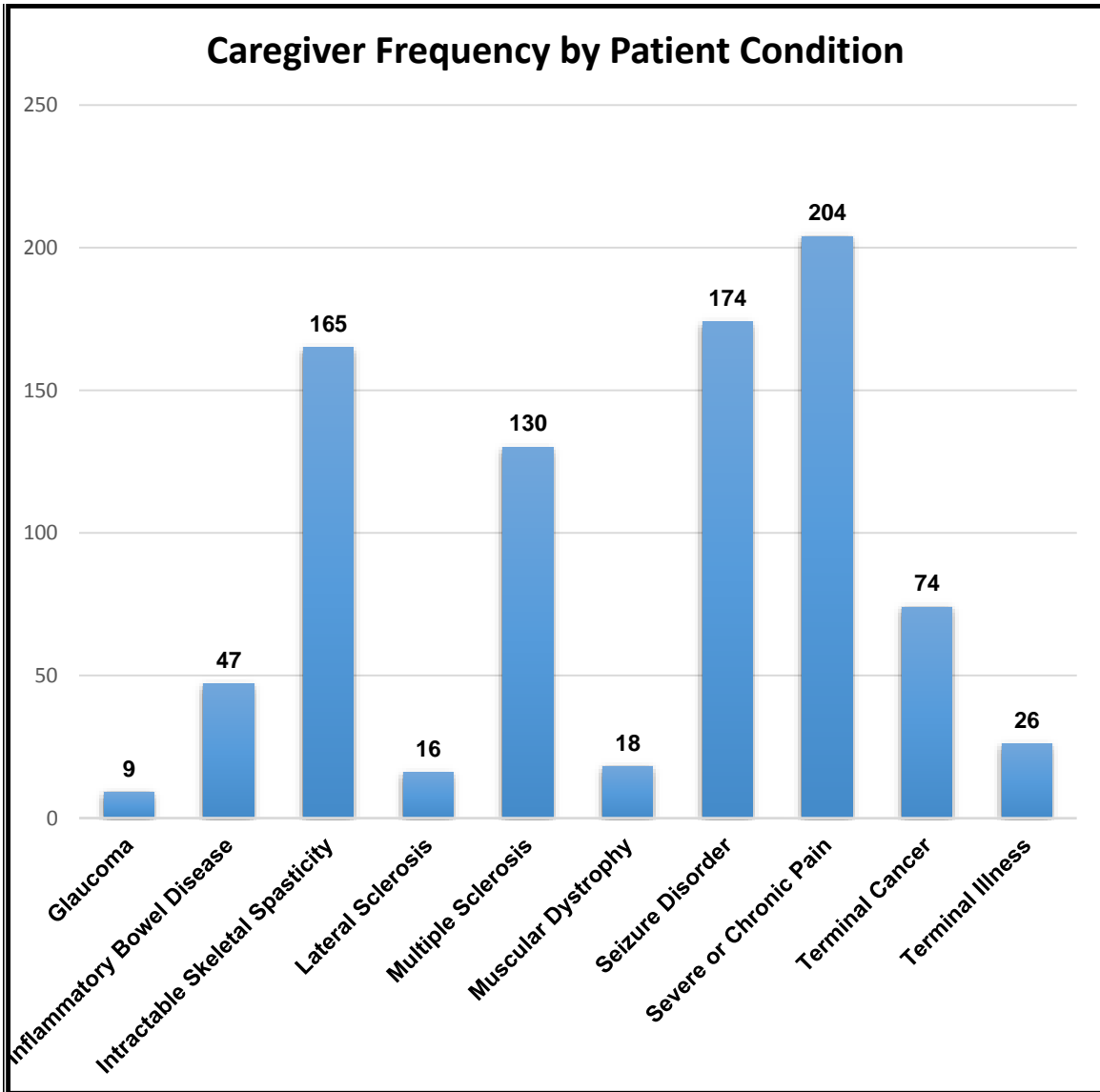
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2015 Biennial Report

