

REPORT 9 OF THE REPORT OF THE COUNCIL ON SCIENCE AND PUBLIC HEALTH  
(A-13)  
Pharmacy Compounding  
(Reference Committee E)

EXECUTIVE SUMMARY

**Objective.** To provide an overview of contemporary issues in pharmacy compounding and recommend amendments to existing AMA policy on this topic.

**Methods.** English-language reports were selected from a PubMed and Google Scholar search from 2000 to May 2013, using the terms “pharmac\*” in combination with “drug compounding/standards,” “legislation/regulation,” “oversight,” and “epidemiology.” Additional articles were identified by manual review of the references cited in these publications. Further information was obtained from the Internet sites of the U.S. Food and Drug Administration (FDA), American Society of Health-System Pharmacists (ASHP), National Association of Boards of Pharmacy (NABP), and Centers for Disease Control and Prevention (CDC). Information also was derived from an invitational meeting on pharmacy compounding organized by ASHP, the Pew Charitable Trusts’ Drug Safety Project, and the American Hospital Association.

**Results.** Several different surveys have identified serious quality issues with compounded drugs. Since 2001 at least 20 pharmacy compounding errors have been associated with 1,022 adverse events, including 80 deaths, usually because of contamination of sterile products. Current compounding practices include traditional compounding of a product for an individual patient pursuant to a prescription, anticipatory compounding whereby products are compounded in batches prior to receipt of a specific patient prescription, and batch product used to supply hospitals as well as physician practices in the absence of a patient prescription. Some entities (recently referred to as compounding “manufacturers”) operate in a fashion to compound various products in bulk for marketing and distribution into interstate commerce. Many hospitals outsource a significant portion of their sterile compounding needs. Compounding standards have been developed by the United States Pharmacopeia for both sterile and nonsterile products, and state-based accreditation of compounding pharmacies has been offered since 2006. Because of conflicting court decisions, some uncertainty exists regarding the reach of federal oversight by the FDA.

**Conclusion.** The use of compounded products is deeply embedded in the U.S. healthcare system. While traditional compounding pharmacies licensed and regulated by states continue to provide important patient-specific services, the overall practice of pharmacy compounding has evolved into an industrial-scale national business. A need exists to establish a clear boundary between traditional compounders and compounding manufacturers and to clarify specific areas of jurisdiction for the FDA and state boards of pharmacy. Because of the extensive array of current pharmacy compounding practices, and dependence of the healthcare system on such products, changes to the current system must be accomplished in a stepwise manner and in a way that does not otherwise jeopardize patient care. In the absence of a suitable FDA-approved product, allowances also should be made for the conduct of compounding practices that can supply products needed to manage urgent and emergent care scenarios in a safe manner.

REPORT OF THE COUNCIL ON SCIENCE AND PUBLIC HEALTH

CSAPH Report 9-A-13

Subject: Pharmacy Compounding  
Presented by: Sandra A. Fryhofer, MD, Chair  
Referred to: Reference Committee E  
(Lawrence K. Monahan, MD, Chair)

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1 INTRODUCTION

2

3 *Definition and Practice*

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5 Pharmacy compounding involves the preparation of customized medications that are not  
6 commercially available for individual patients with specialized medical needs.<sup>1</sup> Traditional  
7 pharmacy compounding involves the act of combining, mixing, or altering ingredients to  
8 prepare a customized medication for an individual patient upon receipt of a valid prescription  
9 for the compounded product. Driven by medical needs, cost issues, physician preferences, and  
10 in some cases drug shortages, the compounding industry has evolved over the past 20 years to  
11 include high capacity, industrialized practices involving batch production. Such products often  
12 enter interstate commerce and are delivered to health care settings in the absence of a specific  
13 patient prescription.

