Program and Legislative Update

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IOWA Health and Human Services

What We'll Cover

- HF990 Implementation
- Final Rule – Rescheduling Medical Marijuana to Schedule III
- CMS/CMMI Federal Hemp Product Reimbursement Program
- Continuing Appropriations Act, Federal Hemp Changes
- 2026 Annual Report Recommendations

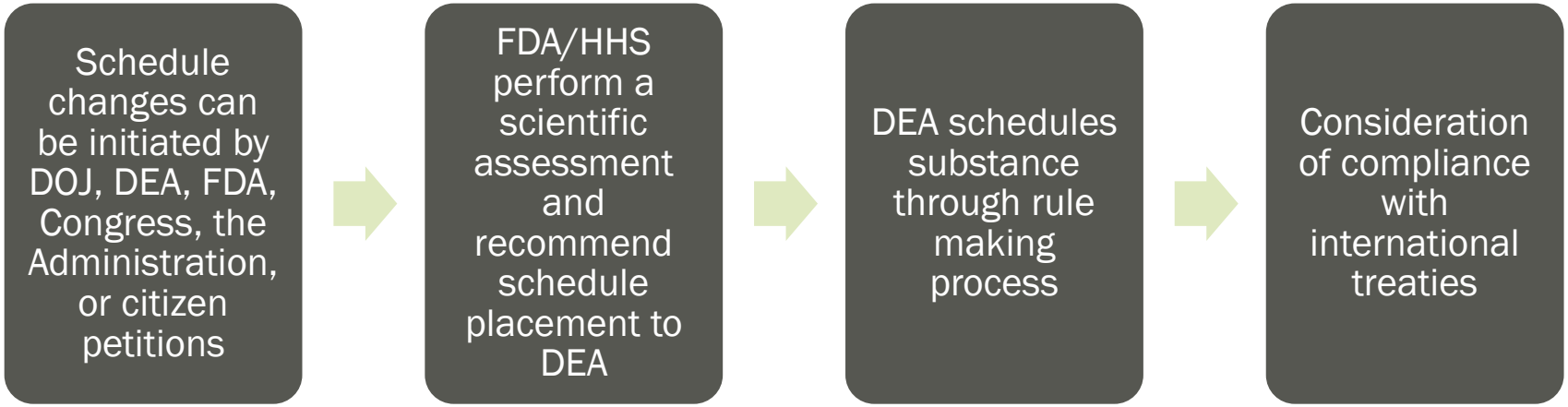
HF990 Implementation

- On June 2, 2026, Governor Reynolds signed HF990 into law. This legislation impacts the issuance of medical cannabidiol registration cards by HHS, including removal of the Iowa residency requirement to become a patient.
- Regardless of where a patient resides, certification must still be completed by a healthcare practitioner (MD/DO, ARNP, PA, Podiatrist) licensed in Iowa.
- Did not allow reciprocity for purchase with other state registration cards, only patients with registration cards issued by Iowa HHS can purchase products at Iowa dispensaries.
- HHS implemented these changes on July 1, and <50 out-of-state patients have been issued registration cards
- HHS may license up to five additional dispensaries. No current timeline for competitive procurement

