25th Annual NPPA Conference
August 9-11, 2022
Las Vegas, NV

Organized & Hosted By NPPA,
The National Pharmacy
Purchasing Association

www.PharmacyPurchasing.com

1

503B Vendors Explained

Presented By
Pam Shea, CPhT

2

Speaker's Pharmacy Background

Pam Shea, CPhT, Retired Hospital Pharmacy Buyer

- 2012-2021: Pharmacy Buyer at Scripps Green Hospital Pharmacy, where then retired from in 2021. Scripps is a hospital system located in the San Diego, California area, consisting of Hospital sites each with their own Buyers.
- 1989-2012: Pharmacy Buyer at Loma Linda University Medical Center (LLUMC), a 900-bed hospital located in Loma Linda, California.
- 1983-1989: IV Room Pharmacy Technician at LLUMC

3

3

Learning Objectives

1) Explain the influx of 503 Manufacturing
2) Identify the differences between 503 compounding and Pharmaceutical manufacturers
3) Discuss if a vendor can be both 503A and 503B, and the regulation differences
4) List the Benefits of ordering from the 503 B compounding facilities during this time of critical national medication shortages

4

Why This Topic

- A few years ago, I started getting calls and visits from Vendor Reps: *"Hi, we're now a 503B facility."* Ok? So?
- I wasn't sure what that meant exactly, and little did I know it would be a huge impact on my purchasing duties.
- It wasn't too long before one of our Administrators from the "C" suites visited a 503B facility, and then announced that we will be ordering from that facility … for our outsourcing needs.

5

5

Why This Topic *(continued)*

- I had so many questions surrounding these new compounders, what were the reasons, and the regulations surrounding them.
- I thought maybe other Buyers would have some of the same questions and I'm hoping I can share information that will help you, the Hospital Buyer, in the daily challenges when it comes to 503A and 503B outsourcing vendors.
- Also, some tips for the Pharmacy staff how to be aware of 503B labeling and packaging.

6

6

How Did All This Get Started?

- Between 2012 and 2018, there was a big investigation around the NECC (New England Compounding Center) relating to the CDC findings of over 700 patients infected with severe fungal infections.
- The infections led to several deaths.
- Not only did the compounding center get shut down, but there have also been arrests, convictions, and prison time for those involved.

7

7

How Did All This Get Started? *(continued)*

- NECC was not the only Pharmacy involved in this type of compounding, but they were, however, the ***big*** name in the news.
- This investigation led the FDA to discover the gaps surrounding regulations and inspections for these types of Pharmacies.
- Something needed to be done to protect the patients in need of special compounds. The DQSA added 503B as a new regulation by the FDA.

8

8

Keeping Us Safe: Patients/Consumers/Buyers

- Regulations from the FDA, Board of Pharmacy (BOP), and Drug Enforcement Administration (DEA), to mention a few, enable more inspections and oversight…
- To help avoid another unfortunate event and deaths similar to what happened at NECC and other compounding Pharmacies/vendors.

9

9

Keeping Us Safe *(continued)*

- "*Section 503B of the DQSA aims to establish federal standard for product integrity, quality assurance testing, reporting, and safety when producing large volumes of CSPs (compounded sterile products)"*

10

10

What Happened Next?

- In order to take control of the quality assurance the FDA divided these pharmacies into 2 designations: 503A and 503B.
- This new compounding category would require 503B outsourcing facilities to be registered and inspected under DQSA.
  - "*It should be noted that USP <797>, Pharmaceutical Compounding-Sterile Preparations, remains the primary source of guidance for the traditional pharmacy (503A) in the preparation of CSPs."*

11

11

What Happened Next? *(continued)*

- The differences between the two types of facilities, 503A and 503B, are prescription requirements, safety and quality, cost savings, availability, liability, and regulatory authority.
- Not only did the FDA and BOP realize the need, but Big Pharma also recognized that due to shortages there is a need for "batching" with shorter Beyond Use Dates (BUD), which would address critical medications needed for immediate use.
- And while some manufactures view the 503B outsourcing as a competitor for business, others feel some relief fulfilling market needs.

