

## Caregiver Exodus: Market Conditions and the Impact on Maine’s Medical Use of Cannabis Program

*The Office of Cannabis Policy surveyed former caregivers to gain a better understanding of why they did not renew their registration in Maine’s Medical Use of Cannabis Program in 2022.<sup>1</sup>*

### Introduction

---

The Maine Medical Use of Cannabis Program (MMCP) saw over 1350 caregivers exit the program from the end of 2021 to the end of January 2023. The impacts of this exodus—a net loss of over 800 caregivers—have been felt by the remaining caregivers and resulted in a number of unsubstantiated claims about *why* this trend has emerged and *why* caregivers are continuing to leave the program. Rather than relying on anecdotal evidence, in early 2023, the Office of Cannabis Policy (OCP) surveyed former caregivers to gain a better understanding of why so many registrants exited the program. The results show that business and market conditions were the central drivers of program exits rather than other narratives, such as state regulations being too arduous and costly for most caregivers to operate.

### Background & Methodology

---

The decrease in the number of medical cannabis caregivers accounts for 27.5% of the program’s participants from 2021 to January 2023. This decrease has been a significant shock to the program, and many inside and outside of the program have speculated as to why these changes have happened. OCP has sought to bring data and analysis to this conversation, while developing a better understanding of the policy realities within the caregiver program.

To understand this issue more rigorously, OCP designed a survey to examine why caregivers have exited the program.<sup>2</sup> The survey was emailed to every caregiver who exited the program between January 1, 2022, and January 31, 2023, and 1339 individuals were successfully reached.<sup>3</sup> Only 14 former caregivers did not have a valid email address on file. Over the course of several weeks,<sup>4</sup> OCP received responses from 117 former caregivers—a response rate of 8.7%. Survey responses were anonymous; however, respondents were given the opportunity at the end of the survey to provide their contact information if they were open to potential, future follow up from OCP.

### Survey Findings

---

As Figure 1 demonstrates, OCP received responses from individuals previously engaged in authorized conduct across the six different categories listed. The vast majority of respondents—71.7%—previously either cultivated cannabis for direct sales or cultivated cannabis for wholesale. This finding makes sense for two reasons. First, most caregivers in the program participate in these two activities. Second, the price of cannabis in the MMCP has dropped precipitously in concert with increases in production. Cultivators

---

<sup>1</sup> The design and implementation of this survey, including all data collection and analysis, was conducted internally by OCP.

<sup>2</sup> OCP defines a program “exit” as an individual who allowed their caregiver registration to expire, failed to renew, withdrew, or voluntarily withdrew.

<sup>3</sup> This figure is larger than the net loss of 770 mentioned above because new caregivers enter the program each year, while others exit, making what is a larger number of exiting program participants.

<sup>4</sup> Responses were collected from February 17, 2023, to March 17, 2023.

are most likely to feel those market effects more than participants in other jobs, and thus participants from those groups are more likely to exist in the MMCP.

**Figure 1:** Respondents’ Authorized Activity

Category	Total	Total (%)
Cultivated cannabis for direct sales to a qualifying patient	41	35%
Cultivated cannabis for wholesale to another registered caregiver or dispensary	43	37%
Employed a registered assistant(s)	3	3%
Manufactured cannabis products and cannabis concentrate for medical use	8	7%
Provided samples to a cannabis testing facility	2	2%
Operated a caregiver retail store	4	3%
No answer	16	14%

The seven survey questions OCP asked to former caregivers are as follows:

1. Please tell us in your own words why you did not renew your caregiver registration.
2. Which of the following reason(s) most closely represents why you did not renew your caregiver registration? (Select your top 5 reasons.)
3. Do you believe changes in regulations would have better protected your caregiver business? (For example: A regulation requiring tracking that would protect against illicit cannabis entering the medical market and impacting price and profit.)
4. If you answered "more regulation" or "less regulation" in the previous question, please explain in your own words how that would have affected your business?
5. Is there anything you would like to share with the Office of Cannabis Policy regarding your decision to not register as a caregiver?
6. What caregiver authorized activities did you engage in?
7. If you are interested in speaking with OCP, please provide your name and email address below.