Federal Rescheduling

A Primer on the Federal Controlled Substances Act

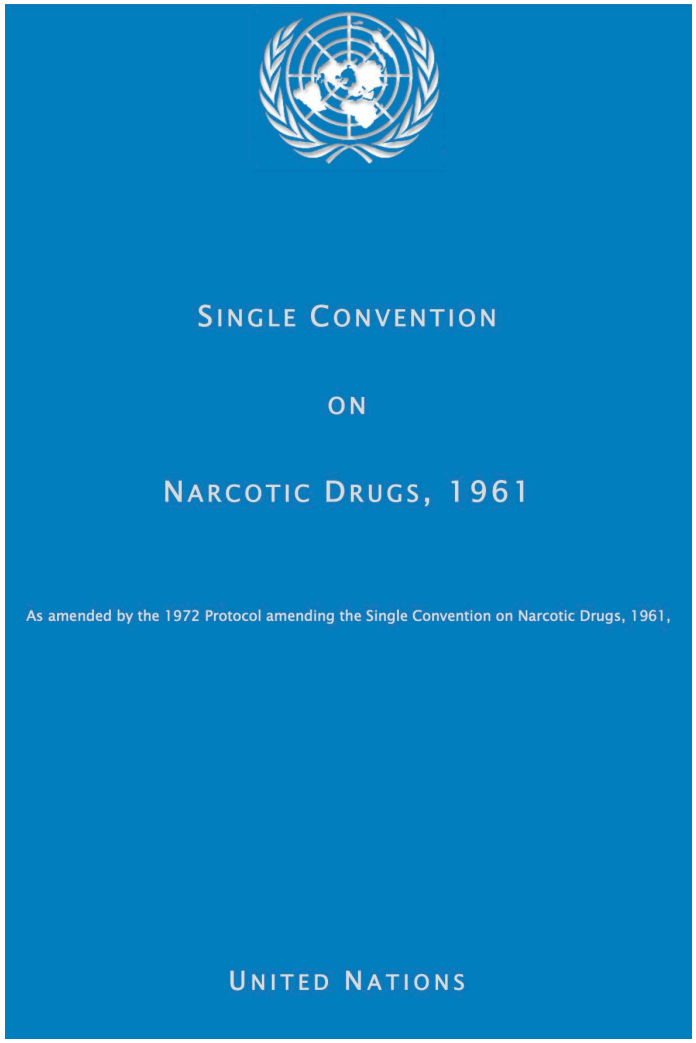
- Federal Act that establishes legal procedures for placing substances on a schedule (I to V) based on the substances medical use, potential for abuse, and safety or dependence liability.
- Three main things have been Schedule I related to cannabis: marijuana, marijuana extract, and tetrahydrocannabinol (THC)
- Procedures dictate how a substance is placed in the schedule:



What do international treaties allow related to marijuana?

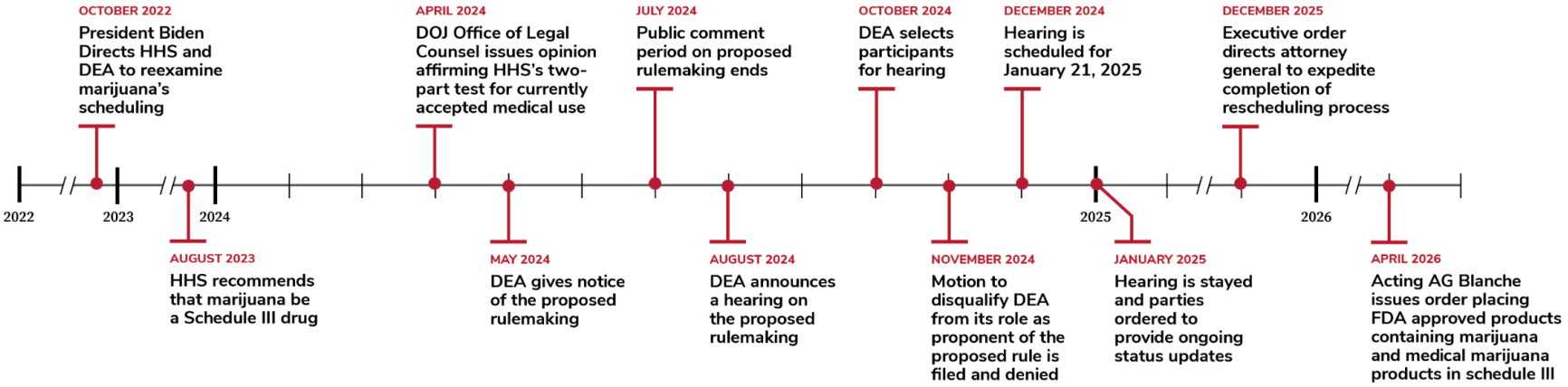
Articles 23, 28, and 31 of the UN Single Convention on Narcotic Drugs:

- Allow marijuana sales exclusively for medical and scientific purposes.
- Recreational use is prohibited.
- Require member nations to create a monopoly over the wholesale trade or use a strict licensing and prescription system.