14

15 *Patient Harm from Pharmacy Compounding*

16

17 Several different surveys conducted by the U.S. Food and Drug Administration (FDA) and  
18 state boards of pharmacy have identified serious quality issues with compounded drugs, most  
19 commonly clinically significant potency variations, but also lack of appropriate sterility  
20 testing.<sup>2-11</sup> Although the recent nationwide epidemic of fungal meningitis attributed to  
21 contaminated, preservative-free, compounded methylprednisolone injections focused attention  
22 on compounding practices, patient harm, including fatalities from compounded medications, is  
23 not new.<sup>12</sup> The Pew Charitable Trusts' Drug Safety Project has compiled a historical list of  
24 illnesses and deaths associated with compounded medications (also see testimony provided by  
25 FDA Commissioner Margaret Hamburg, MD, on this topic).<sup>13,14</sup> According to Pew, since 2001  
26 at least 20 pharmacy compounding errors have been associated with 1,022 adverse events,  
27 including 80 deaths. Contamination of sterile products was the most common compounding  
28 error, though some incidents were the result of miscalculations and mistakes in filling  
29 prescriptions. Examples include bacterial contamination of steroid injections and parenteral  
30 nutrition products, contaminated cardioplegia solutions or ophthalmic drug products, and  
31 superpotent intravenous colchicine solutions.<sup>2</sup> Recently, an outbreak of fungal endophthalmitis  
32 after intravitreal injection of repackaged bevacizumab (Avastin®) and triamcinolone was  
33 reported affecting 8 patients who suffered loss of visual acuity.<sup>15</sup>

1 Given the evolution of the pharmacy compounding industry, the current reliance of the  
2 healthcare system in this country on compounded drug products, and the accumulation of  
3 patient harm, the Council believes a clear need exists for more effective and appropriate  
4 oversight. This report also is responsive to American Medical Association (AMA) Policy D-  
5 120.949, “Ensuring the Safe and Appropriate Use of Compounded Medications,” which  
6 directs the AMA to monitor ongoing federal and state evaluations and investigations of the  
7 practices of compounding pharmacies, encourage the development of regulations that ensure  
8 safe compounding practices that meet patient and physician needs, and report back on efforts  
9 to establish the necessary and appropriate regulatory oversight of compounding pharmacy  
10 practices. Accordingly, this report provides an overview of contemporary issues in pharmacy  
11 compounding and recommends amendments to existing AMA policy on this topic.  
12

## 13 METHODS

14  
15 English-language reports were selected from a PubMed and Google Scholar search from 2000  
16 to May 2013, using the terms “pharmac\*” in combination with “drug  
17 compounding/standards,” “legislation/regulation,” “oversight,” and “epidemiology.”  
18 Additional articles were identified by manual review of the references cited in these  
19 publications. Further information was obtained from the Internet sites of the U.S. Food and  
20 Drug Administration (FDA), American Society of Health-System Pharmacists (ASHP),  
21 National Association of Boards of Pharmacy (NABP), and Centers for Disease Control and  
22 Prevention (CDC). Information also was derived from an invitational meeting on pharmacy  
23 compounding organized by ASHP, the Pew Charitable Trusts’ Drug Safety Project, and the  
24 American Hospital Association.  
25

## 26 CURRENT PHARMACY COMPOUNDING PRACTICES

27  
28 In contrast to FDA-approved drugs, pharmacy compounded products are not evaluated for  
29 safety and efficacy, can be exempt from current good manufacturing practice requirements  
30 (cGMP), and lack standard product labels and instructions for safe use. Compounding  
31 pharmacies also are not required to report adverse events to the FDA. Nevertheless, despite the  
32 fact that all compounded products are viewed by the FDA as “unapproved drugs,” their  
33 availability has become an integral part of the daily practice of medicine and pharmacy in this  
34 country. The current “market” for pharmacy compounding comprises a diverse array of  
35 practices, some of which overlap, as follows:  
36

### 37 *Traditional Compounding*

38  
39 Tradition compounding is the practice of compounding a product for an individual patient  
40 pursuant to a valid prescription for the compounded product.  
41

### 42 *Anticipatory Compounding*

43  
44 Anticipatory compounding is the practice of compounding a product in batches before the  
45 receipt of a valid patient-specific prescription, often based on historical patterns of use. This  
46 practice should be distinguished from compounding in batches to fill orders from hospitals or  
47 other health care providers without any prescription. The latter practice, which usually relies  
48 on the use of specific vendors, comprises a portion of a hospital’s typical outsourcing activities  
49 (see below) and the provision of readily available “office stock” for clinicians.