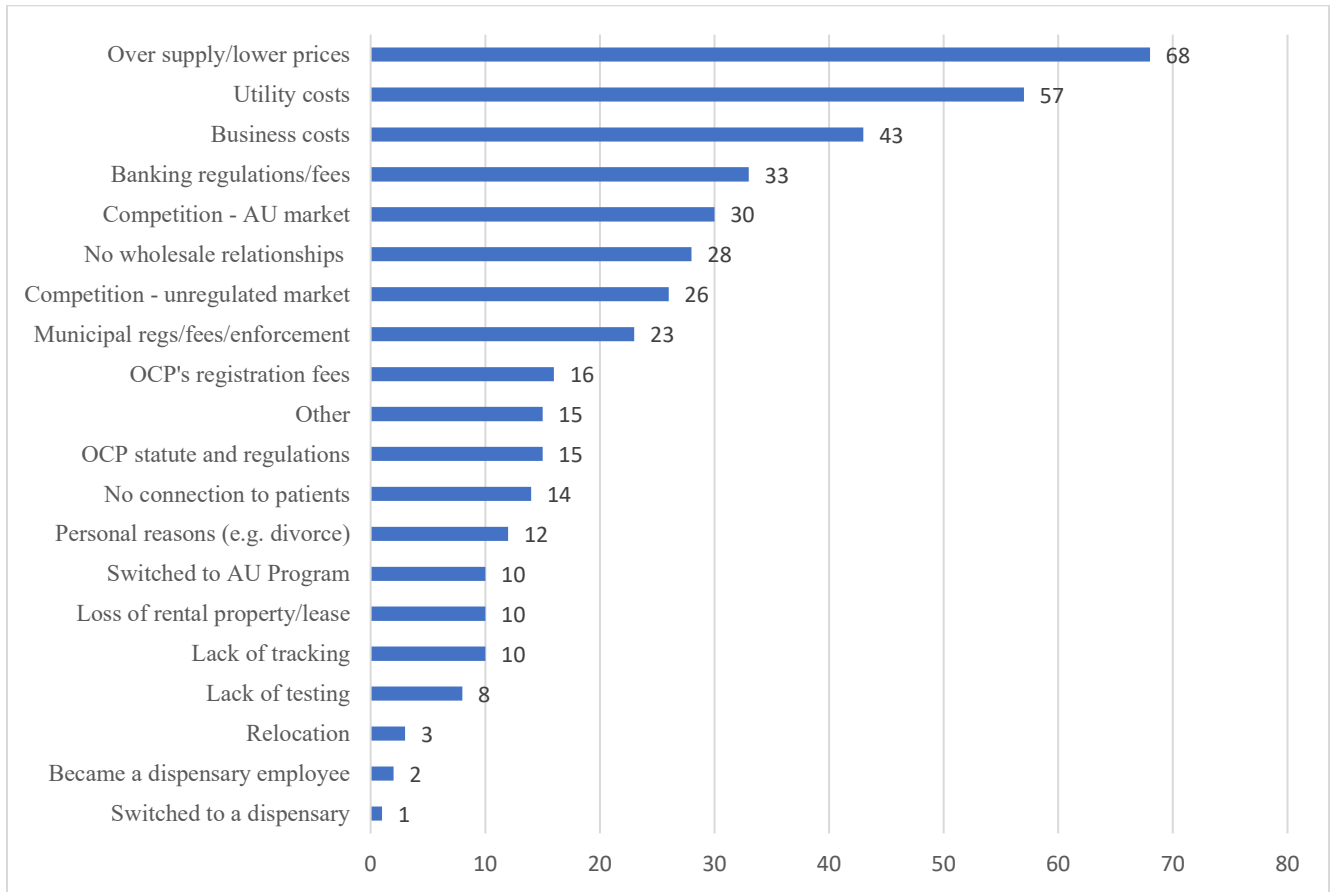
OCP’s preference was to keep the survey short and straightforward in order to increase survey completion rates. The only questions respondents were required to answer were Questions 1 and 2, with the most critical question in the survey being Question 2. Here, former caregivers were able to select the top five reasons that contributed to their decision to exit the MMCP. The order of the 20 available options was randomly displayed for each respondent, and Figure 2 shows the list of those 20 options. This set of options spans a variety of topics from business issues to market conditions to policy reasons. The Office also wanted to hear former caregivers’ issues or problems with OCP and other government institutions.