This document shall serve as the biennial report to the Governor and Legislature on the New Jersey Department of Health Medicinal Marijuana Program. This report addresses the statutory reporting requirements found at N.J.S.A. 24:6I-12(c). Unless otherwise specified, data within this report covers the time period of January 1, 2014 through February 15, 2016. The purpose of this report is to document the evaluations conducted in the following areas:

- whether there are sufficient numbers of alternative treatment centers to meet the needs of registered qualifying patients throughout the State;
- whether the maximum amount of medicinal marijuana allowed pursuant to law is sufficient to meet the medical needs of qualifying patients; and
- whether any alternative treatment center has charged excessive prices for marijuana that the center dispensed.

Summary

On January 18, 2010, Governor Jon Corzine signed the New Jersey Compassionate Use Medical Marijuana Act (Act), N.J.S.A. 24:6I-1 et seq., into law. The Act placed the responsibility of implementation with the New Jersey Department of Health (Department). Since the passage of the Act, the Department has built a Medicinal Marijuana Program (MMP) with the following goals:

- to implement a program that allows patients with qualifying debilitating medical conditions to obtain medicinal marijuana in a timely, safe and responsible manner;
- to ensure the integrity of the program by conducting appropriate background examinations of those entities and individuals involved with the program, specifically Alternate Treatment Centers;
- to protect the public from the risks associated with the cultivation and distribution of medicinal marijuana, including safety risks posed by product diversion; and
- to create and administer a medicinal marijuana program with the highest standards, that will serve as a model for other states that have enacted legislation to legalize marijuana for medicinal purposes.

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Evaluation 1

Purpose

Evaluate whether there are sufficient numbers of Alternative Treatment Centers (ATCs) to meet the needs of registered qualifying patients throughout the State.

Background Information

Alternative Treatment Centers Examination

A background examination process for qualifying Alternative Treatment Centers was developed by the Department in cooperation with the Department of Law and Public Safety (LPS). The purpose of the examination is to ensure the long-term integrity of the MMP by thoroughly reviewing all aspects of the ATC's business, financial, and personnel structures. The background examination materials were disseminated to the six selected ATCs on November 18, 2011. ATCs were instructed to complete the background examination materials and submit them to the Department for processing.

Timeline

- December 15, 2011 - Preliminary examination materials received from Greenleaf Compassion Center (GCC). The GCC examination was completed on April 16, 2012.
- February 13, 2012 - Preliminary examination materials received from Compassionate Care Foundation (CCF). The CCF examination was completed on March 18, 2013.
- August 24, 2012 - Preliminary examination materials received from Breakwater ATC (BW). Breakwater examination was completed on December 13, 2013.
- September 4, 2012 - Preliminary examination materials received from Compassionate Care Center of America, conducting business as Garden State Dispensary (GSD). GSD examination was completed on April 24, 2013.
- February 21, 2013 – Preliminary examination materials received from Compassionate Science ATC (CS). CS examination was completed on June 3, 2015.
- August 30, 2013 - Preliminary examination materials received from Foundation Harmony (FH). FH examination is ongoing.

All ATCs have and continue to augment their initial submissions with additional information as necessary.

Five of the six selected ATCs have completed the background examination process. The average timeframe of examinations is 14 months. The process is

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comprehensive. Timeframes are impacted by a number of factors including the complexity of the ATC business structure, their contractual agreements, and their timeliness and responsiveness to Department requests.

Five of the six selected ATCs have been permitted by the Department and are operational. GCC is located in the north, GSD and Breakwater in the central, CCF and CS in the south region of the State. All five ATC locations are easily accessible by major roadways.

Patient Access

Patient and caregiver registration was initiated on August 9, 2012. As of February 15, 2016, there are 6,466 patients assigned to the 5 operational ATCs.