1 *Hospital Pharmacy-Based Compounding*

2

3 Hospital pharmacies accomplish their own compounding of sterile infusions, solutions,  
4 injections, and pre-loaded syringes, as well as certain oral or topical products.

5

6 *Hospital Outsourcing of Sterile Compounding Services.*

7

8 Hospitals (as well as ambulatory clinics, surgical centers, and skilled nursing facilities)  
9 outsource orders for sterile compounded products. A portion of this practice is patient-specific,  
10 but most is done without a patient-specific prescription. Patient-specific compounded products  
11 are important in infectious disease, cardiology, immunosuppression, pain management,  
12 chemotherapy, fluid and electrolyte balance, required dilutions (e.g., pediatrics), allergy  
13 products, treatment of ocular diseases (topical, intravitreal, intraocular), pulmonary disease  
14 (inhalations), and certain irrigations. The typical scope of outsourcing includes pre-filled  
15 syringes (dilutions) for the operating room, epidural injections, opioid-based solutions for  
16 infusion pumps, pediatric electrolytes, concentrates (e.g., opioid and cardioplegia solutions),  
17 oxytocin infusions, some repackaged products, and products that may be unavailable due to  
18 drug shortages. The product array is driven to some degree by physician preferences. The  
19 trend toward increased outsourcing is based on sterility and quality assurance concerns, the  
20 need for standardization and availability of critical medications, pharmacy workload  
21 constraints, and lack of adequate facilities in-house.

22

23 Extent of Outsourcing. A survey of acute care hospitals participating in Medicare by the  
24 Office of Inspector General found that 92% of such hospitals relied on compounded sterile  
25 products.<sup>16</sup> Although 25% of these hospitals also used higher risk compounded products (e.g.,  
26 the use of nonsterile ingredients or devices with the intent of compounding sterile end  
27 products), such products comprised less than 1% of compounded sterile products that were  
28 used in 2012. Of the hospitals that used higher risk compounded sterile products in 2012, 85%  
29 purchased these products from outside sources.

30

31 *Compounding “Manufacturers”*

32

33 Although not strictly a defined class (as of yet), it is generally agreed that compounding  
34 “manufacturers” are entities which compound sterile products in bulk in the absence of a  
35 patient specific prescription. Batches are used for “off the shelf” marketing and distribution to  
36 supply clients such as hospitals, ambulatory care centers, clinics, skilled nursing facilities, and  
37 physician offices.

38

39 **CURRENT COMPOUNDING STANDARDS**

40

41 All states license pharmacists to compound, but states have varying degrees of regulation,  
42 oversight, and enforcement activities for compounding pharmacies. ASHP has published  
43 Technical Assistance Bulletins and Guidelines, for example, on the “Quality Assurance for  
44 Pharmacy-Prepared Sterile Products,” and “Guidelines on Outsourcing Sterile Compounding  
45 Services.”<sup>17,18</sup> Other resources and training for sterile compounding also exist, and various  
46 state pharmacy practice acts create their own regulatory frameworks.

47

48 *United States Pharmacopeia Standards*

49

50 The United States Pharmacopeia Convention (USP), publisher of the United States  
51 Pharmacopeia and the National Formulary (USP–NF), the official compendia for drugs

1 marketed in the United States, developed a set of enforceable compounding standards for  
2 practice. The primary USP standards on compounding are contained in two general chapters  
3 from USP-NF; <795> Pharmaceutical Compounding—Nonsterile Preparations and <797>  
4 Pharmaceutical Compounding—Sterile Preparations.<sup>19,20</sup> In addition to these chapters, USP  
5 develops monographs that delineate standards for active pharmaceutical ingredients that may  
6 be compounded. The general chapters on compounding are supported by several other general  
7 chapters in USP-NF that address calculations, quality assurance, sterility tests, dosage forms,  
8 etc. A compilation of all general chapters relevant to compounding is available from USP via  
9 subscription or purchase.

