



January 18, 2019

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## HOUSE BILL No. 1246

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DIGEST OF HB 1246 (Updated January 16, 2019 5:52 pm - DI 133)

**Citations Affected:** IC 25-26; IC 35-48.

**Synopsis:** Pharmacy matters. Allows a pharmacy that holds a retail permit to offer drugs and devices to a long term care facility and a health facility. Allows a pharmacy to transfer, upon the request of a patient, certain prescriptions for the patient that the pharmacy has received but not filled to another pharmacy. Provides that injectable epinephrine or glucagon must have an expiration date of not less than 12 months from the date that the pharmacy dispenses the injectable epinephrine or glucagon to a person. Provides that an automated dispensing system that meets certain requirements may be operated in a location other than through a registered remote dispensing facility. Allows a qualifying pharmacist who is absent to have a designee in the pharmacist's place at a remote dispensing facility. Allows the board of pharmacy to establish continuing education rules for pharmacy technicians who are at a remote dispensing facility that is not staffed by a pharmacist. Provides that auditory communication must be available, as needed, with the remote dispensing facility and the qualifying pharmacist. Requires the board to adopt emergency rules concerning automated dispensing systems. Provides that the term "wholesale distribution", for purposes of the wholesale legend drug distributor laws, does not include the sale or transfer of a drug by a charitable organization to: (1) a nonprofit affiliate of the organization; or (2) a nonprofit entity that is not affiliated with the organization; to the extent permitted by law. Adds gabapentin to the definition of "controlled substance" for purposes of the Indiana scheduled prescription electronic collection and tracking (INSPECT) program.

**Effective:** June 1, 2019; July 1, 2019.

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### Davisson, Negele

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January 10, 2019, read first time and referred to Committee on Public Health.  
January 17, 2019, reported — Do Pass.

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HB 1246—LS 7181/DI 77





January 18, 2019

First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

## HOUSE BILL No. 1246

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A BILL FOR AN ACT to amend the Indiana Code concerning professions and occupations.

*Be it enacted by the General Assembly of the State of Indiana:*

1           SECTION 1. IC 25-26-13-17, AS AMENDED BY P.L.202-2017,  
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2019]: Sec. 17. (a) The board shall establish classes of  
4 pharmacy permits as follows:  
5           Category I. A retail permit for a pharmacy that provides  
6 pharmaceutical care to the general public by the dispensing of a  
7 drug or device.  
8           Category II. An institutional permit for hospitals, clinics, health  
9 care facilities, sanitariums, nursing homes, or dispensaries that  
10 offer pharmaceutical care by dispensing a drug product to an  
11 inpatient under a drug order or to an outpatient of the institution  
12 under a prescription.  
13           Category III. A permit for a pharmacy that provides closed door,  
14 central fill, mail order, or other processing operations that are not  
15 open to the general public but include:  
16           (A) traditional pharmacy functions; or  
17           (B) nontraditional pharmacy functions, such as infusion,

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- 1 nuclear pharmacy, or sterile compounding.
- 2 (b) Except for when registration as a remote dispensing facility (as  
3 defined in IC 25-26-13.5-3) is required under IC 25-26-13.5, the board  
4 may approve a remote or mobile location for Category I, II, or III  
5 permits. Pharmacy practice in a mobile or remote location may include,  
6 but is not limited to, telepharmacy, automated dispensing, or delivery  
7 of cognitive services.
- 8 (c) A hospital or hospital system holding a Category II permit may  
9 offer drugs or devices:
- 10 (1) to:
- 11 (A) an employee, student, or volunteer of the hospital or  
12 hospital system;
- 13 (B) a retiree who is participating in a retirement, pension, or  
14 benefit program administered by the hospital or hospital  
15 system;
- 16 (C) an independent contractor who has an exclusive  
17 relationship with the hospital or hospital system;
- 18 (D) a member of the hospital's or hospital system's governing  
19 board; or
- 20 (E) a member of the hospital's or hospital system's medical  
21 staff; and
- 22 (2) to dependents of the individuals listed in subdivision (1);  
23 for their own use.
- 24 (d) Hospitals holding a Category II permit may operate remote  
25 locations within a reasonable distance of the licensed area, as  
26 determined by the board, after:
- 27 (1) filing an application on a form prepared by the board;
- 28 (2) having each location inspected by the board; and
- 29 (3) obtaining approval from the board.
- 30 (e) Any applicable rule governing the practice of pharmacy in  
31 Indiana shall apply to all permits under this section.
- 32 (f) After June 30, 2012, a person with:
- 33 (1) a Type I permit shall be treated as holding a Category I permit;
- 34 (2) a Type II permit shall be treated as holding a Category II  
35 permit; and
- 36 (3) a Type III, IV, V, or VI permit shall be treated as holding a  
37 Category III permit.
- 38 The change in the name of the permit does not change the expiration  
39 date of the permit.
- 40 (g) After June 30, 2012, a reference in any rule or other document  
41 to:
- 42 (1) a Type I permit shall be treated as a reference to a Category I