Timeline of Federal Marijuana Rescheduling (2022-2026)

- **October 6th, 2022: Rescheduling Review Initiated**
  - President Biden asks HHS and Attorney General to Initiate a Review of Marijuana's Schedule
- **December 18th, 2025: Presidential Executive Order**
  - President Trump called on the Attorney General and the DOJ to expeditiously reschedule marijuana to Schedule III, including by using section 811(d) of the Controlled Substances Act.

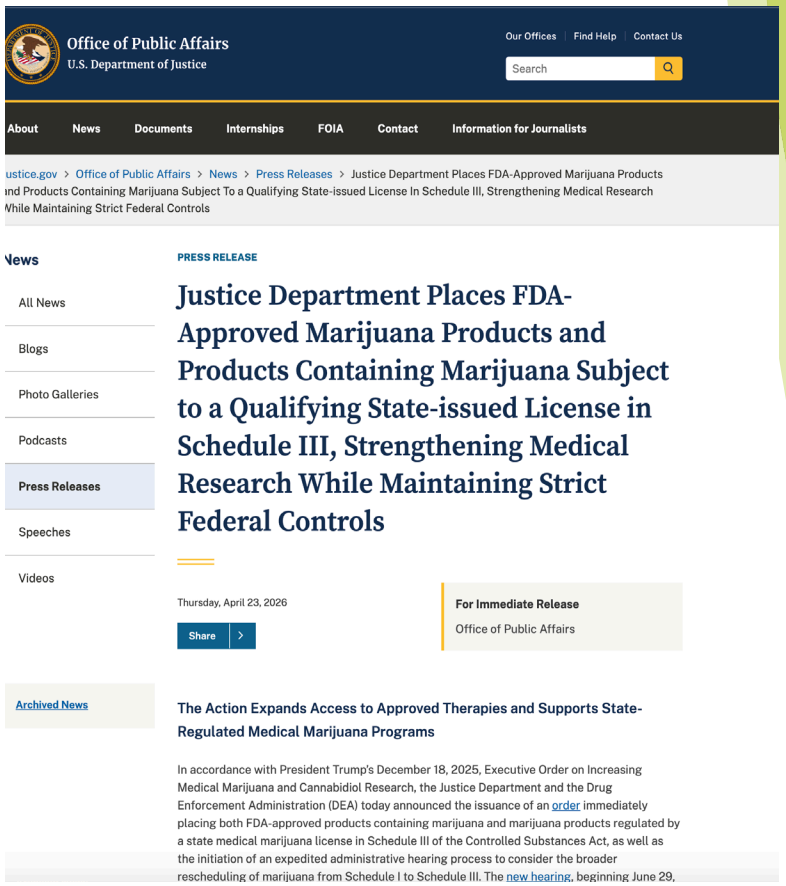


Timeline of Federal Marijuana Rescheduling (2022-2026)

- **April 23, 2026:**
  - DOJ Releases a Final Order to Reschedule FDA-Approved Marijuana Products, and State-Licensed Medical Marijuana to Schedule III.

