Hospital and Health System Compounding Under Section 503A of the Federal Food, Drug, and Cosmetic Act

Guidance for Industry

DRAFT GUIDANCE

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U.S. Department of Health and Human Services
Food and Drug Administration
Center for Drug Evaluation and Research (CDER)
Office of Compliance/Office of Compounding Quality and Compliance (OCQC)

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Revision 1

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Hospital and Health System Compounding Under Section 503A of the Federal Food, Drug, and Cosmetic Act Guidance for Industry[1]

This draft guidance, when finalized, will represent the current thinking of the Food and Drug Administration (FDA or Agency) on this topic. It does not establish any rights for any person and is not binding on FDA or the public. You can use an alternative approach if it satisfies the requirements of the applicable statutes and regulations. To discuss an alternative approach, contact the FDA staff responsible for this guidance as listed on the title page.

I. INTRODUCTION AND SCOPE

Pharmacies located within a hospital, or standalone pharmacies that are part of a health system, frequently provide compounded drug products for administration within the hospital or health system.[2] Some of these compounders seek to compound drugs under section 503A of the Federal Food, Drug, and Cosmetic Act (FD&C Act) (21 U.S.C. 353a) and others have registered with the Food and Drug Administration (FDA, the Agency, or we) as outsourcing facilities and are subject to section 503B of the FD&C Act (21 U.S.C. 353b).[3]

This revised draft guidance describes how FDA intends to apply certain provisions of section 503A of the FD&C Act to human drug products that are compounded by state-licensed pharmacies that are not outsourcing facilities for distribution within a hospital or health system. First, the revised draft guidance addresses the requirement that compounding be based on the receipt of a valid prescription order for an identified individual patient (section 503A(a) of the FD&C Act). Second, it addresses the provision concerning compounded drug products that are essentially copies of a commercially available drug product (section 503A(b)(1)(D) of the FD&C Act). This guidance does not apply to human drug products compounded by outsourcing facilities under section 503B of the FD&C Act, compounded drug products that are not distributed for use within a hospital or health system, or drug products compounded for use in animals.

[1] This guidance has been prepared by multiple offices in the Center for Drug Evaluation and Research (CDER) and in consultation with the Office of Regulatory Affairs at the Food and Drug Administration.

[2] For the purposes of this guidance, the term *health system* means an organization that includes at least one hospital and at least one group of physicians that provides comprehensive care (including primary and specialty care) who are connected with each other and with the hospital through common ownership or joint management. See the Agency for Healthcare Research and Quality's web page "Compendium of U.S. Health Systems, 2018," available at https://www.ahrq.gov/chsp/data-resources/compendium.html.

[3] Title I of the Drug Quality and Security Act created a new section 503B of the FD&C Act, entitled "Outsourcing Facilities" (see Public Law 113-54, section 102(a), 127 Stat. 587, 587-588 (2013)).

The contents of this document do not have the force and effect of law and are not meant to bind the public in any way, unless specifically incorporated into a contract. This document is intended only to provide clarity to the public regarding existing requirements under the law. FDA guidance documents, including this guidance, should be viewed only as recommendations, unless specific regulatory or statutory requirements are cited. The use of the word should in FDA guidance means that something is suggested or recommended, but not required.

II. BACKGROUND

Sections 503A and 503B of the FD&C Act address human drug compounding.

A. Compounding Under Section 503A of the FD&C Act

Section 503A of the FD&C Act describes the conditions that must be satisfied for human drug products compounded by a licensed pharmacist in a State licensed pharmacy or Federal facility, or by a licensed physician, to be exempt from certain provisions of the FD&C Act:

- Section 501(a)(2)(B) (concerning current good manufacturing practice (CGMP) requirements)
- Section 502(f)(1) (concerning the labeling of drugs with adequate directions for use)
- Section 505 (concerning the approval of drugs under new drug applications or abbreviated new drug applications)

A list of the conditions in section 503A of the FD&C Act that must be met for a compounded drug product to qualify for the exemptions in that section appears in the guidance for industry *Pharmacy Compounding of Human Drug Products Under Section 503A of the Federal Food, Drug, and Cosmetic Act* (June 2016, Revision 2).[4]

