

AMENDED IN SENATE APRIL 13, 2016

**SENATE BILL**

**No. 1193**

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**Introduced by Senator Hill**

*(Principal coauthor: Assembly Member Salas)*

February 18, 2016

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An act to amend Sections ~~4001 and 4003~~ of 4001, 4003, 4119.1, and 4400 of, to add Sections 4034, 4203.5, and 4316 to, and to add Article 7.7 (commencing with Section 4129) to Chapter 9 of Division 2 of, the Business and Professions Code, and to amend Section 13401.5 of the Corporations Code, relating to healing ~~arts~~: arts, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1193, as amended, Hill. ~~California State Board of Pharmacy: executive officer.~~ *Pharmacy: outsourcing facilities.*

The Pharmacy Law provides for the licensure and regulation of the practice of pharmacy by the California State Board of Pharmacy, which is within the Department of Consumer Affairs, and authorizes the board to appoint, with the approval of the Director of Consumer Affairs, an executive officer, as specified. ~~Existing~~ That law repeals the provisions establishing the board and authorizing the board to appoint an executive officer as of January 1, 2017. Under existing law, the board is subject to evaluation by the Joint Sunset Review Committee upon its repeal. *That law authorizes a pharmacy to provide pharmacy services to specified licensed health facilities through the use of an automated drug delivery system. That law also provides for the board to issue a license, after an investigation to determine whether the applicant and the premises qualify for a license, that authorizes specified clinics to purchase drugs at wholesale for administration or dispensing, under*

*the direction of a physician and surgeon, to patients registered for care at the clinic. Existing law makes a violation of any provision of the Pharmacy Law punishable as an infraction if no other penalty is provided.*

*This bill would extend the operation of the board and the board's authorization to appoint an executive officer until January 1, 2021. The bill would require a pharmacy to register use of an automated drug delivery system with the board, including the address and location of use. The bill would require the board, when a clinic applicant submits specified types of applications, to issue a license or incorporate changes to an existing license within 30 days of receipt of a completed application and payment of fees. The bill would not limit the board's authority to investigate to determine whether the applicant and the premises qualify for a license. By placing new requirements on a pharmacy, this bill would expand an existing crime and would, therefore, impose a state-mandated local program.*

*The Pharmacy Law prohibits a pharmacy from compounding sterile drug products unless the pharmacy has obtained a sterile compounding pharmacy license from the board and prohibits the board from issuing or renewing that license until the board has, among other things, reviewed a current copy of the pharmacy's procedures and policies for sterile compounding. Existing law provides that fees collected on behalf of the board are credited to the Pharmacy Board Contingent Fund, which continuously appropriates fees in the fund.*

*The bill would require the board to license an outsourcing facility, as defined, and would prohibit an outsourcing facility to be concurrently licensed with the board as a sterile compounding pharmacy at the same location. The bill would require an outsourcing facility to be licensed with the board before doing business within or into the state and would require an outsourcing facility to, among other things, notify the board of any disciplinary or other action taken by another state or the federal Food and Drug Administration within 10 days of the action. The bill would require the board to, among other things, inspect the location of an outsourcing facility to ensure that the outsourcing facility is in compliance with all laws and regulations before issuing or renewing an outsourcing facility's license. The bill would make a violation of any of these provisions or regulations adopted thereto punishable by a fine of up to \$5,000 per occurrence. The bill would, on or after January 1, 2018, require the board to provide a report, as specified, to the Legislature regarding the regulation of nonresident outsourcing*

facilities. The bill would also authorize the board to collect a fee of \$780 for the issuance and renewal of an outsourcing license and a fee of \$715 for a temporary license, as specified. By increasing the amount of money deposited into a continuously appropriated fund, the bill would make an appropriation.

Existing law authorizes specified healing arts licensees to be shareholders, officers, directors, or professional employees of a designated professional corporation, subject to certain limitations relating to ownership of shares.

This bill would additionally authorize licensed pharmacists to be shareholders, officers, directors, or professional employees of a designated professional corporation, subject to certain limitations relating to ownership of shares.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: yes. State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 4001 of the Business and Professions
- 2 Code is amended to read:
- 3 4001. (a) There is in the Department of Consumer Affairs a
- 4 California State Board of Pharmacy in which the administration
- 5 and enforcement of this chapter is vested. The board consists of
- 6 13 members.
- 7 (b) The Governor shall appoint seven competent pharmacists
- 8 who reside in different parts of the state to serve as members of
- 9 the board. The Governor shall appoint four public members, and
- 10 the Senate Committee on Rules and the Speaker of the Assembly
- 11 shall each appoint a public member who shall not be a licensee of
- 12 the board, any other board under this division, or any board referred
- 13 to in Section 1000 or 3600.
- 14 (c) At least five of the seven pharmacist appointees to the board
- 15 shall be pharmacists who are actively engaged in the practice of
- 16 pharmacy. Additionally, the membership of the board shall include

1 at least one pharmacist representative from each of the following  
2 practice settings: an acute care hospital, an independent community  
3 pharmacy, a chain community pharmacy, and a long-term health  
4 care or skilled nursing facility. The pharmacist appointees shall  
5 also include a pharmacist who is a member of a labor union that  
6 represents pharmacists. For the purposes of this subdivision, a  
7 “chain community pharmacy” means a chain of 75 or more stores  
8 in California under the same ownership, and an “independent  
9 community pharmacy” means a pharmacy owned by a person or  
10 entity who owns no more than four pharmacies in California.