10  
11 USP-NF General Chapter <797> first became effective in 2004. Revised in 2008, it is  
12 currently undergoing further revision. The chapter is intended to promote practices for  
13 compounded sterile products that prevent harm to patients that could result from microbial  
14 contamination, endotoxins, incorrect strength, or unintended chemical or physical  
15 contamination of such products. This chapter applies to all practice settings where  
16 compounded sterile products are prepared and stored and identifies three risk levels for sterile  
17 compounded products, as follows:

18  
19 High Risk.

20  
21 The highest risk is present when nonsterile ingredients or devices are used, and/or a product  
22 requires terminal sterilization. Examples include infusion pump solutions or epidural injections  
23 created from bulk powdered ingredients. High risk products should be used within 24 hours of  
24 preparation if stored at room temperature, or within 3 days if refrigerated, unless sterility  
25 testing is conducted to support extended labeling.

26  
27 Medium risk

28  
29 A medium risk for contamination would apply when multiple individual or small doses of  
30 sterile products are combined or pooled to prepare a compounded sterile product that will be  
31 administered either to multiple patients or to one patient on multiple occasions. Medium risk  
32 also exists when the compounding process includes complex aseptic manipulations or is of  
33 unusually long duration. One example is the compounding of total parenteral nutrition fluids  
34 (using manual or automated devices) during which there are multiple injections, detachments,  
35 and attachments of nutrient sources to a final sterile container. Another example would be  
36 filling the reservoirs of injection and infusion devices with more than three sterile drug  
37 products and evacuating air before the filled device is dispensed.

38  
39 Low risk

40  
41 The lowest risk for sterile compounding involves practices such as the single volume transfer  
42 of sterile dosage forms using sterile devices, or the simple aseptic measuring and transferring  
43 of  $\leq 3$  packages of sterile products to compound drug admixtures and nutritional solutions.

44  
45 It should be noted that although Chapter <797> incorporates a number of core standards for  
46 training, facility design, labeling, and quality control and includes some suggested standard  
47 operating procedures for sterile compounding, it is not a substitute for, or equivalent to, cGMP  
48 required by the FDA for pharmaceutical manufacturers. The latter are process-directed and  
49 based on a system of specific standard operating procedures that the Agency evaluates for  
50 adherence to, within the manufacturer's quality control system. The standards contained in

1 USP-NF General Chapter <797> are generally most applicable to the compounding of sterile  
2 products in small batches.

3  
4 *State Boards of Pharmacy and USP Compounding Standards*

5  
6 As of January 2012, 18 state boards of pharmacy required compliance with USP <797>, 27  
7 states and the District of Columbia have incorporated only selected portions or do not cite the  
8 chapter, but have regulations in place addressing sterile compounding or parenteral nutrition,  
9 and five states lack any mention of USP <797> and have no regulations on sterile  
10 compounding.<sup>21</sup>

11  
12 **REGULATION AND ACCREDITATION OF COMPOUNDING PHARMACIES**

13  
14 *States*

15  
16 Compounding pharmacies are licensed and regulated by their respective state boards of  
17 pharmacy. As noted above, some states require adherence to USP standards, while others rely  
18 on their own regulatory standards.

19  
20 In an effort to improve standards, the Pharmacy Compounding Accreditation Board (PCAB)  
21 was created in 2006 through the combined efforts of several national pharmacy organizations  
22 and USP.<sup>22</sup> The mission of PCAB is to promote high quality pharmacy compounding through  
23 a voluntary accreditation program that recognizes adherence to established principles, policies  
24 and standards. PCAB accreditation gives patients, prescribers, and payers a way to select a  
25 pharmacy that meets or exceeds USP's quality standards. PCAB accreditation means the  
26 pharmacy has independent, external validation that it meets nationally accepted quality  
27 assurance, quality control, and quality improvement standards. However, only about 200  
28 compounding pharmacies are currently accredited out of an estimated total of 7,000. A  
29 searchable state-by-state listing of accredited compounding pharmacies is maintained on the  
30 PCAB website.