1 permit;

2 (2) a Type II permit shall be treated as a reference to a Category  
3 II permit; or

4 (3) a Type III, IV, V, or VI permit shall be treated as a reference  
5 to a Category III permit.

6 **(h) A pharmacy holding a Category I permit may offer drugs or  
7 devices to the following:**

8 **(1) A long term care facility licensed under or subject to  
9 IC 16-28-2.**

10 **(2) A health facility licensed under IC 16-28.**

11 **(3) An assisted living facility registered with the office of the  
12 secretary of family and social services.**

13 SECTION 2. IC 25-26-13-24.8 IS ADDED TO THE INDIANA  
14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
15 [EFFECTIVE JULY 1, 2019]: **Sec. 24.8. Upon request of a patient,  
16 a pharmacy may transfer to another pharmacy a prescription for  
17 the patient that the pharmacy has received but not filled unless:**

18 **(1) prohibited in writing on the prescription by the  
19 prescriber; or**

20 **(2) otherwise prohibited by federal law.**

21 SECTION 3. IC 25-26-13-25.3 IS ADDED TO THE INDIANA  
22 CODE AS A NEW SECTION TO READ AS FOLLOWS  
23 [EFFECTIVE JULY 1, 2019]: **Sec. 25.3. A pharmacy may not  
24 dispense injectable epinephrine or glucagon to a person unless the  
25 injectable epinephrine or glucagon has an expiration date of not  
26 less than twelve (12) months from the date that the drug is  
27 dispensed.**

28 SECTION 4. IC 25-26-13.5-1.5 IS ADDED TO THE INDIANA  
29 CODE AS A NEW SECTION TO READ AS FOLLOWS  
30 [EFFECTIVE JULY 1, 2019]: **Sec. 1.5. (a) As used in this chapter,  
31 "automated dispensing system" means a mechanical or electronic  
32 system that performs operations or activities, other than  
33 compounding or administration, relating to pharmacy services,  
34 including the storage, dispensing, or distribution of drugs and the  
35 collection, control, and maintenance of all transaction information,  
36 to provide security and accountability for the drugs.**

37 **(b) The term does not include an automated dispensing system  
38 that is located in a hospital licensed under IC 16-21-2, an  
39 ambulatory outpatient surgical center licensed under IC 16-21-2,  
40 a health facility licensed under IC 16-28, or a pharmacy licensed  
41 under IC 25-26-13.**

42 SECTION 5. IC 25-26-13.5-3, AS ADDED BY P.L.202-2017,



1 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 2 JULY 1, 2019]: Sec. 3. As used in this chapter, "remote dispensing  
 3 facility" means a facility ~~or an automated dispensing system~~ where  
 4 prescription drugs are prepared or dispensed without the requirement  
 5 of the use of an onsite pharmacist and where pharmacist supervision  
 6 may be provided remotely. However, the term does not include a  
 7 facility ~~or an automated dispensing system~~ that is located in a hospital  
 8 licensed under IC 16-21-2, an ambulatory outpatient surgical center  
 9 licensed under IC 16-21-2, ~~or a health facility licensed under IC 16-28,~~  
 10 **or an automated dispensing system.**

