

New Medicare Plan Could Cover Certain Hemp Based Items

Medicare's New Proposal Leaves Cannabis Coverage Out of Reach for Now

Health Insurance Coverage for Medical Cannabis Remains Elusive Amid Federal Prohibition

Health insurance reimbursement for medical cannabis, a potential game changer for both medical marijuana operators and the broader cannabis industry remains a far-off possibility as long as federal prohibition stays in place.

And a new proposal from Medicare regulators does little to change that reality.

The Centers for Medicare & Medicaid Services (CMS) on Friday unveiled a potential tweak to coverage rules that would allow reimbursement for select hemp-derived products. But the list is extremely limited, and notably does not include CBD.

Despite recent speculation that meaningful coverage might be on the horizon, the agency's proposal confirms that the pathway to insurance reimbursement for cannabis-based therapies remains narrow and highly restricted.

Renewed Speculation After Reports of Possible CBD Coverage for Seniors

Hopes for expanded access grew last week after Bloomberg reported that CMS was considering covering CBD treatments for certain Medicare beneficiaries — a move that could reshape the market for the \$28.3 billion U.S. hemp industry.

Such coverage would also represent a major shift from Medicare policy rolled out in April 2025, which explicitly barred cannabis products from coverage because they remain illegal under federal law.

The prospect of limited CBD coverage gained traction following reports that Howard Kessler — billionaire financier, CBD advocate and member of President Donald Trump's Mar-a-Lago club — met with Health and Human Services Secretary Robert F. Kennedy Jr. Kessler's Commonwealth Project produced a video suggesting CBD as a therapeutic option for seniors, which Trump reposted on Truth Social.

But the proposal published Friday points to a much more restrictive approach.

New Proposal Maintains Prohibition on Cannabis Products, Including CBD

In the Federal Register filing, CMS signals that if the change is finalized, Medicare plans would remain barred from covering any cannabis products that are illegal under federal or state laws — a list that includes CBD under current U.S. Food and Drug Administration regulations.

The proposal clarifies that only hemp products legally recognized as food items would be considered allowable. Specifically, CMS identifies:

- **Hulled hemp seed**
- **Hemp seed protein powder**
- **Hemp seed oil**

CBD — which the FDA does not classify as an approved food additive or dietary supplement — is excluded. The agency has long maintained that current regulatory frameworks are not appropriate for CBD products, despite their widespread availability on the consumer market.

Looming Federal Ban on Hemp-Derived THC Adds Further Uncertainty

Compounding the issue is a sweeping federal ban on hemp-derived THC, signed into law by President Trump last month. The ban, set to take effect in November 2026, closes the loophole that emerged after the 2018 Farm Bill and redefines hemp to exclude products containing certain levels of THC.

The revision also effectively outlaws CBD products containing 0.4 milligrams or more of THC per container, a threshold that hemp producers say will disqualify most products currently sold in the U.S.

Hemp advocates warn that the ban represents an existential threat to the industry, estimating that it puts much of the \$28.3 billion hemp sector at risk of collapse.

One FDA Approved CBD Drug Remains the Exception But Still Requires a Prescription

The only CBD product that remains federally sanctioned is Epidiolex, a prescription-only epilepsy medication approved by the FDA. While Epidiolex can be covered by insurance, its narrow indications and controlled distribution mean it offers little relief for the broader medical cannabis market.

As CMS's proposal stands, any hopes of expanded CBD coverage let alone medical cannabis reimbursement have been put on hold.

For now, hemp seed foods may gain Medicare eligibility, but the therapeutic cannabis products driving patient demand remain firmly outside the federal insurance landscape.

For more information contact at info@cannabisriskmanager.com

Email: info@cannabisriskmanager.com | Phone: +415-226-4060

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