One of the conditions that must be met for a compounded drug product to qualify for the exemptions under section 503A of the FD&C Act is that it is compounded by a licensed pharmacist in a State-licensed pharmacy or Federal facility, or by a licensed physician:

> . . . for an identified individual patient based on the receipt of a valid prescription order or a notation, approved by the prescribing practitioner, on the prescription order that a compounded product is necessary for the identified patient.[5]

This means that the drug product is compounded either: (1) after the receipt of a valid prescription order for an identified individual patient;[6] or (2) in limited quantities before the receipt of a valid prescription order for an identified individual patient, if based on a history of

[4] We update guidances periodically. For the most recent version of a guidance, check the FDA guidance web page at https://www.fda.gov/regulatory-information/search-fda-guidance-documents.

[5] See section 503A(a) of the FD&C Act.

[6] See section 503A(a)(1) of the FD&C Act.

the compounder receiving orders for the compounding of the drug product and in the context of certain established relationships.[7] Section 503A of the FD&C Act does not provide for a compounded drug product leaving the compounding facility before the receipt of the prescription. In December 2016, FDA issued a guidance for industry setting forth FDA's policy concerning the statutory prescription requirement at section 503A(a) of the FD&C Act, entitled *Prescription Requirement Under Section 503A of the Federal Food, Drug, and Cosmetic Act*.[8]

Another of the conditions in section 503A of the FD&C Act is that the drug product must be compounded by a licensed pharmacist or a licensed physician that "does not compound regularly or in inordinate amounts (as defined by [FDA]) any drug products that are essentially copies of a commercially available drug product."[9] Section 503A of the FD&C Act further states that:

> . . . the term 'essentially a copy of a commercially available drug product' does not include a drug product in which there is a change, made for an identified individual patient, which produces for that patient a significant difference, as determined by the prescribing practitioner, between the compounded drug and the comparable commercially available drug product.[10]

FDA issued a guidance for industry that set forth FDA's policies concerning the "essentially a copy" provision under section 503A of the FD&C Act, *Compounded Drug Products That Are Essentially Copies of a Commercially Available Drug Product Under Section 503A of the Federal Food, Drug, and Cosmetic Act* (January 2018) (503A copies guidance).[11]

B. Risks Associated With Compounded Drug Products

Compounded drug products can serve an important role for patients in hospitals and health systems whose medical needs cannot be met by an FDA-approved drug product, such as a patient who has an allergy and needs a medication to be made without a certain dye, or an elderly patient or a child who cannot swallow a pill and needs a medicine in a liquid form that is not otherwise available. Many hospital and health system pharmacies, for example, routinely compound oral liquids from tablets or other dosage forms for use in pediatric units.[12]

Although compounded drug products can serve an important need, they pose a higher risk to patients than FDA-approved drug products. Compounded drug products are not FDA-approved, which means they have not undergone FDA premarket review for safety, effectiveness, and quality. For these reasons, compounded drug products should only be used when an FDA-approved product is not available to meet the medical needs of an individual patient.

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[7] See section 503A(a)(2) of the FD&C Act.

[8] Available on the FDA guidance web page.

[9] See section 503A(b)(1)(D) of the FD&C Act.

[10] See section 503A(b)(2) of the FD&C Act.

[11] See footnote 8.

[12] In this guidance, *hospital pharmacy* refers to a pharmacy that is connected to a hospital through common ownership or joint management, and *health system pharmacy* refers to a pharmacy that is connected to a health system by common ownership or joint management. A pharmacy may be both a hospital pharmacy and a health system pharmacy. A hospital pharmacy or a health system pharmacy may also be an outsourcing facility. This guidance applies to hospital pharmacies and health system pharmacies that are *not* also outsourcing facilities.

In addition, licensed pharmacists and licensed physicians who compound drug products in accordance with section 503A of the FD&C Act are not required to comply with CGMP requirements (section 501(a)(2)(b) of the FD&C Act). Furthermore, FDA does not interact with the vast majority of licensed pharmacists and licensed physicians who compound drug products and seek to qualify for the exemptions under section 503A of the FD&C Act for the drug products they compound because these compounders are not licensed by FDA and generally do not register their compounding facilities with FDA. Therefore, FDA is often not aware of potential problems with their compounded drug products or compounding practices unless it receives a complaint such as a report of a serious adverse event or visible contamination.