11 (d) Members of the board shall be appointed for a term of four  
12 years. No person shall serve as a member of the board for more  
13 than two consecutive terms. Each member shall hold office until  
14 the appointment and qualification of his or her successor or until  
15 one year shall have elapsed since the expiration of the term for  
16 which the member was appointed, whichever first occurs.  
17 Vacancies occurring shall be filled by appointment for the  
18 unexpired term.

19 (e) Each member of the board shall receive a per diem and  
20 expenses as provided in Section 103.

21 (f) This section shall remain in effect only until January 1, 2021,  
22 and as of that date is repealed. Notwithstanding any other law, the  
23 repeal of this section renders the board subject to review by the  
24 appropriate policy committees of the Legislature.

25 SEC. 2. Section 4003 of the Business and Professions Code is  
26 amended to read:

27 4003. (a) The board, with the approval of the director, may  
28 appoint a person exempt from civil service who shall be designated  
29 as an executive officer and who shall exercise the powers and  
30 perform the duties delegated by the board and vested in him or her  
31 by this chapter. The executive officer may or may not be a member  
32 of the board as the board may determine.

33 (b) The executive officer shall receive the compensation as  
34 established by the board with the approval of the Director of  
35 Finance. The executive officer shall also be entitled to travel and  
36 other expenses necessary in the performance of his or her duties.

37 (c) The executive officer shall maintain and update in a timely  
38 fashion records containing the names, titles, qualifications, and  
39 places of business of all persons subject to this chapter.

1 (d) The executive officer shall give receipts for all money  
2 received by him or her and pay it to the department, taking its  
3 receipt therefor. Besides the duties required by this chapter, the  
4 executive officer shall perform other duties pertaining to the office  
5 as may be required of him or her by the board.

6 (e) This section shall remain in effect only until January 1, 2021,  
7 and as of that date is repealed.

8 *SEC. 3. Section 4034 is added to the Business and Professions*  
9 *Code, to read:*

10 *4034. "Outsourcing facility" means a facility that meets all of*  
11 *the following:*

12 (a) *Is located within the United States of America at one address*  
13 *that is engaged in the compounding of sterile drugs and nonsterile*  
14 *drugs.*

15 (b) *Has registered as an outsourcing facility with the federal*  
16 *Food and Drug Administration under Section 503B of the Federal*  
17 *Food, Drug, and Cosmetic Act (21 U.S.C. Sec. 353b).*

18 (c) *Is doing business within or into California.*

19 (d) *Is licensed with the board as an outsourcing facility pursuant*  
20 *to Article 7.7 (commencing with Section 4129).*

21 *SEC. 4. Section 4119.1 of the Business and Professions Code*  
22 *is amended to read:*

23 4119.1. (a) A pharmacy may provide pharmacy services to a  
24 health facility licensed pursuant to subdivision (c), (d), or both, of  
25 Section 1250 of the Health and Safety Code, through the use of  
26 an automated drug delivery system that need not be located at the  
27 same location as the pharmacy.

28 (b) Drugs stored in an automated drug delivery system shall be  
29 part of the inventory of the pharmacy providing pharmacy services  
30 to that facility, and drugs dispensed from the pharmacy system  
31 shall be considered to have been dispensed by that pharmacy.

32 (c) (1) The pharmacy shall maintain records of the acquisition  
33 and disposition of dangerous drugs and dangerous devices stored  
34 in the automated drug delivery system separate from other  
35 pharmacy records.

36 (2) The pharmacy shall own and operate the automated drug  
37 delivery system.

38 (3) The pharmacy shall provide training regarding the operation  
39 and use of the automated drug delivery system to both pharmacy  
40 and health facility personnel using the system.

1 (4) The pharmacy shall operate the automated drug delivery  
 2 system in compliance with Section 1261.6 of the Health and Safety  
 3 Code.

4 (d) The operation of the automated drug delivery system shall  
 5 be under the supervision of a licensed pharmacist. To qualify as a  
 6 supervisor for an automated drug delivery system, the pharmacist  
 7 need not be physically present at the site of the automated drug  
 8 delivery system and may supervise the system electronically.

9 *(e) The pharmacy shall register use of an automated drug*  
 10 *delivery system with the board, including the address and location*  
 11 *of use.*

12 ~~(e) Nothing in this~~

13 (f) *This* section shall *not* be construed to revise or limit the use  
 14 of automated drug delivery systems as permitted by the board in  
 15 any licensed health facility other than a facility defined in  
 16 subdivision (c) or (d), or both, of Section 1250 of the Health and  
 17 Safety Code.