11 SECTION 6. IC 25-26-13.5-6.5 IS ADDED TO THE INDIANA  
 12 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 13 [EFFECTIVE JULY 1, 2019]: **Sec. 6.5. (a) The registration required**  
 14 **under this chapter is in addition to any other registration or permit**  
 15 **required under this article.**

16 **(b) The board shall establish a registration procedure for**  
 17 **automated dispensing systems. An application for registration of**  
 18 **an automated dispensing system must include the following**  
 19 **information:**

20 (1) **A description of the automated dispensing system being**  
 21 **used at the facility, including information concerning any of**  
 22 **the following:**

- 23 (A) **Telepharmacy communication.**
- 24 (B) **Electronic record keeping.**
- 25 (C) **Electronic verification systems.**

26 (2) **Operating specifications of the automated dispensing**  
 27 **system, including the following:**

- 28 (A) **Location of the facility using the automated dispensing**  
 29 **system.**
- 30 (B) **Ownership of the automated dispensing system.**
- 31 (C) **Identification of personnel responsible for operation of**  
 32 **the automated dispensing system.**

33 (3) **A scale drawing that illustrates the layout and location of**  
 34 **the automated dispensing system.**

35 (4) **Identification of the proposed supervising pharmacy.**

36 **(c) A supervising pharmacy of an automated dispensing system**  
 37 **must be located in Indiana and licensed under this article.**

38 SECTION 7. IC 25-26-13.5-6.7 IS ADDED TO THE INDIANA  
 39 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 40 [EFFECTIVE JULY 1, 2019]: **Sec. 6.7. (a) Before a pharmacy may**  
 41 **operate an automated dispensing system, the automated dispensing**  
 42 **system must be registered with the board under this chapter and**



1 **in the manner prescribed by the board.**

2 **(b) The board shall establish minimum standards and practices**  
 3 **that ensure the safety, accuracy, security, record keeping, and**  
 4 **patient confidentiality of an automated dispensing system.**

5 SECTION 8. IC 25-26-13.5-8, AS ADDED BY P.L.202-2017,  
 6 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2019]: Sec. 8. (a) The qualifying pharmacist and a pharmacist  
 8 on duty are responsible for ensuring that the supervising pharmacy and  
 9 remote dispensing facility are sufficiently staffed to avoid the risk of  
 10 harm to public health and safety.

11 (b) In order to serve as a qualifying pharmacist, the pharmacist must  
 12 be in good standing with the board.

13 (c) A qualifying pharmacist may have this designation for only one  
 14 (1) supervising pharmacy and for one (1) remote dispensing facility at  
 15 a time.

16 (d) A qualifying pharmacist must be able to be physically at the  
 17 remote dispensing facility within a certain time set by the board to  
 18 address emergencies and safety issues that arise. **However, in the**  
 19 **qualifying pharmacist's absence the qualifying pharmacist may**  
 20 **designate another pharmacist to fulfill the qualifying pharmacist's**  
 21 **duties at the remote dispensing facility.**

22 (e) A qualifying pharmacist shall visit a remote dispensing facility  
 23 at least as often as required by the board to inspect the facility and  
 24 address personnel matters. The qualifying pharmacist shall complete  
 25 any forms required by the board concerning the required inspection and  
 26 maintain the records in a manner specified by the board.

27 (f) If the remote dispensing facility is located at a hospital or  
 28 physician clinic and uses an automated dispensing machine, the  
 29 qualifying pharmacist shall maintain an up to date inventory of any  
 30 schedule II controlled substances. The qualifying pharmacist shall at  
 31 least monthly inventory all controlled substances.

32 (g) The qualifying pharmacist shall develop and implement a  
 33 continuous quality improvement program. The program must include  
 34 a reporting mechanism for errors that occur concerning the remote  
 35 dispensing facility. Information concerning the program must be  
 36 available to the board upon request.