31  
32 *Federal*

33  
34 The FDA has long been concerned about pharmacy compounding practices that deviate from  
35 the traditional model. The FDA first issued a Compliance Policy Guide (CPG) in 1992 that  
36 described certain factors that the Agency would consider in its enforcement approach to  
37 pharmacies that were producing drugs and appeared to be functioning more as manufacturers.  
38 That CPG remained in effect until Congress enacted the Food and Drug Administration  
39 Modernization Act of 1997. This legislation added a new Section 503A to the Food Drug and  
40 Cosmetic (FD&C) Act addressing FDA's authority over compounded drugs.<sup>23</sup> In doing so,  
41 Section 503A exempted compounded products from new drug approval, cGMP requirements,  
42 and adequate directions for use requirements under certain circumstances, and set forth  
43 conditions that must be followed by pharmacies or physicians in order to qualify for these  
44 exemptions. Among other things, the statute also included a requirement for a patient specific  
45 prescription for compounded products, prohibited advertising or promoting, and  
46 "compounding regularly or in inordinate amounts any drug products that are essentially copies  
47 of a commercially available drug product."

48  
49 Before the law took effect, compounding pharmacies sued to block its implementation.  
50 In *Thompson v. Western States Medical Center* (535 U.S. 357, 2002), the United States  
51 Supreme Court held that congressional restriction of advertising and promotion by

1 compounding pharmacies was unconstitutional. However, the Court did not rule on whether  
2 that advertising and promotion provision was “severable” from the rest of Section 503A.  
3 Federal circuit courts of appeals’ decisions on this question are split. The 9<sup>th</sup> Circuit (including  
4 several western states and territories) holds that the provisions are not severable and hence  
5 Section 503A is considered void in its entirety; the 5<sup>th</sup> Circuit (several southwestern states)  
6 holds that the provisions are severable, and hence the remainder of Section 503A remains valid  
7 and enforceable.

8  
9 Accordingly, different federal law exists for FDA authority depending on where the  
10 compounding pharmacy is located. It should be noted that the FDA revised the CPG in 2002  
11 after the decisions from the U.S. Supreme Court and Ninth Circuit, but before the decision of  
12 the Fifth Circuit, and without the advertising and interstate shipment provisions. The CPG  
13 articulates nine factors that the Agency would consider in their federal oversight capacity (see  
14 Appendix).<sup>24</sup> In weighing their determination, the FDA considers whether the prescribing  
15 practitioner has determined that a compounded product is necessary for the particular patient  
16 and would provide a significant difference, as compared with the FDA-approved commercially  
17 available drug product.

18  
19 The FDA also can conduct “for-cause” inspections based on complaints. In the wake of the  
20 fungal meningitis outbreak, the FDA identified 31 compounding pharmacies engaging in  
21 sterile compounding practices for focused priority inspections.<sup>14</sup> Virtually all facilities had  
22 significant objectionable conditions and quality concerns and were issued form FDA-483.<sup>25</sup>  
23 This form does not constitute a final Agency determination of whether any condition is in  
24 violation of the FD&C Act, but the observations often serve as evidence of a violation of the  
25 Act and its implementing regulations. Some additional recalls of compounded products or  
26 safety alerts have subsequently occurred.

## 27 28 RISK-BASED APPROACHES TO REGULATION AND OVERSIGHT

29  
30 USP General Chapter <797> identifies categories of risk based on process (i.e., sterile-to-  
31 sterile or nonsterile-to-sterile, and the number of product manipulations required or need for  
32 end-product sterilization). The degree of risk is inherent with the product type. Manipulation  
33 of sterile FDA-approved products is much less risky than starting with nonsterile active  
34 pharmaceutical ingredients and attempting to compound a sterile injectable product.

35  
36 Some risk factors are common to both patient specific and batch compounding such as facility  
37 characteristics, personnel training, level of standardization, verification mechanisms, and  
38 compliance with standard operating procedures. For patient-specific compounding, beyond use  
39 dating and storage outside of the pharmacy also need to be addressed. For sterile batch  
40 compounding, standard operating procedures, segregation of materials, batch sizes, in-process  
41 checks, and sterilization methods assume increasing importance. The larger the operation, the  
42 more closely these processes should be aligned with cGMP. Product quarantine, assurance of  
43 sterility, and recall mechanisms are necessary requirements for compounding manufacturers,  
44 not to mention assurance of batch potency. Product volume and whether the facility attempts  
45 to generate product beyond its capabilities or to fill a temporary gap created by commercial  
46 drug shortages represent other categories of risk. Finally, distribution, storage, and  
47 repackaging practices also are relevant.