GCC started dispensing to patients on December 6, 2012. From January 1, 2014 through February 15, 2016, GCC has been open for business 390 days and has dispensed 201.7 pounds of medicinal marijuana product. Currently, GCC is open Monday through Friday, 10:00am to 5:00pm. GCC's current number of assigned patients is 1,253.

CCF became operational on October 28, 2013. From January 1, 2014 through February 15, 2016, CCF has been open for business 574 days and has dispensed 529.6 pounds of medicinal marijuana product. Currently, CCF is open Monday, Tuesday and Friday, 10:00am to 5:00pm, Wednesday, 10:00am to 7:00pm., and Saturday and Sunday, 9:00am to 1:00pm. CCF's current number of assigned patients is 1,144.

GSD became operational on November 22, 2013. From January 1, 2014 through February 15, 2016, GSD has been open for business 768 days and has dispensed 1,155.3 pounds of medicinal marijuana product. Currently, GSD is open Sunday through Saturday, 10:00am to 6:00pm. GSD's current number of assigned patients is 2,616.

CS became operational on September 24, 2015. As of February 15, 2016, CS has been open for business 128 days, dispensing 159.9 pounds of medicinal marijuana product. Currently, CS is open Sunday through Saturday, 11:00am to 7:00pm. CS' current number of assigned patients is 913.

BW became operational on October 15, 2015. As of February 15, 2016, BW has been open for business 97 days and has dispensed 70.3 pounds of medicinal marijuana product. Currently, BW is open Monday through Wednesday, 10:30am to 6:30pm, Thursday and Friday, 10:30am to 8:30pm and Saturday, 12:00pm to 4:00pm. BW's current number of assigned patients is 540.

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To date the registered qualifying patient population of 6,466 is divided among the five operational ATCs as follows:

| ATC | Patient Population (% of Total) |
|-------------------------------|--|
| Greenleaf Compassion Center | 1,253 (19.38%) |
| Compassionate Care Foundation | 1,144 (17.69%) |
| Garden State Dispensary | 2,616 (40.46%) |
| Compassionate Sciences | 913 (14.12%) |
| Breakwater | 540 (8.35%) |
| Total | 6,466 (100%) |

ATC Cultivation

From January 1, 2014 through February 15, 2016 GCC has initiated 4,375 marijuana plants and harvested 2,541 marijuana plants. Their cultivation rate is 58 percent. GCC currently has 659 plants in active cultivation.

From January 1, 2014 through February 15, CCF has initiated 21,565 marijuana plants and harvested 12,056 marijuana plants. Their cultivation rate is 55 percent. CCF currently has 772 plants in active cultivation.

From January 1, 2014 through February 15, GSD has initiated 19,632 marijuana plants and harvested 9,276 marijuana plants. Their cultivation rate is 47 percent. GSD currently has 3,167 plants in active cultivation.

From September 24, 2015 through February 15, 2016, CS has initiated 5,669 marijuana plants and harvested 2,560 marijuana plants. Their cultivation rate is 45 percent. CS currently has 2,834 plants in active cultivation.

From October 15, 2015 through February 15, 2016 BW has initiated 2,090 marijuana plants and harvested 974 marijuana plants. Their cultivation rate is 46 percent. BW currently has 498 plants in active cultivation.

ATC Harvest Yield

GCC has harvested 2,541 marijuana plants and dispensed 2,973 ounces to patients. GCC produced 1.17 ounces per plant harvested and dispensed 1.17 ounces per plant.

CCF has harvested 12,056 marijuana plants and dispensed 7,855 ounces to patients. CCF produced .75 ounces per plant harvested and dispensed .65 ounces per plant.

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GSD has harvested 9,276 marijuana plants and dispensed 19,432.76 ounces to patients. GSD produces 2.09 ounces per plant harvested and dispensed 2.09 ounces per plant.