**Figure 2:** Complete List of Answer Options for Question 2

OCP's registration fees	Competition with the unregulated/illicit market
Business costs (e.g. nutrients, processing)	OCP statute and regulations
Utility costs (e.g. electricity)	Lack of testing
Banking regulations/fees	Lack of tracking
Municipal regulations/fees/enforcement actions	Switched to the Adult Use Program
Loss of rental property/lease	Switched to the dispensary model
No connection to patients	Became an employee of a dispensary
No wholesale relationships	Relocation (within state or out of state)
Over supply of product/lower prices	Personal reasons (e.g. divorce)
Competition with the Adult Use market	Other

The top five most common responses among former caregivers were 1) Over supply of product/lower prices, 2) Utility costs, 3) Business costs, 4) Banking regulations/fees, and 5) Competition with the Adult Use market. These five items collectively amounted to 54.5% of the 424 total responses.<sup>5</sup> In fact, when adding in the next two most popular responses—no wholesale relationships and competition with the unregulated/illicit market—those seven total responses make up more than two-thirds of all responses (285 out of 424). Individually, over supply of product/lower prices was selected as a top five issue by 68 of the 117 respondents (58.1%). Utility costs was selected as a top five reason by 57 of 117 respondents (48.7%). The distribution of all responses by answer is available in Figure 3.

**Figure 3:** Reasons for Not Renewing Caregiver Registration in 2022 (n=117)



These findings depart dramatically from the rumors and speculation about what has happened within the MMCP. Part of the unsubstantiated narrative centers on caregivers' unhappiness with OCP in its regulation of the program. The data suggest this take represents a distinctly minority view. Only 16 respondents noted OCP's registration fees as a top five issue for leaving the program (13.7% of all respondents). Similarly, 15 respondents noted OCP statute and regulations as a top five reason (12.8% of all respondents). Together those two answers accounted for only 7.3% of all responses.

<sup>5</sup> The total number of responses for Question 2 is greater than the total number of survey respondents as participants were allowed to select up to five answers for this question.

## **The Impact of Regulations on Caregiver Exits**

---

Another aspect of the unsubstantiated narrative around the decline in the number of caregivers is that state regulations are too arduous and costly for most caregivers to operate. The survey data indicate that perspective is inaccurate, as well. Of the 109 respondents who answered Question 3, 19 stated that less regulation would have better protected their caregiver business. That amounts to 17.4% of responses. Further pushing back against the narrative of burdensome regulations, more respondents (21.1%) noted that more regulation would have better protected their caregiver business. Most strikingly, nearly half of all respondents (45.9%) said that regulation did not impact their decision to exit the MMCP.<sup>6</sup>

## **Hearing from Former Caregivers**

---

One of the benefits of the survey was its inclusion of an open-ended section in which former caregivers could describe their reasons for leaving. Frequently, the legislature hears from the same voices from the medical community. Those voices are important; however, OCP frequently hears from medical patients, caregivers, and others in the medical industry who offer a much more diverse set of views and opinions on matters. Some have described a disinterest in participating in public forums. Others, unfortunately describe experiences in which they or people who they know have experienced harassment or physical and economic intimidation that makes them unwilling to speak publicly. OCP staff have frequently heard from medical (and even adult use) program participants asking that their name not be associated with their concerns and comments.

The goal of this survey was to provide a forum for former caregivers to speak their mind and remain anonymous, even to OCP. This exercise was helpful in terms of hearing unfiltered opinions. Admittedly, some were critical of OCP. One former caregiver noted quite bluntly and simply, “Get out of our business and stay out of our business!” Another was more pointed writing, “I look at the entire program as an utter failure – and look back at the time I wasted with great regret. Screw you guys.” Others focused on state tax policy as a problem. One wrote, “To (sic) much big out of state big business and recreational licensing...the state has forgotten about the small medical aspect...seems like only concerned about the large tax revenue.” Another said, “...Y’all are so concerned with taxing people and making the state money that you don’t really care about the product or the people in need.”

That feedback, although critical of the state’s legislative and executive branches and municipal governments, is important to hear.

At the same time, concerns and criticism were not solely directed at government. Significant areas of criticism centered on five key areas (which largely track with the responses to Question 2 of the survey): overproduction/lack of profit, out of state money and companies, the adult use market’s success, the presence of and bias toward big business, and illegal operations/non-compliant caregivers. It is also important to note that several people offered single responses that discussed problems across multiple categories.

One prime example comes from a former caregiver who listed “no wholesale relationships” as one of his/her primary reasons for exiting the medical program. This respondent wrote,

---

<sup>6</sup> Upon further analysis of the responses to this question, some of the respondents who indicated "regulation did not impact my decision" selected answers in Question 2 that reflected areas where greater levels of regulation could have helped. For example, 32 of the respondents that stated “regulation did not impact my decision” also indicated that over supply of product/lower prices was one of their top reasons for leaving the MMCP, and another 21 listed either competition with the Adult Use market or the unregulated/illicit market as one of their top reasons for leaving.