In 2012, contaminated injectable drug products that a compounding pharmacy shipped to patients and healthcare practitioners across the country caused a fungal meningitis outbreak that resulted in over 60 deaths and over 750 cases of infection.[13] This was the most serious of a long history of outbreaks associated with contaminated compounded drug products.

Since the 2012 fungal meningitis outbreak, FDA has investigated numerous other outbreaks and other serious adverse events, including deaths, associated with compounded drug products that were contaminated or otherwise unsafe. For example, in 2019, FDA received a report concerning seven patients who received an injectable drug product compounded with L-glutathione and experienced adverse events consistent with reactions patients experience with high levels of endotoxins. FDA's testing of the L-glutathione samples confirmed higher levels of endotoxin than is appropriate based on the dose of L-glutathione received intravenously. The L-glutathione powder the compounding pharmacies received was labeled with "Caution: Dietary Supplement" and should not have been used to compound sterile injectable drug products.[14] In 2017, FDA received adverse event reports concerning at least 43 patients who were administered eye injections of a compounded drug product during cataract surgery and later experienced various adverse events, including vision impairment. FDA's investigation revealed the presence of an excipient in an amount that was much greater than what is found in FDA-approved ophthalmic products.[15]

FDA has also identified many pharmacies that compounded drug products under insanitary conditions whereby the drug products may have been contaminated with filth or rendered injurious to health and that shipped the compounded drug products made under these conditions to patients and health care providers in large volumes across the country.[16] The longer a compounded drug product that is contaminated is held by a pharmacist or physician before

[13] See the Centers for Disease Control and Prevention's web page "Multistate Outbreak of Fungal Meningitis and Other Infections," available at http://www.cdc.gov/HAI/outbreaks/meningitis.html.

[14] See FDA's web page "FDA highlights concerns with using dietary ingredient glutathione to compound sterile injectables," available at https://www.fda.gov/drugs/human-drug-compounding/fda-highlights-concerns-using-dietary-ingredient-glutathione-compound-sterile-injectables.

[15] See FDA's web page "FDA's investigation into Guardian's compounded triamcinolone-moxifloxacin drug product," available at https://www.fda.gov/drugs/human-drug-compounding/fdas-investigation-guardians-compounded-triamcinolone-moxifloxacin-drug-product.

[16] See FDA actions, including warning letters and injunctions related to insanitary conditions at compounding facilities, on the Agency's web page "Compounding: Inspections, Recalls, and other Actions," available at http://www.fda.gov/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/ucm339771.htm.

distribution, or the longer it is held in inventory in a healthcare facility before administration, the greater the likelihood of microbial proliferation and increased patient harm.

C. Compounding by Hospitals and Health Systems

To the extent that hospitals and health systems have a need for compounded drug products, FDA encourages them to obtain such products from outsourcing facilities. Compounders that elect to become outsourcing facilities must register with FDA, are subject to CGMP requirements, and are inspected by FDA according to a risk-based schedule (section 503B of the FD&C Act). This helps to mitigate the risk that their drug products will be contaminated or otherwise made under substandard conditions.

However, we are aware that hospitals and health systems have a variety of distribution practices for drug products that have been compounded in their pharmacies. For example, some pharmacies compound drug products only for use in the hospital in which the pharmacy is located (e.g., for the treatment of patients during a hospital admission, or for use in the hospital's emergency room), while some health system pharmacies distribute their drug products to other facilities within their health system (e.g., to other hospitals, clinics, infusion centers, or long-term care facilities within the health system).

