Alliance for Pharmacy Compounding

Compounding the Joy of Living®

September 5, 2025

Arizona State Board of Pharmacy
Kamlesh Gandhi, Executive Director
1110 W Washington St. Suite 260
Phoenix, AZ 85007

Re: Concerns Regarding Proposed Rule Changes R4-23-205, R4-23-410, and R4-23-670

Executive Director Gandhi and Members of the Board:

The Alliance for Pharmacy Compounding appreciates the Board's work in updating rules to align with USP standards and to ensure patient safety. However, after reviewing the proposed language and the accompanying economic impact statement, we have several concerns regarding both cost implications and unintended consequences in the compounding provisions.

1. **Economic Impact Statement – Underestimation of Costs**

   While the economic impact statement notes an estimated one-time facility update cost of $300,000 to $2.5 million and an annual hazardous drug handling cost of $5,000 to $20,000, these figures do not account for additional significant compliance costs required under the updated USP <797> standards. Specifically, the requirement for stability studies for sterile preparations can reach $30,000 per formulation. For pharmacies with broad sterile compounding formularies, this represents a substantial ongoing expense that far exceeds the current projections. We urge the Board to incorporate these realities into its economic assessment, as they may materially impact the ability of smaller or rural facilities to continue providing these essential services.

2. **Current Good Compounding Practices**

   In Article 4, Professional Practices, Subsection B (Current Good Compounding Practices), the proposed rules incorporate USP Chapters <795>, <797>, <800>, and <825> by reference and state that these chapters were published on May 1, 2024. In fact, the most recent versions were published on November 1, 2022, and became official on November 1, 2023. The rules also adopt by reference 21 CFR, Chapter 1, Subchapter C, Parts 210, 211, and 212, which establish Current Good Manufacturing Practices (cGMP) for drug manufacturing, processing, packing, and holding. Compounding pharmacies operating under §503A are not required to comply with cGMP, whereas §503B outsourcing facilities are. It is therefore unclear whether the Board intended for the term "pharmacy permittees" to be bound by cGMP, or whether the language

should instead distinguish between "pharmacy permittees" (503A pharmacies, subject to USP chapters) and "compounders" (503B outsourcing facilities, subject to cGMP). We recommend adding clarifying language to specify that USP chapters apply to 503A pharmacies, while cGMP requirements apply only to 503B outsourcing facilities, which in Arizona are licensed as manufacturers.

3. Hazardous Drug Compounding Requirements

The Board's proposed rules do not appear to fully implement USP <800> and instead take what seems to be a less restrictive approach. For determining whether a drug should be considered hazardous, the rules direct pharmacies to reference NIOSH List 1. We note that the NIOSH list was reformulated in its most recent update in 2024.

In the 2024 update, NIOSH condensed the report into two tables and reorganized how drugs appear:

- Table 1 includes drugs with MSHI (manufacturer special handling information) in the package insert or that meet NIOSH's definition of a hazardous drug and are classified either by the National Toxicology Program as known human carcinogens or by the International Agency for Research on Cancer (IARC) as group 1 (carcinogenic to humans) or group 2A (probably carcinogenic to humans).
- Table 2 includes drugs that meet NIOSH's definition of a hazardous drug but do not have MSHI, are not known human carcinogens, and are not classified as IARC group 1 or 2A; however, some may have adverse developmental or reproductive effects.

Other states, such as Ohio, have adopted similar less restrictive approaches to USP <800>—in some cases limiting hazardous drug requirements only to antineoplastics rather than all drugs on List 1. We encourage the Board to consider whether referencing the updated NIOSH classification framework and clarifying the scope of "hazardous drugs" might place burdens on compounding with some API that was not the intent of the Board – hormones, for instance.

4. Active Pharmaceutical Ingredient (API) Selection Criteria

We also have concerns with the proposed API selection requirements under subsection (D) of the compounding provisions. As written:

"A pharmacy permittee engaged in compounding drugs shall ensure all substances received, stored, or used in compounding:

1. Are components of drugs approved by the FDA; **or**
2. Comply with the requirements of the USP–NF monograph, if one is available; **or**
3. Meet the standards specified in subsection (B); **or**

4. Appear on the list of bulk drug substances enacted under Section 503A(b)(1)(A)(i)(III) of the FDCA and codified at 21 CFR 216.23(a); **and**
5. Are chemically pure and of a high chemical grade such as that established by the American Chemical Society; **and**
6. Are obtained from a source that, in the professional judgment of the pharmacist, is reputable and reliable…"

This language appears to create overly restrictive conditions due to the interplay of "or" and "and" statements. Based on our understanding, the Board's intent was to allow pharmacists to exercise professional judgment in selecting APIs that do not meet all three primary criteria (FDA-approved drug product, USP–NF monograph, or inclusion on the 503A bulks list), provided they meet other quality and sourcing standards. This would specifically allow compounding with substances like allergenic extracts. However, as drafted, the structure may unintentionally exclude APIs that are otherwise appropriate for patient care.

Additionally, some API that FDA has deemed appropriate for use in compounded products, such as methylcobalamin or DHEA, are not graded by the American Chemical Society and would not be allowed for use in Arizona under this guideline. We also question how the Board will assess if a source is "reputable and reliable."

We recommend that the Board revise this section for clarity, ensuring that pharmacists retain the flexibility to use professional judgment in sourcing APIs that meet recognized quality standards, even when they do not fall into all three of the enumerated categories.

5. Recognition of Interim FDA Bulk Lists

The proposed rule makes no mention of the interim FDA bulk lists, which play a critical role in identifying substances that can be used during drug shortages or while under FDA review. Inclusion of this reference would help avoid confusion and prevent unnecessary disruptions in patient therapy.

6. Compounding Essential Copies

The proposed rule states that a pharmacist shall not compound a product that is essentially a copy of an FDA-approved, commercially available drug unless "the pharmacist modifies the FDA-approved, commercially available drug in a clinically significant manner the prescriber determines is needed to meet the documented needs of the prescriber's patient." This phrasing suggests that compounding could occur only by altering a finished drug product, rather than by using bulk drug substances. We do not believe this was the Board's intent, and we recommend

revising the language. Specifically, we suggest aligning with FDA's wording: "a compounded drug product is not essentially a copy of a commercially available drug product if a change is made for an identified individual patient, and the prescribing practitioner has determined that the change will produce a significant difference for that patient."

Conclusion

APC fully supports the Board's mission to protect public health and ensure compounding quality. We respectfully request that the Board:

- Revise the economic impact statement to reflect the full scope of compliance costs, particularly stability study requirements under USP <797>.
- Clarify adoption by reference of USP Chapters <795>, <797>, <800>, and <825> and cGMP.
- Review the hazardous drug requirements in light of the 2024 NIOSH update and consider aligning with less restrictive approaches as seen in other states.
- Clarify API selection language to preserve pharmacist professional judgment.
- Explicitly recognize interim FDA bulk lists in the API sourcing criteria.
- Clarify the section on compounding copies of FDA-approved drugs.

We would welcome the opportunity to meet with Board staff to discuss these points in detail and to work collaboratively toward solutions that maintain patient access to essential compounded therapies without imposing unnecessary burdens on compliant pharmacies.

Thank you for your consideration of our comments.

Sincerely,

Scott Brunner, CAE
Chief Executive Officer