12

12

What Happened Next? *(continued)*

- Hospital Pharmacies compound countless CSPs in advance of a patient-specific order.
- With the new compounding standards, there are limits on the BUD as well as requirements for batch testing, analysis, and reporting.
  - For example, if our Pharmacy batches a patient-controlled analgesia (PCA) product with a quantity of 10, we can only give it a BUD of 30 hours under refrigeration.
  - But if I order from a 503B outsource supplier it can have 90+ days dating at room temperature.

13

13

Description Of 503A

- 503A facility must also be FDA compliant and clear Federal State BOP regulations, their products can only be used patient specific, produced based on a prescription.
- Exempt from cGMP (current good manufacturing practices).
  - *The prescription requirement distinguishes 503A from a 503B facility, but still requires compounding by a licensed pharmacist in a State licensed pharmacy*
  - *A prescription must identify the patient for whom the drug has been prescribed.*

14

14

Description Of 503B

- Outsourcing supplier, registered for Hospital or Institutional CSP batching, under the direct supervision of a licensed pharmacist in a state licensed pharmacy.
- 503B can only compound products that ARE NOT COMMERCIALLY AVAILABLE, either by strength or delivery system, i.e. syringe vs a vial.
- The 503B compounding pharmacies must validate every process according to cGMP (current good manufacturing practices).

15

15

Description Of 503B *(continued)*

- The 503B products must be labeled: *"This is a compounded product, NOT for resale, for Hospital use only"* (or, could say *"For institutional use only"*).
- Under both FDA and Federal State BOP regulations.
- After the initial registration, they must re-register annually, to continue being registered with the FDA as an outsourcing facility.

16

16

Can An Outsourcing Vendor Be Both 503 A & B?

- Yes, a vendor can be licensed for both.
- They must be two separate licenses, each having its own address, suite number, and compounding clean room.
- If the 503A decides they want to compound non patient prescription items, then it must be done outside that facility in a separate establishment and register as a 503B.

17

17

Can A Pharmaceutical Manufacturer Also Be A 503B Vendor?

- There is now a new vision from various pharmaceutical manufactures towards the business of being a 503B outsourcing facility.
- And why not, some 503B's are purchasing their supply of sterile ingredients from a pharma manufacturer who has already had to provide all the API (active pharmaceutical ingredients) data to the FDA.

18

18

Manufacturers Are Entering The 503B Market *(continued)*

- This means they could use their own medications for 503B compounding, instead of providing it to another outsourcing facility.
- They will still have to follow the regulations and be licensed as a 503B, but with their own lab testing on site, cGMP(current good manufacturing process), and SOP(standard operating process) already in place the addition should go smoothly.
- When the DEA is involved, the drug manufacturer and the 503B have separated controlled substance allocations. This will help extend the market supply at the end of the year when everything gets tight.

19

19

The Topic Of Production

Is there more than one (1) department that decides what should be put into production?

- Some vendors have only their marketing department determine what will be manufactured—however others have a team of production managers and marketing managers making the decisions.
- And remember they are not only making decisions about the medications, they must also take into account supply issues for the delivery systems.

20

20

The Topic Of Production *(continued)*

Answers from vendors about the factors with production issues:

- Which medications are more urgently needed, as opposed to ones that can wait for future production.
- Which meds need to be produced to keep manufacturers in contract compliance with GPO's and other contracts.
- What does the previous market share look like compared to the next year?
- What other manufacturers dropped out of the market?
- Have any world disasters affected the API supplies?
- Which meds are needed quickly for a worldwide Pandemic?

21

21

Production Decisions For 503B

- For 503B's, it's similar but with more obstacles since they are dealing with the FDA approval of what items ***CAN*** be compounded based on the FDA shortage list and if the product proposed is not already ***commercially*** available.
- Also, to consider is what batch volume will need to be made to ensure products get to the user (hospitals) and be used before short BUD expirations.