18 *SEC. 5. Article 7.7 (commencing with Section 4129) is added*  
 19 *to Chapter 9 of Division 2 of the Business and Professions Code,*  
 20 *to read:*

21  
 22 *Article 7.7. Outsourcing Facilities*

23  
 24 *4129. (a) A facility licensed as an outsourcing facility with*  
 25 *the federal Food and Drug Administration (FDA) shall be*  
 26 *concurrently licensed with the board as an outsourcing facility if*  
 27 *it compounds sterile medication or nonsterile medication for*  
 28 *nonpatient-specific distribution within or into California.*

29 (b) *A facility premises licensed with the board as a sterile*  
 30 *compounding pharmacy shall not be concurrently licensed with*  
 31 *the board as an outsourcing facility at the same location.*

32 (c) *The board may adopt regulations in accordance with the*  
 33 *Administrative Procedure Act (Chapter 3.5 (commencing with*  
 34 *Section 11340) of Part 1 of Division 3 of Title 2 of the Government*  
 35 *Code) to establish policies, guidelines, and procedures to*  
 36 *implement this article.*

37 (d) *The board shall review any formal requirements or guidance*  
 38 *documents developed by the FDA regarding outsourcing facilities*  
 39 *within 90 days after their release in order to determine whether*

1 *revisions are necessary for any regulations promulgated by the*  
2 *board.*

3 *(e) An outsourcing facility licensed by the board shall not*  
4 *perform the duties of a pharmacy, such as filling individual*  
5 *prescriptions for individual patients.*

6 *4129.1. (a) An outsourcing facility that is licensed with the*  
7 *federal Food and Drug Administration (FDA) and with an address*  
8 *in this state shall also be licensed by the board as an outsourcing*  
9 *facility before doing business within this state. The license shall*  
10 *be renewed annually and is not transferable.*

11 *(b) An outsourcing facility shall compound all sterile products*  
12 *and nonsterile products in compliance with regulations issued by*  
13 *the board and with federal current good manufacturing practices*  
14 *applicable to outsourcing facilities.*

15 *(c) An outsourcing facility license shall not be issued or renewed*  
16 *until the location is inspected by the board and found in compliance*  
17 *with this article and regulations adopted by the board.*

18 *(d) An outsourcing facility license shall not be issued or renewed*  
19 *until the board does all of the following:*

20 *(1) Prior to inspection, reviews a current copy of the outsourcing*  
21 *facility's policies and procedures for sterile compounding and*  
22 *nonsterile compounding.*

23 *(2) Is provided with copies of all federal and state regulatory*  
24 *agency inspection reports, as well as accreditation reports, and*  
25 *certification reports of facilities or equipment of the outsourcing*  
26 *facility's premises conducted in the prior 12 months.*

27 *(3) Prior to inspection, receives a list of all sterile drugs and*  
28 *nonsterile drugs compounded by the outsourcing facility as*  
29 *reported to the FDA in the last 12 months.*

30 *(e) An outsourcing facility licensed pursuant to this section shall*  
31 *provide the board with all of the following:*

32 *(1) A copy of any disciplinary or other action taken by another*  
33 *state or the FDA within 10 days of the action.*

34 *(2) Notice within 24 hours of any recall notice issued by the*  
35 *outsourcing facility.*

36 *(3) A copy of any clinically related complaint it receives*  
37 *involving an outsourcing facility's compounded products from or*  
38 *involving any provider, pharmacy, or patient in California within*  
39 *72 hours of receipt.*

1 (4) Notice within 24 hours after learning of adverse effects  
2 reported or potentially attributable to the outsourcing facility's  
3 products.

4 4129.2. (a) An outsourcing facility that is licensed with the  
5 federal Food and Drug Administration (FDA) as an outsourcing  
6 facility and has an address outside of this state but in the United  
7 States of America is a nonresident outsourcing facility. A  
8 nonresident outsourcing facility shall not compound sterile drug  
9 products or nonsterile drug products for distribution or use into  
10 this state without an outsourcing license issued by the board  
11 pursuant to this section. The license shall be renewed annually  
12 and shall not be transferable.

13 (b) A nonresident outsourcing facility shall compound all sterile  
14 products and nonsterile products to be distributed or used in this  
15 state in compliance with regulations of the board and with federal  
16 current good manufacturing practices applicable to outsourcing  
17 facilities.

18 (c) A license for a nonresident outsourcing facility shall not be  
19 issued or renewed until the location is inspected by the board and  
20 found in compliance with this article and any regulations adopted  
21 by the board. The nonresident outsourcing facility shall reimburse  
22 the board for all actual and necessary costs incurred by the board  
23 in conducting an inspection of the nonresident outsourcing facility  
24 at least once annually pursuant to subdivision (x) of Section 4400.

25 (d) A license for a nonresident outsourcing facility shall not be  
26 issued or renewed until the board:

27 (1) Prior to inspection, reviews a current copy of the nonresident  
28 outsourcing facility's policies and procedures for sterile  
29 compounding and nonsterile compounding.

30 (2) Is provided with copies of all federal and state regulatory  
31 agency inspection reports, as well as accreditation reports, and  
32 certification reports of facilities or equipment of the nonresident  
33 outsourcing facility's premises conducted in the prior 12 months.

34 (3) Prior to inspection, receives a list of all sterile drug products  
35 and nonsterile drug products compounded by the pharmacy as  
36 reported to the FDA within the prior 12 months.

37 (e) A nonresident outsourcing facility licensed pursuant to this  
38 section shall provide the board with all of the following:

39 (1) A copy of any disciplinary or other action taken by another  
40 state or the FDA within 10 days of the action.

1 (2) Notice within 24 hours of any recall notice issued by the  
2 nonresident outsourcing facility.

3 (3) A copy of any complaint it receives involving an outsourcing  
4 facility's compounded products from or involving any provider,  
5 pharmacy, or patient in California within 72 hours of receipt.