1 CURRENT LEGISLATION

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According to the National Conference of State Legislatures, several states have introduced bills related to the regulation of compounding pharmacies. One issue is potential limits on office-use dispensing, or the practice of physicians obtaining compounded products without a patient prescription to be used in an office setting. At the state level, interest is moving in the direction of regular inspections, composition of state boards to include the relevant expertise for addressing sterile compounding issues, and more widespread adoption of USP standards for sterile compounding.

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In early May, bipartisan legislation intended to clarify oversight for pharmaceutical compounding was introduced in the Senate (S. 959–Pharmaceutical Compounding Quality and Accountability Act). This goal of this legislation is to establish a clear boundary between traditional compounders and compounding manufacturers, and establish uniform federal quality standards for compounding manufacturers. Compounding manufacturers are defined as entities that (1) compound a sterile product prior to or without receiving a prescription (or that repackage a drug using sterile, preservative-free single dose vials, or that pool any sterile drug product) and, (2) introduce such drugs into interstate commerce. Interstate shipment of sterile compounded products produced by a hospital pharmacy within a self-contained hospital system would be exempted from this definition, and would be regulated as traditional compounding. Compounding manufacturers would not be licensed as state pharmacies and would have to register with the FDA (for a fee), provide a list of their products, operate in compliance with cGMP, investigate and report adverse events, and properly label products.

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The legislation also prohibits the compounding of certain categories of drugs. It also preserves the state’s primary role in the oversight of traditional pharmacy compounding, and permits limited quantities of products derived from anticipatory compounding, although biologics would be excluded from this practice, except in narrow circumstances (i.e., pediatric use within a hospital setting). The AMA submitted formal comments on the draft legislation, but it is not clear at this time how quickly this bill will move or what the final elements will be.

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AMA POLICY

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Current AMA Policy H-120.945, “AMA Action on Non FDA-Approved Compounded Medications,” recognizes that compounding pharmacies should comply with current USP-NF compounding monographs, when available, and recommends that they be required to conform with USP-NF General Chapters on pharmaceutical compounding to ensure the uniformity, quality, and safety of compounded medications. AMA policy also recognizes the value of the PCAB accreditation program and encourages all state boards of pharmacy to require compounding pharmacies in their states to obtain the PCAB™ Seal of Accreditation or, alternatively, to satisfy comparable standards that have been promulgated by the state in its laws and regulations governing pharmacy practice. Finally, AMA policy encourages state boards of pharmacy and the NABP to work with the FDA to identify and take appropriate enforcement action against entities that are “illegally” manufacturing medications under the guise of pharmacy compounding.

1 COMMENT

2  
3 While traditional compounding pharmacies licensed and regulated by states continue to  
4 provide important patient-specific services, the overall practice of pharmacy compounding has  
5 evolved into an industrial-scale national business. A need exists to establish a clear boundary  
6 between traditional compounders and compounding manufacturers and to clarify specific areas  
7 of jurisdiction for the FDA and state boards of pharmacy. Because of the extensive array of  
8 current pharmacy compounding practices, and dependence of the healthcare system on such  
9 products, changes to the current system must be accomplished in a stepwise manner and in a  
10 way that does not otherwise jeopardize patient care. In the absence of a suitable FDA-  
11 approved product, allowances also must be made for compounding practices that can  
12 realistically supply products needed to manage urgent and emergency situations in individual  
13 patients.

14  
15 RECOMMENDATION

16  
17 The Council recommends that the following statement be adopted and the remainder of the  
18 report be filed.

