

# Court Rules High Barriers for Cannabis Health Insurance

In recent years, the cannabis industry has witnessed rapid growth and increasing legalization efforts, both for medical and recreational use. However, the evolving legal landscape has created significant challenges when it comes to health insurance coverage for cannabis-related treatments. Despite the growing acceptance of cannabis in many states for medical use, courts and insurance companies are struggling to reconcile federal laws with state regulations, leaving patients with limited access to cannabis coverage under health insurance plans. This article explores the legal barriers surrounding cannabis health insurance, recent court rulings, and what these decisions mean for patients and the industry moving forward.

## The Legal Landscape of Cannabis and Health Insurance

The primary challenge to insuring cannabis use stems from the conflicting legal status of cannabis under state and federal laws. While many states have legalized cannabis for medical and/or recreational purposes, it remains classified as a Schedule I controlled substance under the federal Controlled Substances Act (CSA). Schedule I substances are considered to have a high potential for abuse and no accepted medical use, placing cannabis in the same category as drugs like heroin and LSD.

This federal classification creates significant hurdles for the cannabis industry, especially when it comes to health insurance. Most insurance companies, operating under federal regulations, are reluctant or outright refuse to cover medical cannabis, even in states where it is legal. As a result, patients who could benefit from medical cannabis often face out-of-pocket expenses for their treatment, with no assistance from their health insurance plans.

## Recent Court Rulings on Cannabis and Insurance Coverage

In several cases across the United States, courts have had to address the issue of whether insurance companies can or should cover cannabis-related treatments. These cases have set precedents that highlight the complexities of cannabis regulation and its impact on patients seeking medical care.

### Workers' Compensation and Medical Cannabis

One of the primary arenas where courts have dealt with cannabis health insurance coverage is in the context of workers' compensation claims. In some states, injured workers have sought coverage for medical cannabis under their workers' compensation insurance when traditional pain management treatments have failed or caused harmful side effects. However, the outcomes of these cases have been inconsistent, reflecting the legal ambiguities surrounding cannabis.

For example, in **New Mexico**, courts have ruled in favor of workers, requiring workers' compensation insurance to cover medical cannabis in certain circumstances. The New Mexico Court of Appeals decided that denying coverage for medical cannabis prescribed to an injured worker violated the state's workers'

compensation laws, which mandate that necessary medical treatment for work-related injuries must be covered.

Conversely, courts in **Minnesota** and **Maine** have ruled that workers' compensation insurers cannot be compelled to cover medical cannabis, citing conflicts with federal law. In these states, courts argued that requiring insurers to pay for cannabis would force them to violate the federal Controlled Substances Act, which preempts state laws.

### **Private Health Insurance and Medical Cannabis**

While workers' compensation cases have been at the forefront, there have also been attempts to challenge private health insurers' refusal to cover cannabis treatments. However, these efforts have largely been unsuccessful due to federal prohibitions on cannabis.

In **New Jersey**, a 2021 case centered on whether a private health insurance plan could be compelled to cover medical cannabis for a patient suffering from chronic pain. The court ruled in favor of the insurance company, stating that because cannabis is federally illegal, the insurer was not obligated to provide coverage for the treatment, even though the patient had a valid medical cannabis card under state law. This decision reinforced the divide between state and federal regulations, highlighting the limitations of insurance coverage for cannabis in a federal system that still prohibits its use.

### **Medicaid and Medicare Coverage for Medical Cannabis**

Medicaid and Medicare, as federal programs, are also affected by cannabis's legal status. Both programs are bound by federal law, which means they do not cover any cannabis-related treatments, regardless of state-level legalization. This poses a significant challenge for low-income patients and the elderly, who may rely on these government-funded programs for their healthcare needs.

In recent years, some states have introduced bills to allow Medicaid to cover medical cannabis, but these efforts have been largely unsuccessful due to the federal restrictions. Without changes to federal law, patients relying on Medicaid and Medicare will continue to be excluded from receiving financial assistance for cannabis treatments.

## **High Barriers to Access: Why Insurance Companies Refuse Coverage**

The reluctance of insurance companies to cover cannabis treatments can be traced to several key factors:

### **Federal Illegality of Cannabis**

As long as cannabis remains a Schedule I substance under the Controlled Substances Act, insurance companies are highly unlikely to cover it. Federal law prohibits the sale and distribution of Schedule I drugs, and insurers are unwilling to risk violating these regulations. This legal conflict creates a barrier that states cannot easily overcome, even with their own legalization measures.

### **Lack of FDA Approval**

Another significant barrier is the lack of approval from the U.S. Food and Drug Administration (FDA) for most cannabis products. The FDA has only approved a few cannabis-derived or cannabis-related medications, such as Epidiolex, for specific conditions like epilepsy. Because health insurers typically require FDA approval before covering a medication, the absence of widespread approval for cannabis-based

treatments means insurers are hesitant to offer coverage.

### **Limited Clinical Research**

While anecdotal evidence and some small-scale studies suggest that cannabis can be effective in treating a variety of medical conditions, there is still a lack of large-scale, peer-reviewed research. Insurers rely heavily on scientific data to justify covering certain treatments, and the limited research on cannabis has made it difficult for insurers to confidently include it in their coverage plans. The federal restrictions on cannabis research further complicate this issue, as scientists face significant obstacles in conducting the comprehensive studies needed to prove its medical efficacy.

### **The Future of Cannabis and Health Insurance**

Despite the current barriers, there is hope that cannabis coverage under health insurance plans could become more accessible in the future. Several factors could contribute to breaking down these barriers and expanding access to medical cannabis for patients who need it.

### **Federal Rescheduling or Legalization of Cannabis**

One of the most significant steps toward broadening cannabis coverage would be the rescheduling or full legalization of cannabis at the federal level. If cannabis were moved from Schedule I to a lower category under the Controlled Substances Act, it would open the door for increased research, FDA approval, and the possibility of insurance coverage. Federal legalization would remove the legal conflicts that currently prevent insurers from covering cannabis and create a more uniform regulatory environment across the country.

### **Increased Scientific Research**

As more states legalize cannabis and pressure mounts for federal reform, it is likely that more research will be conducted into the medical benefits of cannabis. Increased scientific data could help insurers justify covering cannabis treatments and give patients better access to alternative therapies.

### **State-Level Reforms and Pilot Programs**

Some states have already taken steps to explore alternative methods of covering cannabis treatments. For example, states could create pilot programs or state-funded insurance models that offer coverage for medical cannabis, even if federal law does not allow it. These initiatives could provide valuable insights into how cannabis coverage could work on a larger scale.

While the future of cannabis health insurance remains uncertain, recent court rulings and the evolving legal landscape suggest that there is potential for change. Patients seeking cannabis treatments for a wide range of medical conditions continue to face high barriers to access, but with increased advocacy, research, and possible federal reforms, the prospect of cannabis health insurance coverage may become a reality. Until then, patients and industry stakeholders will need to navigate the complex web of legal and regulatory challenges that define the current state of cannabis healthcare.

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