6 (4) Notice within 24 hours after learning of adverse effects  
7 reported or potentially attributable to a nonresident outsourcing  
8 facility's products.

9 4129.3. (a) On or before January 1, 2018, the board shall  
10 provide a report to the Legislature regarding the regulation of  
11 nonresident outsourcing facilities. The report shall be submitted  
12 to the Legislature in the manner required pursuant to Section 9795  
13 of the Government Code. At a minimum, the report shall address  
14 all of the following:

15 (1) A detailed description of board activities related to the  
16 inspection and licensure of nonresident outsourcing facilities.

17 (2) Whether fee revenue collected pursuant to subdivision (x)  
18 of Section 4400 and travel cost reimbursements collected pursuant  
19 to subdivision (c) of Section 4129.2 provide revenue in an amount  
20 sufficient to support the board's activities related to the inspection  
21 and licensure of nonresident outsourcing facilities.

22 (3) The status of proposed changes to federal law that are under  
23 serious consideration and that would govern outsourcing facilities  
24 and compounding pharmacies, including, but not limited to,  
25 legislation pending before Congress, administrative rules,  
26 regulations or orders under consideration by the FDA or other  
27 appropriate federal agency, and cases pending before the courts.

28 (4) If applicable, recommended modifications to the board's  
29 statutory duties related to nonresident outsourcing facilities as a  
30 result of changes to federal law or any additional modifications  
31 necessary to protect the health and safety of the public.

32 (b) The requirement for submitting a report imposed under  
33 subdivision (a) is inoperative on January 1, 2022, pursuant to  
34 Section 10231.5 of the Government Code.

35 4129.4. (a) Whenever the board has a reasonable belief, based  
36 on information obtained during an inspection or investigation by  
37 the board, that an outsourcing facility compounding sterile drug  
38 products or nonsterile drug products poses an immediate threat  
39 to the public health or safety, the executive officer of the board  
40 may issue an order to the outsourcing facility to immediately cease

1 *and desist compounding sterile drug products or nonsterile drug*  
2 *products. The cease and desist order shall remain in effect for no*  
3 *more than 30 days or the date of a hearing seeking an interim*  
4 *suspension order, whichever is earlier.*

5 *(b) Whenever the board issues a cease and desist order pursuant*  
6 *to subdivision (a), the board shall immediately issue a notice to*  
7 *the owner setting forth the acts or omissions with which the owner*  
8 *is charged, specifying the pertinent code section or sections and*  
9 *any regulations.*

10 *(c) The cease and desist order shall state that the owner, within*  
11 *15 days of receipt of the notice, may request a hearing before the*  
12 *president of the board to contest the cease and desist order.*  
13 *Consideration of the owner's contest of the cease and desist order*  
14 *shall comply with the requirements of Section 11425.10 of the*  
15 *Government Code. The hearing shall be held no later than five*  
16 *days after the date the request of the owner is received by the*  
17 *board. The president shall render a written decision within five*  
18 *days after the hearing. In the absence of the president of the board,*  
19 *the vice president of the board may conduct the hearing permitted*  
20 *by this subdivision. Review of the decision may be sought by the*  
21 *owner or person in possession or control of the outsourcing facility*  
22 *pursuant to Section 1094.5 of the Code of Civil Procedure.*

23 *(d) Failure to comply with a cease and desist order issued*  
24 *pursuant to this section shall be unprofessional conduct.*

25 *4129.5. Notwithstanding any other law, a violation of this*  
26 *article, or regulation adopted pursuant thereto, may subject the*  
27 *person or entity that committed the violation to a fine of up to five*  
28 *thousand dollars (\$5,000) per occurrence pursuant to a citation*  
29 *issued by the board.*

30 *4129.6. For purposes of this article, "sterile compounded*  
31 *products" means compounded preparations for injection,*  
32 *administration into the eye, or inhalation.*

33 *4129.8. The board, at its discretion, may issue a temporary*  
34 *license to an outsourcing facility when the ownership of the*  
35 *outsourcing facility is transferred from one person to another,*  
36 *upon the conditions and for any periods of time as the board*  
37 *determines to be in the public interest. A temporary license fee*  
38 *shall be required as specified in subdivision (w) of Section 4400.*  
39 *When needed to protect public safety, a temporary license may be*  
40 *issued for a period not to exceed 180 days, and may be issued*

1 *subject to terms and conditions the board deems necessary. If the*  
2 *board determines a temporary license was issued by mistake or*  
3 *denies the application for a permanent license, the temporary*  
4 *license shall terminate upon the earlier of personal service of the*  
5 *notice of termination upon the licenseholder or service by certified*  
6 *mail with return receipt requested at the licenseholder's address*  
7 *of record with the board. The temporary licenseholder shall not*  
8 *be deemed to have a vested property right or interest in the license*  
9 *for purposes of retaining a temporary license or for purposes of*  
10 *any disciplinary or license denial proceeding before the board.*

11 *4129.9. (a) An outsourcing facility licensed pursuant to Section*  
12 *4129.1 or 4129.2 that issues a recall notice for a sterile drug or*  
13 *nonsterile drug compounded by the outsourcing facility, in addition*  
14 *to any other duties, shall contact the recipient pharmacy,*  
15 *prescriber, or patient of the recalled drug and the board as soon*  
16 *as possible within 24 hours of the recall notice if both of the*  
17 *following apply:*