CS has harvested 2,560 marijuana plants and dispensed 2559.2 ounces to patients. CS produces 2.27 ounces per plant harvested and dispensed .99 ounces per plant.

BW has harvested 974 marijuana plants and dispensed 1125.92 ounces to patients. BW produces 2.28 ounces per plant harvested and dispensed 1.15 ounces per plant.

| ATC | Initiated | Harvested | Cultivation Rate | Yield per plant | Yield Dispensed | Product Dispensed |
|-----|-----------|-----------|------------------|-----------------|-----------------|-------------------|
| GCC | 4,375 | 2,541 | 58% | 1.17 ounces | 1.17 ounces | 2,973 ounces |
| CCF | 21,565 | 12,056 | 55% | .75 ounces | .65 ounces | 7,855 ounces |
| GSD | 19,632 | 9,276 | 47% | 2.09 ounces | 2.09 ounces | 19,432.76 ounces |
| CS | 5,669 | 2,560 | 45% | 2.27 ounces | .99 ounces | 2559.2 ounces |
| BW | 2,090 | 974 | 46% | 2.28 ounces | 1.15 ounces | 1125.92 ounces |

MMP Customer Service Outreach

Since the MMP's inception, the MMP Customer Service Unit (CSU) has provided electronic and telephonic guidance to the MMP patient and caregiver population. The CSU maintains a web-site at <http://nj.gov/health/medicalmarijuana/>. The web-site routinely provides updates and information for patients, physicians and caregivers. The web-site also maintains a section on frequently asked questions. As each subsequent ATC is permitted to operate, the CSU initiates email and personal contact with the patient base to provide updates on MMP's status, including but not limited to new ATC availability.

Evaluation Study & Design

MMP compiled internal (MMP Registry) and external (ATC Internal Inventory Management System) statistics from patient registry; ATC permitting dates; and ATC cultivation, harvest, and dispensing logs to conduct an evaluation of the five permitted ATCs' ability to serve the patient population at specific time periods during the program. Consideration is given to individual ATC's cultivation and harvest success as obtained from the ATC internal inventory management systems.

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Results

Three significant factors in measuring an ATC's ability to meet patient needs have emerged in this evaluation. The first is the cultivation success rate of plants initiated to plants surviving to harvest. The second is the yield rate per ounce of useable product per harvested plant. The third factor is continuity in cultivation schedules. A high rate of success in these three areas equates to a greater number of patients being served.

Greenleaf Compassion Center - Montclair

GCC has a success rate of 58 percent in cultivation, a yield per plant of 1.17 oz. and presently has 59 plants in cultivation.

From January 1, 2014 through February 15, 2016 the GCC has been operating 390 days. GCC has 19.38 percent (1253) of the total registered patient population and has served 100 percent of that population and is meeting its patients' needs.

Compassionate Care Center - Egg Harbor

CCF has a success rate of 55 percent in cultivation, a yield per plant of .75 oz. and presently has 772 plants in cultivation.

From January 1, 2014 through February 15, 2016 CCF has been operating 574 days. CCF has 17.69 percent (1,144) of the total registered patient population and has served 100 percent of that population.

Garden State Dispensary - Woodbridge

GSD has had success rate of 47 percent in cultivation, a yield per plant of 2.09 oz. and presently has 3,167 plants in cultivation.

From January 1, 2014 through February 15, 2016 GSD has been operating 768 days. GSD has 40.46 percent (2,616) of the total registered patient population and has served 100 percent of that population.

Compassionate Sciences - Bellmawr

CS has had success rate of 45 percent in cultivation, a yield per plant of 2.27 oz. and presently has 2,834 plants in cultivation.

With the opening of CS on September 30, 2015, there were four ATCs operational in the state. CS has acquired 14.12 percent (913) of the total registered patient population and has served 100 percent of that population. CS began operations with an initial inventory of 1,792 ounces of product.