“More regulation of the size of recreational cannabis businesses. We have allowed big businesses to come in and open recreational cannabis grows and stores. Nobody in the public domain wants to pay \$50 for a medical card. Nobody with a small business can afford to compete with the over saturated market, at a time when prices are going up on electricity and rent (more than double) the recreational market has destroyed medical simply by growing more and dropping prices to rock bottom. Incidentally, our medical market is flooded with caregivers that are forced to sell illegally on the side just to survive in today's market.”

Here, the former caregiver was concerned with the adult use program, big business, the cost of a medical card, business and utility costs, and caregivers operating in the illicit market. This response demonstrates the complex set of problems contributing to the interwoven policy challenges impacting the MMCP as currently structured.

That response was not unique in its focus on the impact of illicit operations. One former caregiver acknowledged, “The amount of product coming from outside state lines, and the amount of business saturation.” One respondent looked at issues within the system—a complaint OCP hears somewhat regularly in other settings, “OCP needs to do more enforcement against bad caregivers, hold them accountable.”

Some shorter responses focused on similar issues with overproduction and out of state or big businesses. These included, “Maine was well on it’s (sic) way to becoming the best cannabis growers in the world. With out of state money and junky pot out of staters forced my hand.” “Market is over saturated, utilities out of control.” “Too many large (commercial) facilities.”<sup>7</sup> “No money to be made anymore.” “Profit margins have become too slim.”

One alarming finding among some responses was a few respondents’ willingness to operate illegally. One noted, “The industry is not profitable. I would rather sell weed on the street, at least I would make 7.25/hour.” Another wrote, “I would rather sell it illegal and make money then have to pay to not even be allowed to open a store” (sic).

## **Conclusions**

---

Ultimately, the former caregiver survey provides critical information and a clearer understanding of the forces weighing on operators in the MMCP. The central drivers of caregivers’ decisions to exit the program are business and market conditions. Dramatic oversupply<sup>8</sup> and its associated plummet in commodity prices have been devastating, especially in light of increasing energy costs during the period of exodus. This information contradicts various other narratives about why caregivers have left the program, such as state regulations being too strict or registration fees being too costly for program participants to operate.

The overproduction in the MMCP has come as a result of legislative refusal to update the MMCP’s statutes in five years, even as the industry has transformed significantly. For example, with no inventory

---

<sup>7</sup> Parenthetical insert included by respondent.

<sup>8</sup> Previous survey finding on oversupply in the MMCP: “...the medical cannabis market in Maine has been active for over ten years, making the 6:1 ratio an anomaly to trends observed in other states. Typically, as states progress in their timeline post market legalization for medical or adult-use, the demand-to-supply ratio decreases as efficiencies are met.” Maine Office of Cannabis Policy Cannabis Markets & Associated Outcomes - Survey Findings and Implications, Medical Supply Estimates, pp. 22-28, available at: <https://www.maine.gov/dafs/ocp/sites/maine.gov.dafs.ocp/files/inline-files/Maine%20OCP%20AHP%20Report%2006-22.pdf>, published Spring 2022.

tracking system implemented for the medical program, it is impossible for OCP to ensure that program participants are sourcing their product from the regulated market and not diverting product to the illicit market. With no updates to the MMCP registration types, medical registrants are able to participate in one, some, or all of the activities authorized under their registration type and there is no specific registration for cultivators. Registered medical dispensaries are even permitted to grow an unlimited number of cannabis plants under existing statute, creating more competition for registered caregivers. The legislative failures in these areas and others, often favored by industry members, have caused damage to many small business owners.

The oversupply in the MMCP has ultimately left businesses vulnerable to other market and business conditions. Business costs, utility costs, banking fees, competition from the illicit market, and competition from the adult use market compounded challenges for these businesses and workers. In a stable market with stable prices and supply, variable costs are easier to accommodate or endure. However, in an industry in which overproduction has led to massive drops in price, the effects of these costs have become insurmountable for many caregivers.

As a final indication of the oversupply within the medical cannabis system, even as there has been a mass exodus of caregivers in the program, supply has been uninterrupted. The findings in this report are eye opening about the problems that exist within the MMCP. At the same time, this report offers an opportunity. It provides a roadmap to enact policy changes that can simultaneously stabilize the medical cannabis market, protect Maine's 106,000+ medical patients, and ensure a continued uninterrupted supply of medical cannabis.