19  
20 That Policy H-120.945, "AMA Action on Non FDA-Approved Compounded Medications," be  
21 amended to read as follows:

22  
23 Our AMA: 1. recognizes that traditional compounding pharmacies must be subject to state  
24 board of pharmacy oversight and comply with current United States Pharmacopeia and  
25 National Formulary (USP-NF) compounding monographs, when available, and recommends  
26 that they be required to conform with USP-NF General Chapters on pharmaceutical  
27 compounding to ensure the uniformity, quality, and safety of compounded medications; 2.  
28 recognizes the accreditation program of the Pharmacy Compounding Accreditation Board  
29 (PCAB™) and the PCAB™ Seal of Accreditation as a means to identify compounding  
30 pharmacies that adhere to quality and practice standards, including those set forth in the USP-  
31 NF, for the preparation of individualized medications for specific patients; 3. encourages all  
32 state boards of pharmacy to reference sterile compounding quality standards, including but not  
33 limited to those contained in United States Pharmacopeia Chapter <797>, as the standard for  
34 sterile compounding in their state require compounding pharmacies in their states to obtain the  
35 PCAB™ Seal of Accreditation or, alternatively, and to satisfy other relevant comparable  
36 standards that have been promulgated by the state in its laws and regulations governing  
37 pharmacy practice; and 4. 3.supports the view that facilities (other than pharmacies within a  
38 health system that serve only other entities within that health system) that compound sterile  
39 drug products without receiving a prescription order prior to beginning compounding and  
40 introduce such compounded drugs into interstate commerce be recognized as compounding  
41 manufacturers subject to FDA oversight and regulation; 4. supports the view that allowances  
42 must be made for the conduct of compounding practices that can realistically supply  
43 compounded products needed to meet anticipated clinical needs, including urgent and  
44 emergency care scenarios in a safe manner; and, 45. in the absence of new federal legislation  
45 affecting the oversight of compounding pharmacies, continues to encourages state boards of  
46 pharmacy and the National Association of Boards of Pharmacy (NABP), the umbrella  
47 organization for state boards of pharmacy, to work with the United States Food and Drug  
48 Administration (FDA) to identify and take appropriate enforcement action against entities that  
49 are illegally manufacturing medications under the guise of pharmacy compounding. (BOT  
50 Action in response to referred for decision Res. 521, A-06)  
51 (Modify Current HOD Policy)

Fiscal note: Less than \$500

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APPENDIX

**Compliance Policy Guidance for FDA Staff and Industry**  
**Sec. 460.200 Pharmacy Compounding-Policy**

Generally, FDA will continue to defer to state authorities regarding less significant violations of the Act related to pharmacy compounding of human drugs. FDA anticipates that, in such cases, cooperative efforts between the states and the Agency will result in coordinated investigations, referrals, and follow-up actions by the states. However, when the scope and nature of a pharmacy's activities raise the kinds of concerns normally associated with a drug manufacturer and result in significant violations of the new drug, adulteration, or misbranding provisions of the Act, FDA has determined that it should seriously consider enforcement action. In determining whether to initiate such an action, the Agency will consider whether the pharmacy engages in any of the following acts:

1. Compounding of drugs in anticipation of receiving prescriptions, except in very limited quantities in relation to the amounts of drugs compounded after receiving valid prescriptions.
2. Compounding drugs that were withdrawn or removed from the market for safety reasons. Appendix A provides a list of such drugs that will be updated in the future, as appropriate.
3. Compounding finished drugs from bulk active ingredients that are not components of FDA approved drugs without an FDA sanctioned investigational new drug application (IND) in accordance with 21 U.S.C. § 355(i) and 21 CFR 312.
4. Receiving, storing, or using drug substances without first obtaining written assurance from the supplier that each lot of the drug substance has been made in an FDA-registered facility.
5. Receiving, storing, or using drug components not guaranteed or otherwise determined to meet official compendia requirements.
6. Using commercial scale manufacturing or testing equipment for compounding drug products.
7. Compounding drugs for third parties who resell to individual patients or offering compounded drug products at wholesale to other state licensed persons or commercial entities for resale.
8. Compounding drug products that are commercially available in the marketplace or that are essentially copies of commercially available FDA-approved drug products. In certain circumstances, it may be appropriate for a pharmacist to compound a small quantity of a drug that is only slightly different than an FDA-approved drug that is commercially available. In these circumstances, FDA will consider whether there is documentation of the medical need for the particular variation of the compound for the particular patient.
9. Failing to operate in conformance with applicable state law regulating the practice of pharmacy.