Introduction

In July 2019, the Los Angeles County Department of Public Health's Center for Health Impact Evaluation (CHIE) released an assessment of the health and health equity implications of retail cannabis regulation in the county.¹ As part of that assessment, CHIE adapted the Marijuana Retail Surveillance Tool² to survey the health-related business practices of licensed and unlicensed dispensaries within and near LA County's unincorporated areas. The current brief presents the results of a follow-up survey conducted exclusively among licensed dispensaries sampled to allow for comparisons across neighborhoods with different levels of health advantage based on the Healthy Places Index.³

Background

The major findings of the earlier dispensary survey, conducted from October 2018 to January 2019, were as follows*:

- **Youth Access:**
  - Licensed dispensaries were more likely to have products in child-resistant packaging.
  - Unlicensed dispensaries were more likely to have products designed to be attractive to youth and to offer onsite consumption.

- **Product Availability:**
  - Licensed dispensaries were more likely to have capsules, tinctures, or topicals for sale.
  - Unlicensed dispensaries were more likely to have edibles with more than 100 mg of THC (the current legal limit for most edibles)⁴ per package for sale.

- **Security Measures:**
  - Licensed dispensaries were more likely to have visible security personnel.
  - Unlicensed dispensaries were more likely to be within one block of a liquor store, tobacco or vape shop, or other cannabis dispensary.

CHIE's July 2019 report recommended periodic surveillance of licensed dispensary business practices for ongoing improvement/refinement of regulatory requirements.

Methodology

In June and July of 2019, CHIE analysts surveyed 60 licensed dispensaries using a smartphone app called ODK Collect to enter observational field survey data for later analysis.⁵† The topics covered in the survey included underage access, security, product types, promotional practices and neighborhood context. The inter-rater reliability of the survey instrument had been established previously,² but was reexamined and verified during the first round of surveys described above.¹

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⁵ ODK Collect, v 1.16. San Diego, CA, USA: Nafundi; 2018. [https://docs.opendatakit.org/collect-intro/](https://docs.opendatakit.org/collect-intro/).
† Surveys were observational and did not involve any questioning of dispensary staff.
To capture levels of health advantage in the neighborhoods where dispensaries were located, the dispensary sample was stratified using the California Healthy Places Index (HPI), a tool that scores census tracts based on 25 neighborhood health-indicators that predict life expectancy. Equal numbers of licensed dispensaries were randomly sampled from LA County census tracts falling within each of the five quintiles of HPI scores for California (see Figure 1).*

For analysis, dispensaries were divided into two groups according to whether their census tract fell into the top (greater health advantage) or bottom half (lower health advantage) of California HPI scores. These two groups were then compared on survey items within each of the main topics covered. When statistically significant differences (or those approaching statistical significance) were found, the data was examined by HPI quintile for potential linear trends (i.e., social gradients).

Results

The comparison of high- and low-HPI dispensaries yielded the following results:

- **Youth Access (Figure 2):**
  - Dispensaries in tracts with lower health advantage were *more likely* to prevent customers from touching or picking up cannabis products without employee assistance (80.7% vs. 55.2%).†
  - While all dispensaries checked patrons’ IDs, those in tracts with lower health advantage were *less likely* to check IDs electronically rather than manually (25.8% vs. 48.3%).‡,§

- **Product Availability (Figure 3):**
  - There were no significant differences in the variety of products sold in dispensaries in tracts with greater versus lower health advantage.

- **Security Measures (Figure 4):**
  - Dispensaries in tracts with lower health advantage were *more likely* to have a valid license displayed somewhere on the premises (90.3% vs. 72.4%).†
  - Dispensaries in tracts with lower health advantage were *more likely* to have at least one employee wearing an identification badge (64.5% vs. 55.2%), although this finding was not statistically significant.

Examination of results by HPI quintile for those that were significant or approaching significance did not reveal any clear linear trends.

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* We also sampled from tracts not assigned an HPI score due to small populations. These dispensaries were assigned a quintile based on neighboring tracts’ scores.
† Independent samples t-test with a p-value <.05. California regulations do not permit customers to directly handle cannabis products without employee assistance.
‡ Independent samples t-test approaching statistical significance - p ≥.05 but ≤ .10.
§ Fraudulent IDs are more easily detected electronically.
Discussion

In CHIE's first wave of cannabis dispensary surveys, analysts compared licensed and unlicensed dispensaries. The Center's geographic analysis of all LA County dispensaries showed that unlicensed dispensaries were more likely to be located in tracts with lower health advantage, and the dispensary survey revealed that they were also more likely to engage in potentially health harming business practices. These findings prompted CHIE to design its second wave of surveys to allow for comparisons among licensed dispensaries based on neighborhood health indicators.

In the follow-up survey, a few relatively small differences were found among licensed dispensaries. Differences were suggestive of dispensaries in areas of lower health advantage being more careful than those in more advantaged areas about following rules regarding the display of employee ID badges and business licenses and the handling of cannabis products by potential buyers. This could be due to a higher perception of scrutiny from law enforcement among business owners in less advantaged areas. However, these dispensaries were less likely to check IDs electronically, which is important from a youth prevention standpoint as electronic scanning devices are used to determine the validity of an ID. Some cities in Los Angeles County require dispensaries to use electronic ID verification methods. The overall lack of significant differences may be partially

Summary: Based on an observational survey of licensed cannabis dispensaries in Los Angeles County, the Center for Health Impact Evaluation found that licensed dispensaries adhered to regulations regarding health protecting business practices regardless of the health-related characteristics of the neighborhoods in which they were located.
attributed to the smaller sample size in this second round of surveys, but it also suggests that there are relatively few differences in the observable business practices of licensed dispensaries. This is good news for regulators since it indicates that licensed dispensaries are largely adhering to minimum regulatory requirements and suggests that licensed dispensaries engage in more health promoting business practices than unlicensed dispensaries, regardless of the level of health advantage in their neighborhood.

Nevertheless, the commercial cannabis industry is still quite new in California and local regulatory mechanisms are still evolving. Future efforts to monitor business practices will need to incorporate the expanding number of cities that allow cannabis retail stores as well as new businesses licensed through social equity programs designed to provide cannabis business opportunities to members of communities disproportionately impacted by decades of cannabis criminalization.

Recent Health Impact Assessments:

- **Health Equity Impacts of Cannabis Regulation in Los Angeles County** (July 2019)
- **Implementing the City of Los Angeles’ Mobility Plan 2035: Public Health Implications** (May 2018)
- **Health Impacts of Measure H: Preventing and Reducing Homelessness in Los Angeles County** (February 2017)
- **Health Impacts of Initiative Ordinance JJJ: Affordable and Transit-Oriented Housing Policies for the City of Los Angeles** (October 2016)