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Breakwater - Cranbury

BW has had a success rate of 46 percent in cultivation, a yield per plant of 2.28 oz. and presently has 498 plants in cultivation.

With the opening of BW on October 15, 2015, there were five ATCs operational in the state. BW has acquired 8.35 percent (540) of the total registered patient population and has served 100 percent of that population. BW began operations with an initial inventory of 1,296 ounces of product.

Conclusions & Recommendations:

The MMP Customer Service Unit contacts, via email and telephone, each patient registered with the program to advise them of the opening of additional ATCs. As of February 15, 2015, GSD supplies 40.46 percent of the total patients registered with MMP, GCC supplies 19.38 percent, CCF supplies 17.69 percent, CS supplies 14.12 percent and BW supplies 8.35 percent. The success of the five ATC's in the areas of cultivation, yield per plant, and continuity in cultivation adequately serve their respective patient bases - with the ability to serve new patients beyond their current assigned patients. Each geographic region of the State is represented by an operational ATC and all ATC locations are easily accessible by major roadways.

As of February 15, 2016, 6,466 patients are active with MMP since the registry opened on August 9, 2012. The average registry growth has been 247 patients per month. The anticipated growth by July 1, 2016 is 1,112 patients, bringing the patient total to 7,578. The current combined capacity of the operating ATC's exceeds the current patient base.

The program concludes that the present number of ATCs is capable of meeting the current registered qualifying patient needs. MMP does not at this time recommend additional ATCs beyond the six identified in the initial selection process.

Evaluation 2

Purpose

Evaluate whether the maximum amount of medicinal marijuana allowed pursuant to the Act is sufficient to meet the medical needs of registered qualifying patients.

Background Information

The patient registry opened on August, 2012. On that date, physicians were able to initiate patient certifications for the use of medicinal marijuana. By statute,

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a physician is permitted to certify no more than two ounces of medicinal marijuana in a 30-day time-period and may certify up to 90 days before patient reevaluation. Medicinal marijuana is certified and dispensed in increments of one-eighth and one-quarter of an ounce. If a physician does not enumerate a specific 30-day amount, the program defaults the patient to the two-ounce maximum.

Evaluation Study & Design

The MMP derived statistical information from the program registry to compile trends in physician-certification amounts and patient-purchase amounts.

Results

As of February 15, 2016, 363 of active physicians registered with MMP have been certifying medicinal marijuana use. Those physicians have provided certifications to 6,466 patients. A review of the certifications revealed that 61 percent certified more than one ounce and 39 percent certified one ounce or less.

A review of patient purchases from the five permitted ATCs for the calendar month of December 2015 revealed that of 2,483 total transactions, 8 percent were for more than an ounce and 92 percent were for one ounce or less.

Conclusions & Recommendations

The MMP is a physician-driven medical model. Physicians are responsible for establishing bona fide relationships with their patients, conducting a comprehensive evaluation of the patient and, if in their determination the patient is eligible for the program, certifying the use of medicinal marijuana and the amount to be obtained in a given certification period. Purchasing trends reveal that the vast majority of patients purchase one ounce or less, regardless of the physician's certified amount. As medicinal marijuana is not covered by insurance, patient purchasing is on a need-only basis and utilization is largely conducted by the patient's self-monitoring of medicating need. The program concludes that based on this evidence the patients' medical needs are being met by the two-ounce limit.

**The Department of Health
Medicinal Marijuana Program**

Evaluation 3

Purpose

Determine whether any ATC has charged excessive prices for marijuana that the center dispensed.

Background Information

A background examination process for qualifying ATCs was developed by the Department in cooperation with the New Jersey Department of Law and Public Safety. The purpose of the examination is to ensure the long-term integrity of MMP by thoroughly reviewing all aspects of the ATC's business, financial and personnel structures. The first six ATCs' are required to be nonprofit organizations. By definition, a nonprofit organization uses its surplus revenues to achieve its goals rather than distributing that revenue as profit or dividends. Nonprofit organizations are permitted to generate surplus revenue but they must be retained by the organization for its self-preservation, expansion, or plans in furtherance of the nonprofit's stated mission.