18 *(1) Use of or exposure to the recalled drug may cause serious*  
19 *adverse health consequences or death.*

20 *(2) The recalled drug was dispensed, or is intended for use, in*  
21 *this state.*

22 *(b) A recall notice issued pursuant to subdivision (a) shall be*  
23 *made as follows:*

24 *(1) If the recalled drug was dispensed directly to the prescriber,*  
25 *the notice shall be made to the prescriber and the prescriber shall*  
26 *ensure the patient is notified.*

27 *(2) If the recalled drug was dispensed directly to a pharmacy,*  
28 *the notice shall be made to the pharmacy and that pharmacy shall*  
29 *notify the prescriber or patient, as appropriate. If the pharmacy*  
30 *notifies the prescriber, the prescriber shall ensure the patient is*  
31 *notified.*

32 *SEC. 6. Section 4203.5 is added to the Business and Professions*  
33 *Code, to read:*

34 *4203.5. (a) Notwithstanding any other law, when a clinic*  
35 *applicant submits either type of application described in*  
36 *subdivision (b), the board shall issue a license or incorporate the*  
37 *reported changes, as appropriate, within 30 days of receipt of a*  
38 *completed application and payment of any prescribed fees.*

39 *(b) This section applies to the following types of applications:*

40 *(1) A new clinic license application filed under Section 4180.*

1 (2) *Applications to report changes to an existing site licensed*  
2 *under Section 4180, including, but not limited to, changes in*  
3 *professional director, clinic administrator, corporate officers,*  
4 *change of location, or change of address.*

5 (c) *This section shall not be construed to limit the board's*  
6 *authority to conduct an investigation to determine whether*  
7 *applicants and the premises for which an application is made*  
8 *qualify for a license.*

9 *SEC. 7. Section 4316 is added to the Business and Professions*  
10 *Code, to read:*

11 4316. (a) *The board is authorized to issue a cease and desist*  
12 *order for operating any facility under this chapter that requires*  
13 *licensure or for practicing any activity under this chapter that*  
14 *requires licensure.*

15 (b) *Whenever the board issues a cease and desist order pursuant*  
16 *to subdivision (a), the board shall immediately issue the facility a*  
17 *notice setting forth the acts or omissions with which it is charged,*  
18 *specifying the pertinent code section or sections and any*  
19 *regulations.*

20 (c) *The order shall provide that the facility, within 15 days of*  
21 *receipt of the notice, may request a hearing before the president*  
22 *of the board to contest the cease and desist order. Consideration*  
23 *of the facility's contest of the cease and desist order shall comply*  
24 *with the requirements of Section 11425.10 of the Government*  
25 *Code. The hearing shall be held no later than five days from the*  
26 *date the request of the owner is received by the board. The*  
27 *president shall render a written decision within five days of the*  
28 *hearing. In the absence of the president of the board, the vice*  
29 *president of the board may conduct the hearing permitted by this*  
30 *subdivision. Review of the decision of the president of the board*  
31 *may be sought by the owner or person in possession or control of*  
32 *the pharmacy pursuant to Section 1094.5 of the Code of Civil*  
33 *Procedure.*

34 *SEC. 8. Section 4400 of the Business and Professions Code is*  
35 *amended to read:*

36 4400. *The amount of fees and penalties prescribed by this*  
37 *chapter, except as otherwise provided, is that fixed by the board*  
38 *according to the following schedule:*

39 (a) *The fee for a nongovernmental pharmacy license shall be*  
40 *four hundred dollars (\$400) and may be increased to five hundred*

1 twenty dollars (\$520). The fee for the issuance of a temporary  
2 nongovernmental pharmacy permit shall be two hundred fifty  
3 dollars (\$250) and may be increased to three hundred twenty-five  
4 dollars (\$325).

5 (b) The fee for a nongovernmental pharmacy license annual  
6 renewal shall be two hundred fifty dollars (\$250) and may be  
7 increased to three hundred twenty-five dollars (\$325).

8 (c) The fee for the pharmacist application and examination shall  
9 be two hundred dollars (\$200) and may be increased to two  
10 hundred sixty dollars (\$260).

11 (d) The fee for regrading an examination shall be ninety dollars  
12 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
13 If an error in grading is found and the applicant passes the  
14 examination, the regrading fee shall be refunded.

15 (e) The fee for a pharmacist license and biennial renewal shall  
16 be one hundred fifty dollars (\$150) and may be increased to one  
17 hundred ninety-five dollars (\$195).

18 (f) The fee for a nongovernmental wholesaler or third-party  
19 logistics provider license and annual renewal shall be seven  
20 hundred eighty dollars (\$780) and may be decreased to no less  
21 than six hundred dollars (\$600). The application fee for any  
22 additional location after licensure of the first 20 locations shall be  
23 three hundred dollars (\$300) and may be decreased to no less than  
24 two hundred twenty-five dollars (\$225). A temporary license fee  
25 shall be seven hundred fifteen dollars (\$715) and may be decreased  
26 to no less than five hundred fifty dollars (\$550).

27 (g) The fee for a hypodermic license and renewal shall be one  
28 hundred twenty-five dollars (\$125) and may be increased to one  
29 hundred sixty-five dollars (\$165).