Certain characteristics of hospital and health system pharmacies can differentiate them from pharmacies that are not owned or managed by hospitals and health systems, and from conventional manufacturers. For example, the scope of distribution of drug products compounded by hospital and health system pharmacies is often limited, in that the pharmacies generally compound drug products for practitioners who treat patients within the hospital or health system and distribute the drug products only within the hospital or to related healthcare system facilities that are generally located within close proximity to the pharmacy. Further, when the hospital or health system and its pharmacy are connected by common ownership or joint management, they may share recordkeeping systems and oversight that facilitate the identification and investigation of adverse events or product quality issues associated with compounded drugs.

1. Compounding Based on the Receipt of Valid Prescriptions (e.g., Chart Orders) for Individually Identified Patients

In some cases, a hospital or health system pharmacy compounds drug products only after receiving a prescription for an identified individual patient. Obtaining prescriptions for individually identified patients accords with the prescription requirement in section 503A of the FD&C Act and helps to ensure that compounded drug products are produced and distributed only to patients with a medical need for the compounded drug product. We encourage all hospitals and health systems to obtain prescriptions in accordance with section 503A of the FD&C Act.

We recognize, however, that hospital and health system pharmacies have sometimes also compounded and distributed drug products within the hospital or health system before the receipt of a patient-specific prescription, which would not satisfy the prescription requirement in section 503A of the FD&C Act. For example, a hospital or health system may maintain a supply of

certain compounded drug products within the hospital or health system but outside of the pharmacy (e.g., in an emergency department, operating room, or automated dispensing machine) in anticipation of a patient presenting with a critical need for the drug when there is no time for the patient to wait for the hospital pharmacy to receive a prescription or order for that patient before providing the drug. The hospital or health system then documents the prescription or order in the patient's chart. To the extent that hospitals or health systems treat patients for whom an FDA-approved product is unavailable or not medically appropriate and have a medical need for non-patient-specific compounded drug products to be held before the patient who will receive them is identified, they should obtain those drug products from outsourcing facilities. Outsourcing facilities, which are subject to CGMP requirements and other conditions that help to ensure drug quality and a clinical need for the drug products they compound from bulk drug substances, may compound and distribute drug products to healthcare facilities without first receiving prescriptions for identified individual patients.

We encourage hospitals and health systems to look to outsourcing facilities, or to register their pharmacies as outsourcing facilities, when they wish to obtain non-patient-specific compounded drug products.[17]

FDA will make enforcement decisions on a case-by-case basis, recognizing that it needs to make the best use of limited Agency resources. In considering action to achieve hospital and health system compliance with the prescription requirement in section 503A of the FD&C Act, FDA intends to focus on practices that pose the greatest risks to public health. FDA also intends to prioritize actions that would protect both the integrity of the drug approval system on which patients depend to protect drug quality, safety and effectiveness, and the important distinction between compounding by outsourcing facilities and hospital and health system pharmacies that are not outsourcing facilities.

FDA recognizes that outsourcing facilities may not always be able to meet medical needs for non-patient-specific compounded drug products to be used in hospitals and health systems. On the other hand, a health system pharmacy that compounds drug products without patient-specific prescriptions for facilities within its health system could function as a large manufacturing operation without the standards that normally apply to conventional manufacturers to help ensure drug quality, safety, and effectiveness, and without the protections afforded by the prescription requirement in section 503A of the FD&C Act. If such a pharmacy contaminates or otherwise adulterates or misbrands drug products, these products have the potential to harm many patients. The compounding of large quantities of unapproved drug products also has the potential to

[17] To qualify for the exemptions under section 503B from sections 502(f)(1), 505, and 582 of the FD&C Act, drugs compounded by outsourcing facilities must meet all the conditions of section 503B of the FD&C Act. Outsourcing facilities must also comply with CGMP requirements in section 501(a)(2)(B) of the FD&C Act. For more information for entities considering whether to register with FDA as an outsourcing facility under section 503B of the FD&C Act, see FDA's guidance for industry *Guidance For Entities Considering Whether to Register As Outsourcing Facilities Under Section 503B of the Federal Food, Drug, and Cosmetic Act* (August 2015). For more information about the process for registering as an outsourcing facility under section 503B of the FD&C Act, see the Agency's guidance for industry *Registration of Human Drug Compounding Outsourcing Facilities Under Section 503B of the FD&C Act* (November 2014).

undermine the integrity of the drug approval process and the protections Congress sought to create with outsourcing facility compounding.