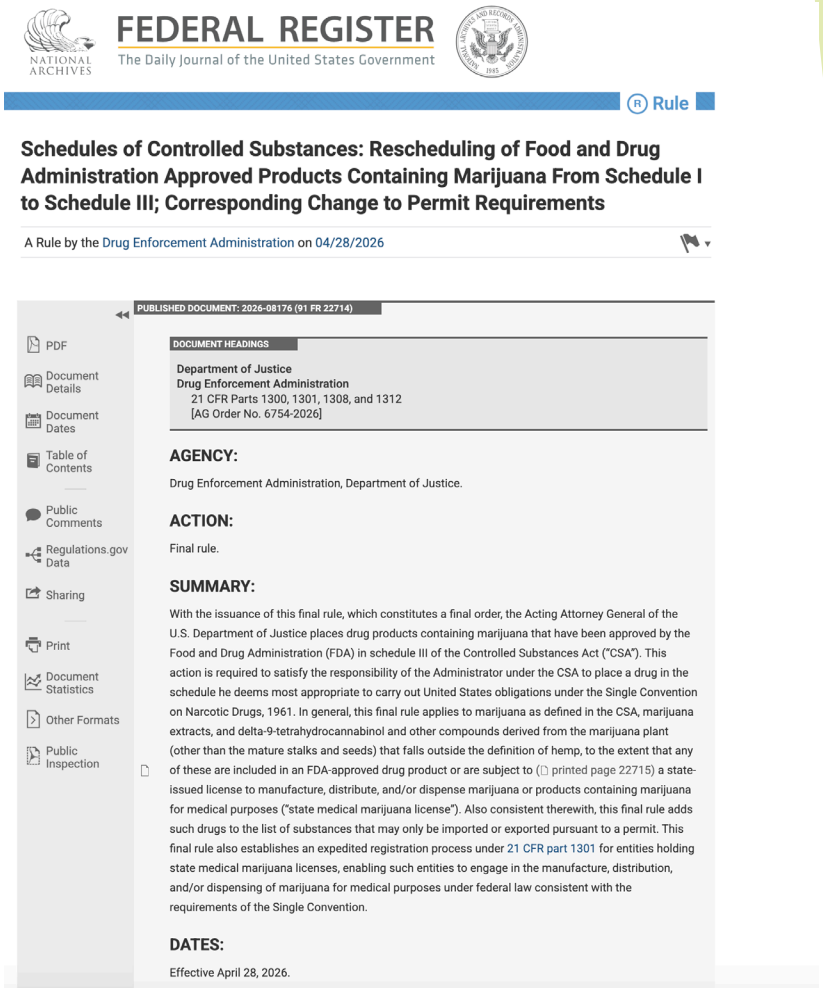
(d) International treaties, conventions, and protocols requiring control; procedures respecting changes in drug schedules of Convention on Psychotropic Substances

(1) If control is required by United States obligations under international treaties, conventions, or protocols in effect on October 27, 1970, the Attorney General shall issue an order controlling such drug under the schedule he deems most appropriate to carry out such obligations, without regard to the findings required by subsection (a) of this section or section 812(b) of this title and without regard to the procedures prescribed by subsections (a) and (b) of this section.



Final Rule Issued April 28, 2026

- Used Section 811(d) of CSA, with focus on compliance with UN Single Convention drug treaties (which allow for medical marijuana).
- Immediately moves medical marijuana – in the form of FDA approved drugs and state-licensed medical marijuana from Schedule I to III.
- Creates federal legality for medical marijuana products from DEA approved licensees.
- Does NOT legalize marijuana federally. Unlicensed and recreational marijuana remain Schedule I. Synthetic marijuana remains Schedule I.
- Does not affect the status of hemp (which is excluded from the definition of marijuana).



FEDERAL REGISTER
The Daily Journal of the United States Government

Rule

Schedules of Controlled Substances: Rescheduling of Food and Drug Administration Approved Products Containing Marijuana From Schedule I to Schedule III; Corresponding Change to Permit Requirements

A Rule by the Drug Enforcement Administration on 04/28/2026

PUBLISHED DOCUMENT: 2026-08176 (91 FR 22714)

PDF
Document Details
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DOCUMENT HEADINGS

Department of Justice
Drug Enforcement Administration
21 CFR Parts 1300, 1301, 1308, and 1312
[AG Order No. 6754-2026]

AGENCY:

Drug Enforcement Administration, Department of Justice.

ACTION:

Final rule.