22

Raw Material Supply

- Is the supply chain getting better or worse since COVID 19 started?
- Vendors are telling me: *"Supplies for Pharmacy-grade API are getting somewhat better."*

23

23

Raw Material Supply *(continued)*

- Raw material supplies can create a problem for both manufacturers and 503B vendors.
- With shortage problems, we can also include the NS bags, empty bags, rubber stoppers, empty vials, and syringes of all sizes.
- Some 503B suppliers are now creating their own manufacturing facility to make empty bags, caps, syringes, and even gloves.
  - They also do their own on-site testing, so as not to have delays by using an outside laboratory.

24

24

25

Benefits Of Purchasing From A 503B Vendor

- Cost Savings: These suppliers are efficient at keeping down waste and lowering cost, (this doesn't mean you won't have some waste since we don't have a crystal ball).
- Reliability: Ready-to-use products that could include ambulatory delivery device pumps, controlled substance PCA syringes, and high-risk compounds.
- Availability: More products available to order that are found on the FDA shortage list.
- Safety: including detailed regulated labeling, (avoiding unlabeled syringes laying on a tray in the OR)

26

Benefits Of Purchasing From A 503B Vendor *(continued)*

- Quality Products/cGMP: 503B compliance required to follow federal and state guidelines.
- The many shortage items have been a little more manageable, to some extent, by 503B outsourcing facilities.
- Vital in supplying hospitals with meds needed to treat critically ill patients during the peak of COVID-19.
- More personal customer service, no need to go through the wholesaler.

27

Responsibilities For The Pharmacy

- Quarterly reports from each vendor need to be separated by 503A and 503B, and by state location and facility, if more than one…
  - For instance, we have vendors that are in "CA" (California), "PH" (Phoenix, Arizona), and "PA" (Pennsylvania)—all under the same business name, and each State has their own QA reports.
- This could add to the buyer's already various monthly reports.

28

Responsibilities For The Pharmacy *(continued)*

- What's coming up regarding DSCSA (the Track & Trace law) and Outsourcing facilities?
- No changes at this time: *"Compounded drugs are now regulated by the Compounding Quality Act, which is Title I of the DQSA"* (still no Track & Trace needed)
- Verify with each vendor Federal State license and *State BOP* websites, to ensure they are licensed to ship to your state

29

Helping The Hospital Pharmacy

Example of FDA.gov verification of registered outsourcing facilities listed as Human Drug Compounding Outsourcing Facilities

www.fda.gov/drugs/human-drug-compounding/registered-outsourcing-facilities

Facility Name	Contact Name and Phone Number	Initial Date of Registration as an Outsourcing Facility	Date of Most Recent Registration as an Outsourcing Facility	End Date of Last FDA Inspection Related to Compounding	Was a Form FDA-483 issued?	Other Action, if Any, Based on Last Inspection	Intends to Compound Sterile Drugs From Bulk Drug Substances

30

Helping The Hospital Pharmacy *(continued)*

Example of California Board of Pharmacy outsourcing facility verification web page

www.search.dca.ca.gov

31

31

Buyer Hints & Tips

- Scripps created a team to support buyers with 503 purchasing regulations and QA reports. If possible, you may want to create a team consisting of a pharmacist, buyer or lead tech, and medication safety. This was very helpful to have the support.
- QA reports are on the vendor website under resources. Quarterly reports are usually a month or two behind.
  - (Example, for 1st quarter you would have to check around April or May).
- Save them on your facility drive, for easy access, or possibly keep a printed copy on hand for surveyors.