30 (h) (1) The fee for application, investigation, and issuance of  
31 a license as a designated representative pursuant to Section 4053,  
32 or as a designated representative-3PL pursuant to Section 4053.1,  
33 shall be three hundred thirty dollars (\$330) and may be decreased  
34 to no less than two hundred fifty-five dollars (\$255).

35 (2) The fee for the annual renewal of a license as a designated  
36 representative or designated representative-3PL shall be one  
37 hundred ninety-five dollars (\$195) and may be decreased to no  
38 less than one hundred fifty dollars (\$150).

39 (i) (1) The fee for the application, investigation, and issuance  
40 of a license as a designated representative for a veterinary

1 food-animal drug retailer pursuant to Section 4053 shall be three  
2 hundred thirty dollars (\$330) and may be decreased to no less than  
3 two hundred fifty-five dollars (\$255).

4 (2) The fee for the annual renewal of a license as a designated  
5 representative for a veterinary food-animal drug retailer shall be  
6 one hundred ninety-five dollars (\$195) and may be decreased to  
7 no less than one hundred fifty dollars (\$150).

8 (j) (1) The application fee for a nonresident wholesaler or  
9 third-party logistics provider license issued pursuant to Section  
10 4161 shall be seven hundred eighty dollars (\$780) and may be  
11 decreased to no less than six hundred dollars (\$600).

12 (2) For nonresident wholesalers or third-party logistics providers  
13 that have 21 or more facilities operating nationwide the application  
14 fees for the first 20 locations shall be seven hundred eighty dollars  
15 (\$780) and may be decreased to no less than six hundred dollars  
16 (\$600). The application fee for any additional location after  
17 licensure of the first 20 locations shall be three hundred dollars  
18 (\$300) and may be decreased to no less than two hundred  
19 twenty-five dollars (\$225). A temporary license fee shall be seven  
20 hundred fifteen dollars (\$715) and may be decreased to no less  
21 than five hundred fifty dollars (\$550).

22 (3) The annual renewal fee for a nonresident wholesaler license  
23 or third-party logistics provider license issued pursuant to Section  
24 4161 shall be seven hundred eighty dollars (\$780) and may be  
25 decreased to no less than six hundred dollars (\$600).

26 (k) The fee for evaluation of continuing education courses for  
27 accreditation shall be set by the board at an amount not to exceed  
28 forty dollars (\$40) per course hour.

29 (l) The fee for an intern pharmacist license shall be ninety dollars  
30 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
31 The fee for transfer of intern hours or verification of licensure to  
32 another state shall be twenty-five dollars (\$25) and may be  
33 increased to thirty dollars (\$30).

34 (m) The board may waive or refund the additional fee for the  
35 issuance of a license where the license is issued less than 45 days  
36 before the next regular renewal date.

37 (n) The fee for the reissuance of any license, or renewal thereof,  
38 that has been lost or destroyed or reissued due to a name change  
39 shall be thirty-five dollars (\$35) and may be increased to forty-five  
40 dollars (\$45).

1 (o) The fee for the reissuance of any license, or renewal thereof,  
2 that must be reissued because of a change in the information, shall  
3 be one hundred dollars (\$100) and may be increased to one hundred  
4 thirty dollars (\$130).

5 (p) It is the intent of the Legislature that, in setting fees pursuant  
6 to this section, the board shall seek to maintain a reserve in the  
7 Pharmacy Board Contingent Fund equal to approximately one  
8 year's operating expenditures.

9 (q) The fee for any applicant for a nongovernmental clinic  
10 license shall be four hundred dollars (\$400) and may be increased  
11 to five hundred twenty dollars (\$520) for each license. The annual  
12 fee for renewal of the license shall be two hundred fifty dollars  
13 (\$250) and may be increased to three hundred twenty-five dollars  
14 (\$325) for each license.

15 (r) The fee for the issuance of a pharmacy technician license  
16 shall be eighty dollars (\$80) and may be increased to one hundred  
17 five dollars (\$105). The fee for renewal of a pharmacy technician  
18 license shall be one hundred dollars (\$100) and may be increased  
19 to one hundred thirty dollars (\$130).

20 (s) The fee for a veterinary food-animal drug retailer license  
21 shall be four hundred five dollars (\$405) and may be increased to  
22 four hundred twenty-five dollars (\$425). The annual renewal fee  
23 for a veterinary food-animal drug retailer license shall be two  
24 hundred fifty dollars (\$250) and may be increased to three hundred  
25 twenty-five dollars (\$325).

26 (t) The fee for issuance of a retired license pursuant to Section  
27 4200.5 shall be thirty-five dollars (\$35) and may be increased to  
28 forty-five dollars (\$45).

29 (u) The fee for issuance or renewal of a nongovernmental sterile  
30 compounding pharmacy license shall be six hundred dollars (\$600)  
31 and may be increased to seven hundred eighty dollars (\$780). The  
32 fee for a temporary license shall be five hundred fifty dollars (\$550)  
33 and may be increased to seven hundred fifteen dollars (\$715).