Section III.A below discusses how FDA intends to prioritize enforcement of the prescription requirement in section 503A of the FD&C Act with respect to hospitals and health systems based on our current understanding of the risks.

2. Compounding of Drug Products That Are Essentially Copies

As stated above, to qualify for the exemptions under section 503A of the FD&C Act from sections 501(a)(2)(B), 502(f)(1), and 505(a), a drug product must be compounded by a licensed pharmacist or licensed physician who does not compound regularly or in inordinate amounts any drug product that is essentially a copy of a commercially available drug product.[18] Pursuant to section 503A(b)(2) of the FD&C Act, a compounded drug product is not essentially a copy of a commercially available drug product if a change is made to the commercially available drug product for an identified individual patient, and the prescribing practitioner has determined that the change will produce a significant difference for that patient. As described in FDA's 503A copies guidance, if a compounder intends to rely on such a determination to establish that a compounded drug is not essentially a copy of a commercially available drug product, the compounder should ensure that the determination is documented on the prescription. A drug product is not considered to be commercially available if the drug product has been discontinued and is no longer marketed or the drug product appears on the FDA drug shortage list in effect under section 506E of the FD&C Act.

The restrictions on compounding drug products that are essentially copies of commercially available drug products help to ensure that pharmacies, Federal facilities, and physicians do not compound drug products under section 503A of the FD&C Act for use in patients who could use an approved product. Compounding drug products that are essentially copies of these products unnecessarily exposes patients to drug products that have not been shown to be safe and effective. In addition to the immediate public health risks, the limitation in section 503A of the FD&C Act on producing drug products that are essentially copies of a commercially available drug product protects the integrity of the new drug and abbreviated new drug approval processes. Applicants would be less likely to invest in, and seek approval of, innovative, lifesaving medications if pharmacies could, after a drug is approved, compound "substitutes" that may be less expensive because they have not gone through the drug approval process.

Accordingly, the "essentially a copy" provision of section 503A of the FD&C Act provides important protections for public health. In general, FDA intends to apply the policies described in the 503A copies guidance when it regulates compounding by hospital and health system pharmacies that are not registered as outsourcing facilities. However, the Agency has also concluded that certain compliance policies described in the 503A copies guidance regarding the documentation of a prescriber's determination of significant difference are appropriately modified when drug products are compounded by hospital and health system pharmacies that are not outsourcing facilities. In the hospital and health system setting, medication orders generally

[18] See section 503A(b)(1)(D) of the FD&C Act.

are for a limited amount of a drug product, to be used over a relatively brief period of time, and medications may frequently need to be re-ordered or modified after an initial administration, even though the patient and the condition that led the prescriber to order a compounded drug product have not changed. Additionally, decisions about when and how to use medications are often made under medication-use policies set by a pharmacy and therapeutics (P&T) committee (or its equivalent) that prescribers are expected to follow.[19] The P&T committees are comprised of medical staff that develop policies to support the appropriate use of medications within the hospital and health system. Such P&T committees are common in hospitals and health systems and the activities they perform are a requirement for accreditation by some accrediting organizations, such as The Joint Commission.[20] For example, a P&T committee may determine that all patients in a neonatal unit administered certain oral medications should receive a compounded liquid dosage form because the approved drug product, available only in a tablet formulation, is medically inappropriate for them.

Accordingly, at this time and based on our current understanding of the risks of compounded drug products, section III below sets forth a compliance policy regarding the prescription requirement and essentially a copy provision for drug products that are compounded by hospitals and health system pharmacies under section 503A of the FD&C Act.

III. POLICY

In the discussion that follows, we describe our current intent regarding prioritizing our enforcement resources with respect to drug compounding by hospital and health system pharmacies that are not outsourcing facilities.

FDA will make enforcement decisions on a case-by-case basis, recognizing that the Agency is unable, as a practical matter, to take enforcement action against every violation, and that it needs to make the best use of limited Agency resources. FDA intends to prioritize enforcement based on the considerations articulated in this guidance.

