

Can Small Cannabis Companies Enter Illinois' Medical Market?

Illinois Medical Cannabis Patients Can Now Purchase Craft-Grown Cannabis from Small Businesses

Medical marijuana patients in Illinois now have the option to purchase cannabis products grown by small businesses as part of their regular allotment, according to Erin Johnson, the state's Cannabis Regulation Oversight Officer. This marks a significant step forward for social equity in Illinois' cannabis industry. The state, which celebrated the opening of its 100th social equity dispensary, claims to have the “**most diverse cannabis business ownership**” in the country.

While this progress is notable, challenges persist, particularly in terms of equitable access to the market for smaller cannabis businesses. Despite the availability of craft-grown products, these smaller growers continue to face barriers in reaching a broader medical cannabis patient base.

Unequal Access in Illinois' Medical Cannabis Market

Illinois' medical marijuana (MMJ) program has been operational since 2014, providing patients with access to medical cannabis for various health conditions. However, since 2018, the state has not expanded its network of medical-only dispensaries, leaving smaller businesses struggling to find their footing in a highly competitive market.

The state's dual-purpose dispensaries, which serve both recreational and medical cannabis customers, dominate the market. However, these dual-use dispensaries represent only 20% of the total number of cannabis retailers in Illinois. As a result, most medical marijuana sales occur through a limited number of outlets, effectively restricting smaller, craft growers from gaining widespread access to medical patients.

Challenges Facing Small Businesses

Despite the recent progress, smaller cannabis businesses still face substantial challenges in the market. While Erin Johnson confirmed that social equity licensees can now sell their craft-grown cannabis products to medical patients, it is clear that these small businesses struggle to compete with **larger multistate operators**, who continue to dominate the industry.

Illinois has prioritized social equity in its cannabis licensing process since legalizing recreational cannabis in 2020. However, the lack of sufficient dispensary outlets catering to medical patients has hindered the ability of smaller growers to scale and thrive.

Steve Olson, a supply manager at two Illinois dispensaries, highlighted the issue, saying that **medical marijuana patients deserve access to all dispensaries** across the state. “You would think that this would be something the government is trying to help out these social equity companies with, but they're putting

handcuffs on them in so many different spots, one of them being this medical thing,” Olson said.

While small, social equity businesses have been given a foothold in the industry, their reach remains limited, primarily due to the dominance of large companies and the lack of market access.

Illinois’ Expanding Adult-Use Market

While the medical cannabis program has stagnated in terms of dispensary expansion, the **adult-use market** in Illinois has continued to grow rapidly. In fact, the total cannabis market in the state hit a record \$1 billion in sales by July 2023, driven by strong demand for recreational products. This stark contrast between the growing adult-use market and the limited medical dispensary options highlights the ongoing challenges that medical marijuana patients and small businesses face.

The limited number of medical-only dispensaries has resulted in longer wait times, reduced product availability, and higher prices for medical marijuana patients, creating additional barriers for those who rely on cannabis for medical reasons.

Legislative Solutions for Greater Access

One possible solution to the unequal access problem lies in pending legislation. Advocates are pushing for **House Bill 2911 (HB 2911)**, which would allow all dispensaries, not just dual-purpose ones, to serve medical marijuana patients. Such a change would greatly expand access for patients and provide smaller businesses with greater opportunities to sell their products.

Erin Johnson, who has been at the forefront of advocating for improvements in the state’s cannabis regulations, expressed hope that this bill could make significant headway during the upcoming fall session. “It’s something we desperately want,” Johnson said, underscoring the importance of ensuring that **medical marijuana patients have easy access to the products they need.**

A Legislative Stalemate

Despite the strong advocacy for HB 2911, the Illinois House of Representatives has been slow to advance the bill. Lawmakers ended the regular spring legislative session without making any significant decisions on key cannabis reform bills, leaving patients and businesses waiting for a resolution.

Efforts to pass comprehensive cannabis reform in Illinois have faced multiple setbacks, but proponents remain optimistic that the state will eventually take meaningful action to support both medical marijuana patients and the small businesses that serve them.

The Future of Illinois’ Medical Cannabis Market

Illinois’ cannabis industry stands at a crossroads, with social equity and access to medical cannabis taking center stage in the ongoing debate over the state’s future cannabis policies. As small, craft cannabis growers seek to expand their reach, the passage of HB 2911 could represent a critical opportunity for the state to level the playing field for social equity licensees and provide more comprehensive access to medical marijuana patients.

In the meantime, medical patients in Illinois now have some access to craft-grown cannabis products, but the challenges facing smaller businesses remain significant. The state’s efforts to diversify its cannabis industry will likely require further legislative action to ensure that all patients, regardless of their location, can benefit from a broader range of dispensaries and products.

As Illinois continues to develop its cannabis policies, the state has the potential to become a model for integrating **social equity and access to medical cannabis**, but only if lawmakers take the necessary steps to support the small businesses and patients that depend on these reforms.

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