

151.47 WHOLESALE DRUG DISTRIBUTOR LICENSING REQUIREMENTS.

Subdivision 1. **Generally.** Each manufacturer, repackager, wholesale distributor, and dispenser shall comply with the requirements set forth in United States Code, title 21, section 360eee-1, with respect to the role of such manufacturer, repackager, wholesale distributor, or dispenser in a transaction involving a product. If an entity meets the definition of more than one of the entities listed in the preceding sentence, such entity shall comply with all applicable requirements in United States Code, title 21, section 360eee-1, but shall not be required to duplicate requirements.

Subd. 1a. **Licensing.** (a) The board shall license wholesale distributors in a manner that is consistent with United States Code, title 21, section 360eee-2, and the regulations promulgated thereunder. In the event that the provisions of this section, or of the rules of the board, conflict with the provisions of United States Code, title 21, section 360eee-2, or the rules promulgated thereunder, the federal provisions shall prevail. The board shall not license a person as a wholesale distributor unless the person is engaged in wholesale distribution.

(b) No person shall act as a wholesale distributor without first obtaining a license from the board and paying any applicable fee specified in section 151.065.

(c) Application for a wholesale distributor license under this section shall be made in a manner specified by the board.

(d) No license shall be issued or renewed for a wholesale distributor unless the applicant agrees to operate in a manner prescribed by federal and state law and according to the rules adopted by the board.

(e) No license may be issued or renewed for a wholesale distributor facility that is located in another state unless the applicant supplies the board with proof of licensure or registration by the state in which the wholesale distributor is physically located or by the United States Food and Drug Administration.

(f) The board shall require a separate license for each drug wholesale distributor facility located within the state and for each drug wholesale distributor facility located outside of the state from which drugs are shipped into the state or to which drugs are reverse distributed.

(g) The board shall not issue an initial or renewed license for a drug wholesale distributor facility unless the facility passes an inspection conducted by an authorized representative of the board or is inspected and accredited by an accreditation program approved by the board. In the case of a drug wholesale distributor facility located outside of the state, the board may require the applicant to pay the cost of the inspection, in addition to the license fee in section 151.065, unless the applicant furnishes the board with a report, issued by the appropriate regulatory agency of the state in which the facility is located, of an inspection that has occurred within the 24 months immediately preceding receipt of the license application by the board, or furnishes the board with proof of current accreditation. The board may deny licensure unless the applicant submits documentation satisfactory to the board that any deficiencies noted in an inspection report have been corrected.

(h) As a condition for receiving and retaining a wholesale drug distributor license issued under this section, an applicant shall satisfy the board that it:

(1) has adequate storage conditions and facilities to allow for the safe receipt, storage, handling, and sale of drugs;

(2) has minimum liability and other insurance as may be required under any applicable federal or state law;

(3) has a functioning security system that includes an after-hours central alarm or comparable entry detection capability, and security policies and procedures that include provisions for restricted access to the premises, comprehensive employee applicant screening, and safeguards against all forms of employee theft;

(4) will maintain appropriate records of the distribution of drugs, which shall be kept for a minimum of two years and be made available to the board upon request;

(5) employs principals and other persons, including officers, directors, primary shareholders, and key management executives, who will at all times demonstrate and maintain their capability of conducting business in conformity with state and federal law, at least one of whom will serve as the primary designated representative for each licensed facility and who will be responsible for ensuring that the facility operates in a manner consistent with state and federal law;

(6) will ensure that all personnel have sufficient education, training, and experience, in any combination, so that they may perform assigned duties in a manner that maintains the quality, safety, and security of drugs;

(7) will provide the board with updated information about each wholesale distributor facility to be licensed, as requested by the board;

(8) will develop and, as necessary, update written policies and procedures that assure reasonable wholesale drug distributor preparation for, protection against, and handling of any facility security or operation problems, including but not limited to those caused by natural disaster or government emergency, inventory inaccuracies or drug shipping and receiving, outdated drugs, appropriate handling of returned goods, and drug recalls;

(9) will have sufficient policies and procedures in place for the inspection of all incoming and outgoing drug shipments;

(10) will operate in compliance with all state and federal requirements applicable to wholesale drug distribution; and

(11) will meet the requirements for inspections found in this subdivision.

(i) An agent or employee of any licensed wholesale drug distributor need not seek licensure under this section. Paragraphs (i) to (p) apply to wholesaler personnel.

(j) The board is authorized to and shall require fingerprint-based criminal background checks of facility managers or designated representatives, as required under United States Code, title 21, section 360eee-2. The criminal background checks shall be conducted as provided in section 214.075. The board shall use the criminal background check data received to evaluate the qualifications of persons for ownership of or employment by a licensed wholesaler and shall not disseminate this data except as allowed by law.

(k) A licensed wholesaler shall not be owned by, or employ, a person who has:

(1) been convicted of any felony for conduct relating to wholesale distribution, any felony violation of United States Code, title 21, section 331, subsection (i) or (k), or any felony violation of United States Code, title 18, section 1365, relating to product tampering; or

(2) engaged in a pattern of violating the requirements of United States Code, title 21, section 360eee-2, or the regulations promulgated thereunder, or state requirements for licensure, that presents a threat of serious adverse health consequences or death to humans.

(l) An applicant for the issuance or renewal of a wholesale distributor license shall execute and file with the board a surety bond.

(m) Prior to issuing or renewing a wholesale distributor license, the board shall require an applicant that is not a government owned and operated wholesale distributor to submit a surety bond of \$100,000, except that if the annual gross receipts of the applicant for the previous tax year is \$10,000,000 or less, a surety bond of \$25,000 shall be required.

(n) If a wholesale distributor can provide evidence satisfactory to the board that it possesses the required bond in another state, the requirement for a bond shall be waived.

(o) The purpose of the surety bond required under this subdivision is to secure payment of any civil penalty imposed by the board pursuant to section 151.071, subdivision 1. The board may make a claim against the bond if the licensee fails to pay a civil penalty within 30 days after the order imposing the fine or costs become final.

(p) A single surety bond shall satisfy the requirement for the submission of a bond for all licensed wholesale distributor facilities under common ownership.

Subd. 2. [Repealed, 2013 c 108 art 10 s 13]

Subd. 3. **Prohibition.** It is unlawful for any person engaged in wholesale drug distribution to sell drugs to a person located within the state or to receive drugs in reverse distribution from a person located within the state except as provided in this chapter.

History: 1990 c 526 s 10; 1990 c 568 art 2 s 25; 1993 c 345 art 5 s 12; 1Sp2011 c 9 art 5 s 25; 2013 c 108 art 10 s 6,7; 1Sp2019 c 9 art 10 s 46,47