This guidance does not in any way alter the fact that compounded drugs must meet the conditions in section 503A of the FD&C Act to qualify for the exemptions in that section. The Agency retains discretion to pursue enforcement action at any time if hospital and health system pharmacies that are not outsourcing facilities do not compound drugs in accordance with the prescription requirement, or if a drug product that is essentially a copy of a commercially

[19] For this guidance, the term *pharmacy and therapeutics committee* is an advisory committee that is responsible for developing, managing, updating, and administering a formulary system. A *formulary system* is an ongoing process whereby a health care organization, through its physicians, pharmacists, and other health care professionals, establishes policies on the use of drug products and therapies and identifies drug products and therapies that are the most medically appropriate and cost-effective to best serve the health interests of a given patient population. See the American Society of Health-System Pharmacists, 2006, Principles of a Sound Drug Formulary System. In B Hawkins, editor, Best Practices for Hospital & Health-System Pharmacy: Position & Guidance Documents of ASHP, 2006-2007 Edition, Bethesda (MD): ASHP, 110–113.

[20] The Medication Management Standards in The Joint Commission's Hospital Accreditation Program (HAP) require hospitals to have policies governing the use of medications within the facility. For additional information on The Joint Commission, see the Commission's website at https://www.jointcommission.org.

available drug product is compounded regularly or in inordinate amounts, regardless of whether such conduct would generally be a lower enforcement priority based on the priorities articulated in this guidance.

A. The Prescription Requirement for Hospital and Health System Pharmacies Other Than Outsourcing Facilities

To qualify for the exemptions from sections 501(a)(2)(B) (concerning CGMP requirements), 502(f)(1) (concerning labeling of drugs with adequate directions for use), and 505 (concerning FDA approval of drugs under new drug applications or abbreviated new drug applications) of the FD&C Act under section 503A of the FD&C Act, a drug product compounded by a licensed pharmacist in a State-licensed pharmacy or Federal facility, or by a licensed physician, must be compounded in accordance with all of the provisions of section 503A of the FD&C Act, including when such compounding takes place in a hospital or health system pharmacy.

With respect to the prescription requirement in section 503A of the FD&C Act, FDA intends to focus its regulatory attention on practices that, based on our current understanding of the risks of compounded drug products, pose the greatest risks to public health.[21] We also intend to focus enforcement to protect the integrity of the drug approval system on which patients depend to protect drug quality, safety, and effectiveness, and the important distinction between compounding by outsourcing facilities and by hospital and health system pharmacies that are not outsourcing facilities.

FDA's compliance policy regarding hospital and health system pharmacies that are not outsourcing facilities falls into two parts: Part 1 describes limited circumstances in which the Agency generally does not intend to take action. If the circumstances described in Part 1 are not present, FDA generally intends to consider the risk-based factors for regulatory action described in Part 2.

1. Part 1: Circumstances When FDA Generally Does Not Intend To Take Action

FDA generally does not intend to take action with respect to the prescription requirement in section 503A of the FD&C Act if a hospital or health system pharmacy that is not an outsourcing facility compounds and distributes a compounded drug product without first receiving a valid prescription order (including a chart order) for an identified individual patient (see section 503A(a) of the FD&C Act) when the practice is strictly limited and controlled and the following circumstances are present:

(1) The compounded drug products are administered only to patients within the hospital or health system.[22]

[21] For more information on the prescription requirement, including anticipatory compounding policies, see FDA's guidance for industry *Prescription Requirement Under Section 503A of the Federal Food, Drug, and Cosmetic Act* (December 2016).

[22] Administration within the hospital or health system does not include providing units of a drug product to a patient for use outside the hospital or health system, such as a bottle of compounded pills or a liquid for use at home.

(2) The compounded drug products are used or discarded within 24 hours of transfer out of the pharmacy.[23]

(3) The drug products are compounded in accordance with all other applicable requirements of the FD&C Act and FDA regulations (e.g., the drug products are not made under insanitary conditions (section 501(a)(2)(A)) or misbranded (e.g., section 502(g)).