34 (v) The fee for the issuance or renewal of a nonresident sterile  
35 compounding pharmacy license shall be seven hundred eighty  
36 dollars (\$780). In addition to paying that application fee, the  
37 nonresident sterile compounding pharmacy shall deposit, when  
38 submitting the application, a reasonable amount, as determined by  
39 the board, necessary to cover the board's estimated cost of  
40 performing the inspection required by Section 4127.2. If the

1 required deposit is not submitted with the application, the  
2 application shall be deemed to be incomplete. If the actual cost of  
3 the inspection exceeds the amount deposited, the board shall  
4 provide to the applicant a written invoice for the remaining amount  
5 and shall not take action on the application until the full amount  
6 has been paid to the board. If the amount deposited exceeds the  
7 amount of actual and necessary costs incurred, the board shall  
8 remit the difference to the applicant.

9 ~~(w) This section shall become operative on July 1, 2014.~~

10 (w) *The fee for the issuance or renewal of an outsourcing facility*  
11 *license shall be seven hundred eighty dollars (\$780). The fee for*  
12 *a temporary outsourcing facility license shall be seven hundred*  
13 *fifteen dollars (\$715).*

14 (x) *The fee for the issuance or renewal of a nonresident*  
15 *outsourcing facility license shall be seven hundred eighty dollars*  
16 *(\$780). In addition to paying that application fee, the nonresident*  
17 *outsourcing facility shall deposit, when submitting the application,*  
18 *a reasonable amount, as determined by the board, necessary to*  
19 *cover the board's estimated cost of performing the inspection*  
20 *required by Section 4129.2. If the required deposit is not submitted*  
21 *with the application, the application shall be deemed to be*  
22 *incomplete. If the actual cost of the inspection exceeds the amount*  
23 *deposited, the board shall provide to the applicant a written invoice*  
24 *for the remaining amount and shall not take action on the*  
25 *application until the full amount has been paid to the board. If the*  
26 *amount deposited exceeds the amount of actual and necessary*  
27 *costs incurred, the board shall remit the difference to the applicant.*

28 SEC. 9. *Section 13401.5 of the Corporations Code is amended*  
29 *to read:*

30 13401.5. Notwithstanding subdivision (d) of Section 13401  
31 and any other provision of law, the following licensed persons  
32 may be shareholders, officers, directors, or professional employees  
33 of the professional corporations designated in this section so long  
34 as the sum of all shares owned by those licensed persons does not  
35 exceed 49 percent of the total number of shares of the professional  
36 corporation so designated herein, and so long as the number of  
37 those licensed persons owning shares in the professional  
38 corporation so designated herein does not exceed the number of  
39 persons licensed by the governmental agency regulating the  
40 designated professional corporation. This section does not limit

- 1 employment by a professional corporation designated in this section  
2 to only those licensed professionals listed under each subdivision.  
3 Any person duly licensed under Division 2 (commencing with  
4 Section 500) of the Business and Professions Code, the  
5 Chiropractic Act, or the Osteopathic Act may be employed to  
6 render professional services by a professional corporation  
7 designated in this section.
- 8 (a) Medical corporation.
    - 9 (1) Licensed doctors of podiatric medicine.
    - 10 (2) Licensed psychologists.
    - 11 (3) Registered nurses.
    - 12 (4) Licensed optometrists.
    - 13 (5) Licensed marriage and family therapists.
    - 14 (6) Licensed clinical social workers.
    - 15 (7) Licensed physician assistants.
    - 16 (8) Licensed chiropractors.
    - 17 (9) Licensed acupuncturists.
    - 18 (10) Naturopathic doctors.
    - 19 (11) Licensed professional clinical counselors.
    - 20 (12) Licensed physical therapists.
    - 21 (13) *Licensed pharmacists.*
  - 22 (b) Podiatric medical corporation.
    - 23 (1) Licensed physicians and surgeons.
    - 24 (2) Licensed psychologists.
    - 25 (3) Registered nurses.
    - 26 (4) Licensed optometrists.
    - 27 (5) Licensed chiropractors.
    - 28 (6) Licensed acupuncturists.
    - 29 (7) Naturopathic doctors.
    - 30 (8) Licensed physical therapists.
  - 31 (c) Psychological corporation.
    - 32 (1) Licensed physicians and surgeons.
    - 33 (2) Licensed doctors of podiatric medicine.
    - 34 (3) Registered nurses.
    - 35 (4) Licensed optometrists.
    - 36 (5) Licensed marriage and family therapists.
    - 37 (6) Licensed clinical social workers.
    - 38 (7) Licensed chiropractors.
    - 39 (8) Licensed acupuncturists.
    - 40 (9) Naturopathic doctors.

