

IN THE MATTER OF
McKESSON CORPORATION
300 Kendall Avenue
Washington Court House, Ohio

PERMIT NO. D00811

BEFORE THE
MARYLAND STATE
BOARD OF PHARMACY
***Case No. PI-18-002/18-112/18-124**

* * * * *

CONSENT ORDER

Background

The Maryland Board of Pharmacy (the "Board") received self-reports from McKesson Corporation ("Respondent-Distributor") that it had entered into a settlement agreement with the U.S. Department of Justice ("DOJ") in which the DEA registration for the Respondent-Distributor's Washington Court House Ohio location was suspended for two (2) years, effective from January 18, 2019 to January 18, 2021. The Respondent-Distributor also self-reported subsequent disciplinary actions imposed by other state boards primarily based on the Respondent's Settlement Agreement with the DOJ.

In lieu of instituting formal proceedings against McKesson Corporation., in accordance with the Maryland Pharmacy Act, Md. Code Ann., Health Occ. § 12-101 et seq., the Board and McKesson Corporation, have agreed to resolve this matter as set forth in this Consent Order.

FINDINGS OF FACT

1. On or about December 26, 1996, the Respondent was issued a distributor permit to operate in Maryland under Permit Number D00811. The Respondent's permit is active and will expire on May 31, 2019.

2. The Respondent-Distributor is located in Washington Court House, Ohio, and distributes prescription drugs, including controlled dangerous substances, into Maryland.
3. On or about January 17, 2017, the Respondent-Distributor entered into a Settlement Agreement with the U.S. Department of Justice ("DOJ") based on the DOJ's contention that McKesson failed to properly monitor its sales of controlled substances; failed to conduct adequate due diligence and keep accurate records of its sales; failed to maintain effective controls against diversion of particular controlled substances into channels other than legitimate medical, scientific and industrial channels; and failed to report suspicious orders of controlled substances to the U.S. Drug Enforcement Administration ("DEA").
4. Twelve (12) McKesson distribution centers were referenced in the Settlement Agreement, including the distribution center located in Washington Court House, Ohio.
5. Under the terms of the Settlement Agreement, the DEA registrations issued to the Aurora, Livonia, and Washington Court House distribution centers were suspended for certain periods of time on a staggered basis. Specifically, the DEA registration issued to the Respondent-Distributor's Washington Court House distribution center is suspended from January 18, 2019, to January 18, 2021, with the exceptions that the Respondent may possess and distribute controlled substances to federal customers which purchase controlled substances from the Respondent-Distributor under an exclusive contract with the U.S. Department of Veterans Affairs. In addition, the suspension does not apply to or limit Respondent-Distributor's

authority to distribute, or operations involving, List 1 Chemical products at or from Respondent-Distributor's Washington Court House distribution center.

6. Subsequent to the effective date of the Settlement Agreement, the Board was notified that the following state boards of pharmacy took action essentially mirroring the restrictions imposed by the Settlement Agreement: Idaho Board of Pharmacy, Louisiana Board of Pharmacy, and the New Hampshire Board of Pharmacy.

CONCLUSIONS OF LAW

Based on the foregoing Findings of Fact, the Board concludes that McKesson Corporation, Permit Number D00811, is subject to discipline in accordance with Md. Code Ann., Health Occ. § 12-601 and COMAR 10.34.22.05A(3)(v).

ORDER

Based upon an affirmative vote of a majority of the Board, in accordance with Health Occ. Art. § 12-204, it this 20th day of March, 2018, hereby,

ORDERED that McKesson Corporation, Permit No. D00811, shall be prohibited from distributing controlled dangerous substances into Maryland effective January 18, 2019, to January 18, 2021. If the effective suspension dates in the DOJ Settlement Agreement referenced herein for the Washington Court House distribution center are changed, the Respondent-Distributor shall immediately notify the Board of such change and the change will automatically be incorporated into this Order without the need for further Board action or approval; and be it further,

ORDERED that the prohibition above does not apply to or limit the Respondent-Distributor's authority to distribute, or operations involving, List I Chemical Products at or from the Respondent-Distributor that are authorized under the Respondent's DEA registration and the DEA Settlement Agreement. The Respondent-Distributor is also permitted, at its option, to possess

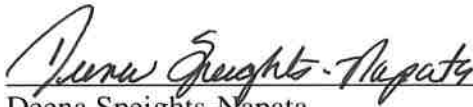
and distribute controlled substances to federal customers that purchase controlled substances from the Respondent-Distributor under an exclusive contract with the VA; and be it further,

ORDERED the Respondent-Distributor shall comply with all laws and regulations governing the operation of a wholesale distributor in the State of Maryland, to include federal and State laws governing the proper handling and distribution of controlled dangerous substances; and be it further,

ORDERED that in the event the Respondent-Distributor violates any terms of this Order, the Board, after notice and an opportunity for a hearing, and a determination of a violation, impose any disciplinary sanction it deems appropriate, including suspension, revocation, and fines, said violation being proven by a preponderance of the evidence; and be it further,

ORDERED that this is a final order and as such is a public document pursuant to Md. Code Ann., General Provisions Article§ 4-333.

3-20-18
Date


Deena Speights-Napata,
Executive Director for:

Mitra Gavvani, Pharm d.
Board President

CONSENT

1. By signing this Consent, McKesson Corporation submits to the foregoing Consent Order as a resolution of this matter and agrees to be bound by its terms and conditions.

2. McKesson Corporation acknowledges the validity of this Consent Order as if it were made after a hearing in which it would have had the right to counsel, to confront witnesses, and to all other substantial procedural protections provided by law.

3. McKesson Corporation acknowledges that, by entering into this Consent Order, it is waiving its right to appeal any adverse ruling of the Board that might have followed such an evidentiary hearing.

4. McKesson Corporation acknowledges the legal authority and the jurisdiction of the Board to enter and enforce this Consent Order.

5. McKesson Corporation signs this Consent Order freely and voluntarily, after having had the opportunity to consult with counsel. McKesson Corporation fully understands the language, meaning, and effect of this Consent Order.

March 13, 2018
Date

Ammie Mcasey

Name: AMMIE MCASEY

Title: SVP DISTRIBUTION OPERATIONS

STATE OF MISSISSIPPI

COUNTY/CITY OF DESOTO

I hereby certify that on this 13 day of , 2018, before me, a Notary Public of the State of and County/City aforesaid, personally appeared and made an oath in due form that the foregoing Consent was his/her voluntary act and deed on behalf of McKesson Corporation.

Gloria D. Kennard
Notary Public

My commission expires: September 5, 2020