2. Part 2: Risk-Based Factors for Regulatory Action

With respect to a hospital or health system pharmacy that does not compound drug products within the limits and controls described above, the Agency intends to prioritize its regulatory actions with respect to the prescription requirement to focus on the potential for harm to the public health and to the integrity of the drug approval system. At this time and based on the Agency's current understanding of the risks, FDA generally intends to assess the following considerations in prioritizing its compliance and enforcement resources:

- **Evidence of poor compounding practices or lack of sterility assurance.** For example, the pharmacy compounds drug products under insanitary conditions, such as microbial contamination, performing aseptic manipulations with exposed hair or skin, and exposing sterile drug products and materials to lower than ISO 5 quality air.[24]

- **Non-patient-specific compounded drug products not for emergency uses.** Drug products are compounded and sent out of the pharmacy before the receipt of a patient-specific prescription in an amount that exceeds the amount needed for ***emergency*** situations (e.g., immediate administration for unplanned procedures in emergency or operating rooms).

- **Routine, large amounts of non-patient-specific compounded drug products.** The pharmacy routinely compounds a large total number of compounded drug products that are sent out of the pharmacy before the receipt of valid prescriptions or orders for individually identified patients.

However, administration within the hospital or health system includes scenarios where administration of a drug product is initiated at the hospital or health system facility, where the drug product is later transferred with the patient when he or she leaves the facility. For example, an infusion may be initiated in the health care facility and subsequently transitioned to the home setting using the same IV bag containing the product that was compounded by the health care facility.

[23] Such a limit mitigates concerns about the amount and scope of distribution of the compounded drug product. FDA selected 24 hours as the window within which compounded drug products be used or discarded because the Agency has heard from stakeholders that non-patient-specific drugs are needed for emergency uses. FDA anticipates that non-patient-specific compounded drugs that are kept on hand for longer periods can and should be obtained from outsourcing facilities because outsourcing facilities can compound and distribute drugs without receiving patient-specific prescriptions and, because they are subject to CGMPs, conduct appropriate stability tests and have more robust sterility assurance practices.

[24] For more examples of insanitary conditions, see FDA's guidance for industry *Insanitary Conditions at Compounding Facilities* (November 2020).

- **Routine interstate distribution of large amounts of non-patient-specific compounded drug products.** The pharmacy routinely engages in interstate distribution of large amounts of compounded drug products, including distribution within the hospital or health system, without first receiving valid prescriptions for individually identified patients, particularly when the hospital or health system pharmacy is not located near a state border or when it distributes such products to multiple states.

- **No procedures to obtain non-patient-specific compounded drug products from an outsourcing facility.** The hospital or health system lacks procedures to obtain non-patient specific compounded drug products from an outsourcing facility where such products are available and appropriate.

The above policy is intended to focus FDA's regulatory efforts. FDA encourages hospitals and health systems to obtain any non-patient-specific compounded drug products they may need from outsourcing facilities where that is possible, and to consider registering their pharmacies as outsourcing facilities.

B. Hospital and Health System Compounding of Drug Products That Are Essentially Copies Under Section 503A of the FD&C Act

At this time and based on the Agency's current understanding of risks, FDA generally does not intend to take action against a hospital or health system pharmacy that is not an outsourcing facility for compounding a drug product regularly or in inordinate amounts that is essentially a copy of a commercially available drug product when the following circumstances are present:

- The compounded drug product is administered only to patients within the hospital or health system.[25]

- The pharmacy obtains from the prescriber a statement that: specifies a change between the compounded drug product and the commercially available drug product; indicates that the compounded drug product will be administered only to patients for whom the change produces a significant difference from the commercially available drug product; and describes the intended patient population for the compounded drug product.[26]

- A statement is on file for each prescriber that covers each drug product that is compounded.

- The statement is maintained in the hospital or health system pharmacy to address routine orders for patients for whom the change produces a significant difference.

[25] See footnote 22.

[26] The 503A copies guidance provides information about FDA's policies regarding compounding drug products that are on the FDA Drug Shortage List.

Except as stated above, FDA intends to apply the policies described in its 503A copies guidance to drug products compounded by hospital and health system pharmacies that are not outsourcing facilities.[27]

[27] Id.