37 SECTION 9. IC 25-26-13.5-9, AS ADDED BY P.L.202-2017,  
 38 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 39 JULY 1, 2019]: Sec. 9. (a) There must be at least one (1) pharmacist  
 40 working at a remote dispensing facility for every six (6) pharmacist  
 41 interns, licensed pharmacy technicians, and pharmacy technicians in  
 42 training at the supervising pharmacy and remote dispensing facility.



1 However, an individual whose only duty is to act as the cashier is not  
 2 included in the number of employees that may work for one (1)  
 3 pharmacist under this subsection.

4 (b) A remote dispensing facility that is not staffed by a pharmacist  
 5 must be staffed by at least one (1) pharmacy technician who meets the  
 6 following requirements:

7 (1) Is licensed under IC 25-26-19.

8 (2) Has at least two thousand (2,000) hours of experience working  
 9 as a pharmacy technician in a pharmacy licensed under this article  
 10 and under the direct supervision of a pharmacist.

11 (3) Has successfully passed a certification examination offered by  
 12 the Pharmacy Technician Certification Board or another  
 13 nationally recognized certification body approved by the board.

14 (4) If the remote dispensing facility is located in a hospital or  
 15 physician clinic setting, either:

16 (A) has graduated from a pharmacy technician training  
 17 program accredited by the American Council of  
 18 Pharmaceutical Education or the American Society of Health  
 19 System Pharmacists; or

20 (B) obtained the hours described in subdivision (2) before July  
 21 1, 2017.

22 (5) Is supervised by a pharmacist at the supervising pharmacy at  
 23 all times that the remote dispensing facility is operational. As  
 24 used in this subdivision, supervision does not require that the  
 25 pharmacist be physically present at the remote dispensing facility  
 26 as long as the pharmacist is supervising telepharmacy operations  
 27 electronically through a computer link, video link, and audio link.

28 (6) Is currently in good standing with the board.

29 (c) A pharmacy technician in training may not work at a remote  
 30 dispensing facility unless a pharmacist is on site.

31 **(d) The board shall adopt rules that require pharmacy**  
 32 **technicians working at a remote dispensing facility that is not**  
 33 **staffed by a pharmacist to complete continuing education**  
 34 **requirements established by the board.**

35 SECTION 10. IC 25-26-13.5-11, AS ADDED BY P.L.202-2017,  
 36 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2019]: Sec. 11. (a) A supervising pharmacy of a remote  
 38 dispensing facility must maintain a video and audio communication  
 39 system that provides for effective communication between the  
 40 supervising pharmacy, the remote dispensing facility, and any  
 41 consumers. The system must do the following:

42 (1) Provide an adequate number of views of the entire remote





- 1           dispensing facility.
- 2           (2) Facilitate adequate pharmacist supervision.
- 3           (3) Allow an appropriate exchange of visual, verbal, and written
- 4           communications for patient counseling and other matters
- 5           concerning the lawful transaction of business.
- 6           (b) The remote dispensing facility must retain a recording of facility
- 7           surveillance, excluding patient communications, for at least forty-five
- 8           (45) days.
- 9           (c) A qualifying pharmacist is adequately supervising through the
- 10          use of video surveillance by maintaining constant visual supervision
- 11          and auditory communication with the remote dispensing facility and by
- 12          maintaining full supervisory control of the automated system, if
- 13          applicable. **The auditory communication must be available, as**
- 14          **needed, with the remote dispensing facility and the qualifying**
- 15          **pharmacist.**
- 16          (d) A video monitor that is being used to properly identify and
- 17          communicate with consumers must meet the following requirements:
- 18               (1) Be at least twelve (12) inches wide.
- 19               (2) Be high definition.
- 20               (3) Provide both the supervising pharmacy and the remote
- 21               dispensing facility with direct visual contact between the
- 22               pharmacist and the consumer.
- 23               (4) Be secure and compliant with the federal Health Insurance
- 24               Portability and Accountability Act (HIPAA).
- 25          (e) If any component of the communication system is not in
- 26          operating order, the remote dispensing facility shall remain closed until
- 27          the communication system is fully operational, unless a pharmacist is
- 28          located at the remote dispensing facility.
- 29          SECTION 11. IC 25-26-13.5-18, AS AMENDED BY P.L.209-2018,
- 30          SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 31          JUNE 1, 2019]: Sec. 18. (a) The board may adopt rules under IC 4-22-2
- 32          necessary to implement this chapter.
- 33          (b) The Indiana board of pharmacy shall ~~not later than July 1, 2018;~~
- 34          adopt rules under IC 4-22-2, including emergency rules in the manner
- 35          provided under IC 4-22-2-37.1, to implement **sections 6.5 and 6.7 of**
- 36          **this chapter with respect to telepharmacy. This subsection expires July**
- 37          **1, 2019: 2020.**
- 38          SECTION 12. IC 25-26-14-11, AS AMENDED BY P.L.212-2005,
- 39          SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 40          JULY 1, 2019]: Sec. 11. As used in this chapter, "wholesale
- 41          distribution" means to distribute legend drugs to persons other than a
- 42          consumer or patient. The term does not include:



- 1 (1) a sale or transfer between a division, a subsidiary, a parent, an  
 2 affiliated, or a related company under the common ownership and  
 3 control of a corporate entity;
- 4 (2) the purchase or acquisition by a hospital or other health care  
 5 entity that is a member of a group purchasing organization of a  
 6 drug for the hospital's or health care entity's own use from the  
 7 group purchasing organization or from other hospitals or health  
 8 care entities that are members of the organization;
- 9 (3) the sale **or transfer** of a drug by a charitable organization  
 10 described in Section 501(c)(3) of the Internal Revenue Code, to:  
 11 (A) a nonprofit affiliate of the organization; **or**  
 12 (B) **a nonprofit entity described in Section 501(c)(3) of the**  
 13 **Internal Revenue Code that is not affiliated with the**  
 14 **organization;**
- 15 to the extent otherwise permitted by law;
- 16 (4) the sale of a drug among hospitals or other health care entities  
 17 that are under common control;
- 18 (5) the sale of a drug for emergency medical reasons, including  
 19 transfers of legend drugs by a retail pharmacy to another retail  
 20 pharmacy to alleviate a temporary shortage, if the gross dollar  
 21 value of the transfers does not exceed five percent (5%) of the  
 22 total legend drug sales revenue of either the transferor or  
 23 transferee pharmacy during any twelve (12) consecutive month  
 24 period;
- 25 (6) the sale of a drug or the dispensing of a drug pursuant to a  
 26 prescription;
- 27 (7) the distribution of drug samples by manufacturers'  
 28 representatives or distributors' representatives;
- 29 (8) the sale of blood and blood components intended for  
 30 transfusion;
- 31 (9) the sale of a drug by a retail pharmacy to a practitioner (as  
 32 defined in IC 25-26-13-2) for office use, if the gross dollar value  
 33 of the transfers does not exceed five percent (5%) of the retail  
 34 pharmacy's total legend drug sales during any twelve (12)  
 35 consecutive months;
- 36 (10) the sale of a drug by a retail pharmacy that is ending its  
 37 business and liquidating its inventory to another retail pharmacy;
- 38 (11) drug returns by a hospital, health care entity, or charitable  
 39 institution conducted under 21 CFR 203.23;
- 40 (12) the sale of minimal quantities of drugs by retail pharmacies  
 41 to licensed practitioners for office use;
- 42 (13) the distribution of prescription drugs by the original



1 manufacturer of the finished form of the prescription drug or the  
2 distribution of the co-licensed products by a partner of the  
3 original manufacturer of the finished form of the prescription  
4 drug; or  
5 (14) drug returns that meet criteria established by rules adopted  
6 by the board.  
7 SECTION 13. IC 35-48-7-2.6 IS ADDED TO THE INDIANA  
8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
9 [EFFECTIVE JULY 1, 2019]: **Sec. 2.6. As used in this chapter,**  
10 **"controlled substance" has the meaning set forth in IC 35-48-1-9.**  
11 **The term includes gabapentin.**  
12 SECTION 14. **An emergency is declared for this act.**



COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1246, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

(Reference is to HB 1246 as introduced.)

KIRCHHOFER

Committee Vote: Yeas 13, Nays 0