SUMMARY:

With the issuance of this final rule, which constitutes a final order, the Acting Attorney General of the U.S. Department of Justice places drug products containing marijuana that have been approved by the Food and Drug Administration (FDA) in schedule III of the Controlled Substances Act ("CSA"). This action is required to satisfy the responsibility of the Administrator under the CSA to place a drug in the schedule he deems most appropriate to carry out United States obligations under the Single Convention on Narcotic Drugs, 1961. In general, this final rule applies to marijuana as defined in the CSA, marijuana extracts, and delta-9-tetrahydrocannabinol and other compounds derived from the marijuana plant (other than the mature stalks and seeds) that falls outside the definition of hemp, to the extent that any of these are included in an FDA-approved drug product or are subject to (printed page 22715) a state-issued license to manufacture, distribute, and/or dispense marijuana or products containing marijuana for medical purposes ("state medical marijuana license"). Also consistent therewith, this final rule adds such drugs to the list of substances that may only be imported or exported pursuant to a permit. This final rule also establishes an expedited registration process under 21 CFR part 1301 for entities holding state medical marijuana licenses, enabling such entities to engage in the manufacture, distribution, and/or dispensing of marijuana for medical purposes under federal law consistent with the requirements of the Single Convention.

DATES:

Effective April 28, 2026.

Updated Federal Controlled Substances Act

SUBSTANCE	CSCN	CSA SCH	NARC	OTHER NAMES
Marihuana	7360	I	N	Cannabis; marijuana
Marihuana Extract	7350	I	N	
Marijuana extract, as defined in 21 CFR 1308.11(d)(58), in a U.S. Food and Drug Administration approved product or subject to a state medical marijuana license	7353	III	N	
Marijuana, as defined in 21 U.S.C. 802(16), in a U.S. Food and Drug Administration approved product or subject to a state medical marijuana license	7362	III	N	
Naturally derived delta-9-tetrahydrocannabinols in a U.S. Food and Drug Administration approved product or in marijuana subject to a state medical marijuana license	7386	III	N	(i) Naturally derived delta-9-tetrahydrocannabinols means those delta-9-tetrahydrocannabinols, except as in paragraphs 21 CFR 1308.13(g)(2) and (3), that are naturally contained in a plant of the genus Cannabis (cannabis plant) (ii) Naturally derived delta-9-tetrahydrocannabinols do not include any material, compound, mixture, or preparation that falls within the definition of hemp set forth in 7 U.S.C. 1639o (iii) Naturally derived delta-9-tetrahydrocannabinols do not include any delta-9-tetrahydrocannabinols contained in substances excluded from the definition of marijuana as set forth in 21 U.S.C 802(16)(B)(ii)
Tetrahydrocannabinols	7370	I	N	THC; Delta-8 THC; Delta-9 THC; dronabinol and others

Who is most affected by this Final Order?

- Businesses manufacturing, distributing, and dispensing state-licensed medical marijuana in states.

  → 280E tax burden removed for state licensed medical operators

  → Potentially opens interstate commerce, global commerce, and other federal opportunities (like trademarking, bankruptcy, transportation, etc.)

- Researchers trying to research marijuana.

  → No longer need a Schedule I license (but still need Schedule III license)