- 1 (10) Licensed professional clinical counselors.
- 2 (d) Speech-language pathology corporation.
- 3 (1) Licensed audiologists.
- 4 (e) Audiology corporation.
- 5 (1) Licensed speech-language pathologists.
- 6 (f) Nursing corporation.
- 7 (1) Licensed physicians and surgeons.
- 8 (2) Licensed doctors of podiatric medicine.
- 9 (3) Licensed psychologists.
- 10 (4) Licensed optometrists.
- 11 (5) Licensed marriage and family therapists.
- 12 (6) Licensed clinical social workers.
- 13 (7) Licensed physician assistants.
- 14 (8) Licensed chiropractors.
- 15 (9) Licensed acupuncturists.
- 16 (10) Naturopathic doctors.
- 17 (11) Licensed professional clinical counselors.
- 18 (g) Marriage and family therapist corporation.
- 19 (1) Licensed physicians and surgeons.
- 20 (2) Licensed psychologists.
- 21 (3) Licensed clinical social workers.
- 22 (4) Registered nurses.
- 23 (5) Licensed chiropractors.
- 24 (6) Licensed acupuncturists.
- 25 (7) Naturopathic doctors.
- 26 (8) Licensed professional clinical counselors.
- 27 (h) Licensed clinical social worker corporation.
- 28 (1) Licensed physicians and surgeons.
- 29 (2) Licensed psychologists.
- 30 (3) Licensed marriage and family therapists.
- 31 (4) Registered nurses.
- 32 (5) Licensed chiropractors.
- 33 (6) Licensed acupuncturists.
- 34 (7) Naturopathic doctors.
- 35 (8) Licensed professional clinical counselors.
- 36 (i) Physician assistants corporation.
- 37 (1) Licensed physicians and surgeons.
- 38 (2) Registered nurses.
- 39 (3) Licensed acupuncturists.
- 40 (4) Naturopathic doctors.

- 1 (j) Optometric corporation.
- 2 (1) Licensed physicians and surgeons.
- 3 (2) Licensed doctors of podiatric medicine.
- 4 (3) Licensed psychologists.
- 5 (4) Registered nurses.
- 6 (5) Licensed chiropractors.
- 7 (6) Licensed acupuncturists.
- 8 (7) Naturopathic doctors.
- 9 (k) Chiropractic corporation.
- 10 (1) Licensed physicians and surgeons.
- 11 (2) Licensed doctors of podiatric medicine.
- 12 (3) Licensed psychologists.
- 13 (4) Registered nurses.
- 14 (5) Licensed optometrists.
- 15 (6) Licensed marriage and family therapists.
- 16 (7) Licensed clinical social workers.
- 17 (8) Licensed acupuncturists.
- 18 (9) Naturopathic doctors.
- 19 (10) Licensed professional clinical counselors.
- 20 (l) Acupuncture corporation.
- 21 (1) Licensed physicians and surgeons.
- 22 (2) Licensed doctors of podiatric medicine.
- 23 (3) Licensed psychologists.
- 24 (4) Registered nurses.
- 25 (5) Licensed optometrists.
- 26 (6) Licensed marriage and family therapists.
- 27 (7) Licensed clinical social workers.
- 28 (8) Licensed physician assistants.
- 29 (9) Licensed chiropractors.
- 30 (10) Naturopathic doctors.
- 31 (11) Licensed professional clinical counselors.
- 32 (m) Naturopathic doctor corporation.
- 33 (1) Licensed physicians and surgeons.
- 34 (2) Licensed psychologists.
- 35 (3) Registered nurses.
- 36 (4) Licensed physician assistants.
- 37 (5) Licensed chiropractors.
- 38 (6) Licensed acupuncturists.
- 39 (7) Licensed physical therapists.
- 40 (8) Licensed doctors of podiatric medicine.

- 1 (9) Licensed marriage and family therapists.  
 2 (10) Licensed clinical social workers.  
 3 (11) Licensed optometrists.  
 4 (12) Licensed professional clinical counselors.  
 5 (n) Dental corporation.  
 6 (1) Licensed physicians and surgeons.  
 7 (2) Dental assistants.  
 8 (3) Registered dental assistants.  
 9 (4) Registered dental assistants in extended functions.  
 10 (5) Registered dental hygienists.  
 11 (6) Registered dental hygienists in extended functions.  
 12 (7) Registered dental hygienists in alternative practice.  
 13 (o) Professional clinical counselor corporation.  
 14 (1) Licensed physicians and surgeons.  
 15 (2) Licensed psychologists.  
 16 (3) Licensed clinical social workers.  
 17 (4) Licensed marriage and family therapists.  
 18 (5) Registered nurses.  
 19 (6) Licensed chiropractors.  
 20 (7) Licensed acupuncturists.  
 21 (8) Naturopathic doctors.  
 22 (p) Physical therapy corporation.  
 23 (1) Licensed physicians and surgeons.  
 24 (2) Licensed doctors of podiatric medicine.  
 25 (3) Licensed acupuncturists.  
 26 (4) Naturopathic doctors.  
 27 (5) Licensed occupational therapists.  
 28 (6) Licensed speech-language therapists.  
 29 (7) Licensed audiologists.  
 30 (8) Registered nurses.  
 31 (9) Licensed psychologists.  
 32 (10) Licensed physician assistants.  
 33 (q) Registered dental hygienist in alternative practice  
 34 corporation.  
 35 (1) Registered dental assistants.  
 36 (2) Licensed dentists.  
 37 (3) Registered dental hygienists.  
 38 (4) Registered dental hygienists in extended functions.  
 39 *SEC. 10. No reimbursement is required by this act pursuant*  
 40 *to Section 6 of Article XIII B of the California Constitution because*

1 *the only costs that may be incurred by a local agency or school*  
2 *district will be incurred because this act creates a new crime or*  
3 *infraction, eliminates a crime or infraction, or changes the penalty*  
4 *for a crime or infraction, within the meaning of Section 17556 of*  
5 *the Government Code, or changes the definition of a crime within*  
6 *the meaning of Section 6 of Article XIII B of the California*  
7 *Constitution.*

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