One of the more challenging aspects of the ATC examinations has been the review of the ATC business plans and service agreements with contractors. Several ATC examinations resulted in multiple reiterations of funding contract and service agreements before the Department was satisfied with the ATC's adherence to nonprofit standards.

The Act requires the first two ATCs issued permits in each region of the State to be nonprofit entities. However, federal law does not allow ATCs to register as a nonprofit organization due to the nature of their business in cultivating and distributing marijuana, which is not allowed under federal law.

The Department's vision of the ATCs as nonprofit organizations is that they are formed to benefit the participants of the medicinal marijuana program in a tangible way. One such way is providing product at a reasonable price.

The price of one ounce of medicinal marijuana dispensed by New Jersey ATCs ranges from \$425.00 to \$520.00 with an average price of \$489.00. The MMP researched programs similar to New Jersey's about medicinal marijuana prices with the results listed below. The cost of living index was obtained from the United States Census Bureau 2015 statistical abstract. Adjusting for cost of living, New Jersey's average price per ounce is not excessive.

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| State | Average price per ounce | Cost of living index |
|----------------|-------------------------------|-------------------------|
| New Jersey | \$489 | 125.6 |
| Arizona | \$300 | 98.8 |
| New Mexico | \$284 | 104.2 |
| Vermont | \$358 | 123.8 |
| Maine | \$300 | 114.7 |
| Rhode Island | \$311 | 123.3 |
| Average | \$311 (about 37% less) | 112.4 (10% less) |

According to 2015 data from the Drug Enforcement Agency (DEA), the price of hydroponic black market marijuana in the State of New Jersey is \$400 to \$450 per ounce. The average price of ATC marijuana is \$489, or between 5 and 16 percent above the DEA reported black market price.

Patients are permitted to choose any operational ATC from which to purchase medicinal marijuana. A patient may switch their ATC affiliation at any time without incurring additional costs.

Evaluation Study & Design

MMP obtained information from the following sources: five other state medical marijuana programs with similar regulatory requirements to New Jersey; national cost of living variations, DEA reported prices of black market marijuana in New Jersey; and internal program experience while conducting ATC examinations.

Results

Six of the 23 states that have legalized marijuana for medicinal purposes, permit cultivation and dispensary operations. The five states reported have an average price per ounce of 33% less than New Jersey. The average cost of living in the states with similar regulatory requirements is on average 10% less than New Jersey.

The DEA-reported price of hydroponic black market marijuana in New Jersey is between \$400 and \$450 dollars per ounce.

ATC marijuana is cultivated, packaged and dispensed in secure, sanitary environments. ATCs are not permitted to utilize pesticides and the Department tests for cannabinoid profiles as well as toxic metals and mycotoxins. Patients are provided with a laboratory tested product with known ingredients.

Registration in MMP affords patients protection under the Act in securing medicinal marijuana from an ATC. Registered patients are able to switch ATC at any time and at no cost.

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The United States federal tax code 280E requires ATCs pay a federal corporate tax rate of 34 percent. This equates to \$166.26 for each ounce sold at the average ATC price of \$489.

Conclusions & Recommendations

Based upon cost of living variations, the price of New Jersey medicinal marijuana is comparable with the price in states with similar regulatory models. The price of New Jersey medicinal marijuana is within five and sixteen percent of New Jersey black market marijuana. New Jersey medicinal marijuana is regulated and tested, patients are afforded protection under the Act and are able to change ATC affiliation at any time at no cost. ATCs are required to pay federal corporate tax at a rate of 34 percent.

Given those considerations, as well as the regulatory oversight and patient protections built into the program, the Department determines that no ATCs are charging excessive prices for medicinal marijuana.