  → Still need FDA approval for use of real-world products in human research

  → Guidance still needed

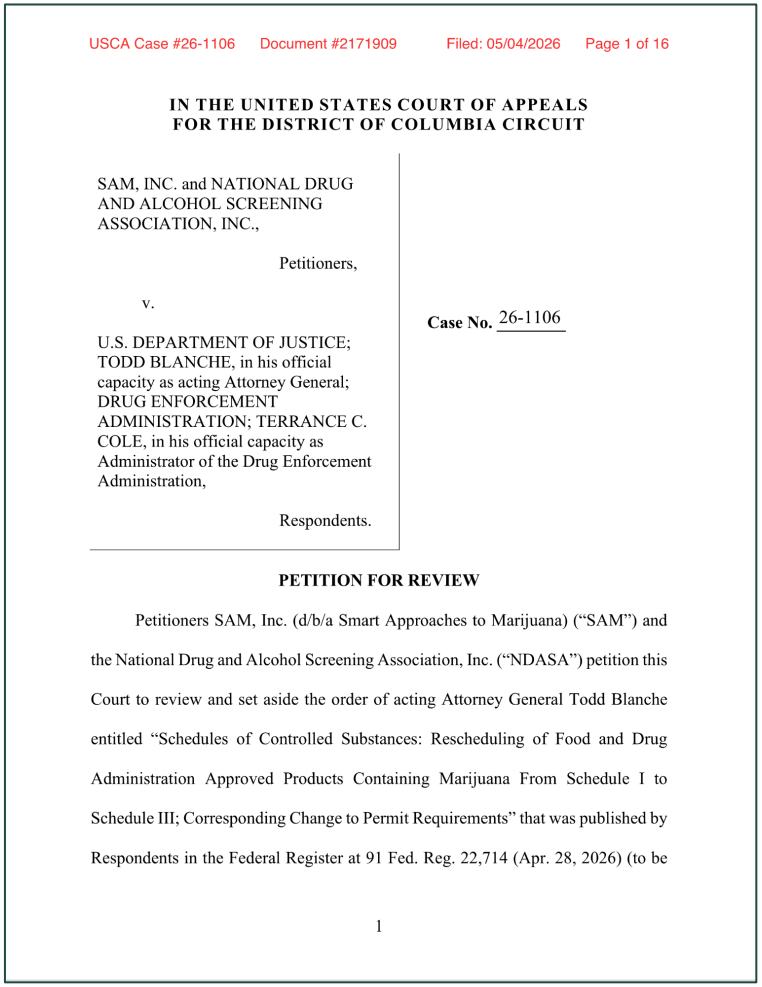
- Unknown, unclear how this may impact or change state programs, patients, the public…

What does the implementation of this look like?

- **DEA will be registering manufacturers, distributors, dispensers, and labs.**
  - Unclear if DEA licensing is required by DEA (but Congressional protections are in place for medical)
  - Applications for registration (Dispensaries, MRFs, Transporters, Labs) are already open through DEA portal. We need more information on whether dual licensees are eligible and what happens in single market states. DEA registration linked to state licensing.
  - DEA will rely on state data where possible to reduce regulatory burden. Pilot inspections for dispensaries have already occurred in some states
- **DEA will create a price purchase-and-resale mechanism to satisfy the UN Single Convention.**
  - This will require the DEA to purchase and resell marijuana crops. We need more information about what this will look like.
- **Interstate commerce and trade may occur.**
  - The Final Rule states that rescheduled products are subject to import and export permit requirements. We need more information about what DEA will allow and what this will look like.

Lawsuits have already been filed

- Takes aim at 811d and violations to the Administrative Procedure Act.
- Does not ask for a Temporary Restraining Order or a Stay Order. It requests that the court review and set aside the entire order (a permanent void or cancellation).
- AGs in multiple other states filed suit as well, and all suits have been consolidated



USCA Case #26-1106 Document #2171909 Filed: 05/04/2026 Page 1 of 16

IN THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

SAM, INC. and NATIONAL DRUG AND ALCOHOL SCREENING ASSOCIATION, INC.,

Petitioners,

v.

U.S. DEPARTMENT OF JUSTICE; TODD BLANCHE, in his official capacity as acting Attorney General; DRUG ENFORCEMENT ADMINISTRATION; TERRANCE C. COLE, in his official capacity as Administrator of the Drug Enforcement Administration,

Respondents.

Case No. 26-1106

PETITION FOR REVIEW

Petitioners SAM, Inc. (d/b/a Smart Approaches to Marijuana) ("SAM") and the National Drug and Alcohol Screening Association, Inc. ("NDASA") petition this Court to review and set aside the order of acting Attorney General Todd Blanche entitled "Schedules of Controlled Substances: Rescheduling of Food and Drug Administration Approved Products Containing Marijuana From Schedule I to Schedule III; Corresponding Change to Permit Requirements" that was published by Respondents in the Federal Register at 91 Fed. Reg. 22,714 (Apr. 28, 2026) (to be

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Traditional rescheduling process continues...