32

32

Hints & Tips *(continued)*

Create a pricing chart:

I created a chart to help me keep track of pricing and this also helped my backup buyer to know which items to order from whom (these are all made up prices)

Preferred Vendor	503B each prices				
X= they don't make it	A	B	C	P	X
Fentanyl 2,500mcg/50mL PCA	$ 10.00	$ 8.00			
Morphine 50mg/50mL				X= they don't make it	
Heparin 4,000/1,000mL NS			$20.00	$ 21.00	
Hydromorphone PCA	$16.00		$20.00		
Diltiazem 125mg/125mL bag	$ 12.00				
RFID Syringes	$ 1.00				
Neostigmine 5mg/5L syringes	$ 5.00				

33

33

The Buyer Helping The Pharmacy Staff

- Inform staff of new vendor packaging and SALA (sound-alike/look-alike).
- Watch for diluents in the same medication.
  - i.e., NorEpi 4mg could be in 2 different diluents.
  - Also caution the tech when returning stock back to the shelf, so they don't get mixed up.
- RFID labeling: you don't need to process through the machine.

34

34

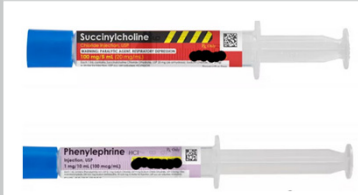
The Buyer Helping The Pharmacy Staff *(continued)*

- **Protect from light products:** If the label indicates *"Protect from light"*, the bag may have an overwrap bag. This overwrap may or may not be "protect from light", just check with your vendor to be sure so staff will know if they need to place the correct protection over it.
- **Alert:** We have found a few lots of syringes that the vendor forgot to finish in the RFID process before shipping the product, and when our RPh tried to verify the product in RFID they got a warning, *"Not checked off by a pharmacist."*
  - Our RPh completed the process so we could use the product, and we reported it right away to the vendor.

35

35

Examples Of 503B Compounded Medications



If product includes an RFID label, this saves your staff time

36

36

These look different, but are all in 250mL bags

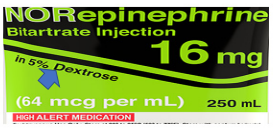
37

37

Watch The Diluent

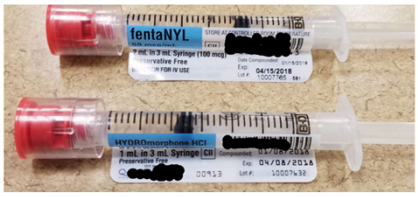
IN 0.9% SODIUM CHLORIDE

IN DEXTROSE 5%



38

- **Also, warn staff that safety reports have been made to The Institute for Safe Medication Practices (ISMP)…**
  - When syringes were placed face down in a tray, ***not*** showing the medication name



39

39

Post Test

- Name two (2) regulatory bodies that oversee 503 A & B facilities?
  - A) FDA and Board of Pharmacy
- What is the restriction of a 503A?
  - A) Must be compounded under a prescription/patient specific
- Name two (2) Benefits of ordering from a 503B?
  - A) Safety, less waste, cost savings, availability, cGMP standards
- What new additional records could the Pharmacy and/or the Buyer be responsible for regarding 503 vendors?
  - A) QA reports, verify Federal State license

40

40

Pharmacy Buyers Are ESSENTIAL WORKERS!

41

41

Who Is In The Shadow Of The Pharmacy Buyer?

Pharmacy Buyers usually come after the:

CEO, Doctors, Nurses, Pharmacy Director, Pharmacists, Pharmacy Techs

But they can't take care of the patient *without the BUYER!*

42

42

References

- FDA.gov *(multiple articles on 503B regulations)*
- Pharmacy.ca.gov/license search
- RXTrace.com
- wikipedia.org/wiki/New_England_Compounding_Center_meningitis_outbreak
- 503B article from *"Directions in Specialty Pharmacy",* Oct. 2020
- 503B article from *"Directions in Health-System Pharmacy",* May 2021
- ISMP article: *"Guidance for safe labeling of 503B,"* March 2018
- Wellspharmatx.com: *"Reasons Why 503b Benefits Healthcare Providers"*
- Rxqcompounding.com/503b
- TV program *60 Minutes,* May 22, 2022
- EESolutions.net: Summary of USP 797
- Wolterskluwer.com: *"What is USP 797?"*

43

43

CONTACT INFO

Please feel free to contact me, at:

pamshea3428@gmail.com

44

Questions From The Audience

45

45