- Federal hearing starting June 29, 2026.
- The hearing was an administrative proceeding before DEA Chief Administrative Law Judge Derek Julius to build the evidentiary record on whether marijuana broadly (including adult-use cannabis) should be moved from Schedule I to Schedule III.
- The DEA itself argued in favor of rescheduling. The agency presented testimony supporting the scientific basis for Schedule III, including evidence from FDA experts regarding accepted medical use.
- Only opponents of rescheduling were granted party status. Advocacy and industry groups excluded because DEA determined they were not "adversely affected or aggrieved."
- The hearing focused on: accepted medical use, abuse potential, public health, treaty obligations, and whether marijuana satisfies the statutory criteria for Schedule III.
- What happens next?
    1. The hearing record will close after any post-hearing filings ordered by the Administrative Law Judge.
    2. The ALJ will issue a recommended decision to the DEA Administrator.
    3. The DEA Administrator will issue the agency's final administrative decision, accepting, modifying, or rejecting the recommendation.

Federal Hemp Updates

CMS/CMMI Federal Hemp Product Reimbursement Program

- The CMS Innovation Center (CMMI) launched the Substance Access Beneficiary Engagement Incentive (BEI) on April 1, 2026
- It is an optional benefit enhancement available only to organizations participating in selected CMMI value-based care models. Participating organizations may furnish eligible hemp-derived products (up to $500 per eligible beneficiary annually) as part of a physician-directed care plan.
- At present, only five ACO REACH organizations have publicly been identified by CMS as having submitted implementation plans for review.
- Why low participation?
  1. No direct reimbursement
     - Organizations purchase the products themselves. Any financial return depends on improved value-based performance rather than product reimbursement.
  2. Implementation requirements
     - CMS requires a detailed implementation plan addressing:eligible products, dosing, patient eligibility, quality controls, monitoring, reporting, and safeguards.
  3. State law variability
     - Organizations must comply with state hemp laws in addition to CMS requirements.
  4. Limited evidence base
     - Many health systems are waiting for real-world outcomes before committing resources.

CMS/CMMI Federal Hemp Product Reimbursement Program

- Products in the program must by < 3 mg THC per *serving*, but Federal changes limits products to 0.4 mg THC per *container*

- For the cannabinoid-focused purpose of the initiative, the November 12, 2026 federal hemp change will largely—though not literally—make the program moot unless Congress changes the law.

- CMS has already acknowledged this conflict. Its Substance Access BEI FAQ says eligible products must remain federally legal and explicitly states that CMS will adjust the program's product definition when Section 781 takes effect.

Federal Hemp Changes in Nov

- On November 12, 2025, the President signed a continuing resolution to re-open the government that includes changes to for consumable hemp. As written, would effectively make the current intoxicating hemp marketplace Federally illegal overnight in November 2026.
- Various legislation has been proposed or introduced, but there are limited legislative days left for action

Bill	Primary Objective	Approach	Status
H.R. 6209 – American Hemp Protection Act of 2025	Eliminate Section 781	Full repeal of the 0.4 mg limit	Introduced Nov. 2025
H.R. 7024 – Hemp Planting Predictability Act	Delay implementation	Extends effective date to Nov. 2028	Introduced Jan. 2026
S. 3686 – Hemp Planting Predictability Act	Senate companion	Two-year implementation delay	Introduced Jan. 2026
Lawful Hemp Protection Act (Barr/Craig)	Replace prohibition with federal regulation	Creates comprehensive regulatory framework for hemp-derived cannabinoid products	Introduced July 22, 2026

2026 Annual Report Recommendations

IOWA Health and Human Services

2025 Recommendations

1. Amending the name of Chapter 124E to “The Medical Cannabis Act”
2. Additional Medical Cannabis Dispensaries
3. Removing sales Tax from Patient Purchases at a Dispensary
4. Iowa Tax Status: Licensee Equality with Traditional Businesses
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

Questions

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