

# California Expands Oversight of Non-Resident Pharmacies

With New PIC Licensure and Compliance Requirements

**Healthcare Alert | 10+ min read**

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The California Board of Pharmacy's (CBP or "Board") non-resident pharmacy framework is built around licensure, disclosure, and a new requirement **effective July 1, 2026**, that requires all Non-Resident pharmacies dispensing into California to designate a California-licensed Pharmacist-in-Charge (PIC) who is employed at the pharmacy (BPC § 4112).

The new Non-Resident pharmacy California-licensed PIC requirement represents a significant expansion of California's regulatory reach and will materially change how Non-Resident pharmacies structure their operations and compliance programs.

## 1. What is a Non-Resident Pharmacy?

California law applies to all prescriptions dispensed to California patients, regardless of the pharmacy's physical location. Under BPC § 4112(a), a **Non-Resident pharmacy** is any pharmacy located outside California that ships, mails, delivers, or causes to be delivered any prescription drug, dangerous drug, dangerous device, or controlled substance into California.

This definition broadly encompasses various business models that serve California patients from a remote location. Examples include internet, telemedicine, or mail-order pharmacies; central fill and specialty pharmacies; and mail-order fulfillment centers serving California addresses.

The fundamental rule is that if a pharmacy dispenses and delivers medications to a California address, it must secure a California Non-Resident Pharmacy License, regardless of its licensing status in its home state. Under AB 1503, several changes specifically related to non-resident pharmacies have been enacted.

## 2. Licensure Requirements

### A. Non-Resident Pharmacy License

To legally operate and dispense prescription drugs, dangerous devices, or controlled substances to California patients, a pharmacy located outside the state must obtain and maintain an active California Non-Resident pharmacy license.

In addition to this California licensure, the pharmacy must maintain a valid, unexpired license or registration in its home state and remain in good standing with its home-state regulatory authority.

#### *Prerequisites for Licensure*

- The Non-Resident pharmacy must first meet key requirements before applying. It must hold a valid license in its state of residence and be in good standing with the home-state licensing authority.
- The pharmacy must designate a Pharmacist-in-Charge (PIC) responsible for overseeing overall compliance with California law.
- In addition, the pharmacy must obtain a \$100,000 surety bond, mandated under BPC § 4162(a), payable to the State of California and provide full corporate disclosure, including any disciplinary history, as well as a description of the scope of services it will provide to California patients.

#### *Application Process*

- The licensing process requires submission of the California Board of Pharmacy's Non-Resident Pharmacy License Application, including all supporting documentation. Required supporting documentation includes a copy of the home-state pharmacy license and a home-state inspection report dated within the prior 24 months.
- All owners and individuals with management or control must make financial disclosures and complete criminal background checks through fingerprinting (e.g., Live Scan for California residents or fingerprint cards for out-of-state personnel).
- The pharmacy must designate an agent for service of process in California, provide the names of principal officers and partners, and identify pharmacists who will dispense prescriptions to California patients.
- A sample prescription label displaying the required toll-free telephone number for patient access must also be submitted, along with payment of all applicable fees.
- The Board may require submission of California-specific policies and procedures demonstrating compliance with California dispensing, labeling, quality assurance (QA), and controlled substance requirements.

#### *Fees*

- The initial license application is non-refundable and generally costs approximately \$2,427, with a statutory maximum of \$3,424. Annual renewal fees are approximately \$1,025, with a maximum of \$2,000.

- Additional fees may apply for pharmacies that compound sterile products or operate as outsourcing facilities.
- Processing timelines vary based on Board workload, application completeness, deficiency resolution, and home-state verification.

## ***License Characteristics and Maintenance***

- Licensed Non-Resident pharmacies must comply with Board reporting requirements and provide notice of material changes—such as ownership or operational changes—within required timelines (e.g., within 30 days where applicable).
- A California Non-Resident pharmacy license is nontransferable between owners or locations. Any change in ownership involving 50 percent or more beneficial interest, or any relocation of the pharmacy, requires submission of a new application and Board approval prior to implementation.

## **B. Disclosure Requirements**

Non-Resident pharmacies must submit specified ownership and operational disclosures to the California Board of Pharmacy as required at licensure, renewal, and following material changes within prescribed timeframes.

These disclosures include the designation of a California agent for service of process, identification of all principal officers and partners, and the names of pharmacists who dispense prescriptions to California patients. Any material changes must be reported to the Board in accordance with statutory and regulatory timelines.

## **3. Designated Pharmacist-in-Charge (PIC)**

### ***Overview***

- **Effective July 1, 2026**, California law requires every Non-Resident pharmacy licensed by the California Board of Pharmacy to designate a Pharmacist-in-Charge (PIC) who holds an active California pharmacist license.
- The designated PIC must be employed by, and actively working at, the non-resident pharmacy and be fully integrated into the pharmacy's operations.
- This change extends California's PIC accountability model to out-of-state pharmacies, ensuring that California patients receive the same protections as those served by in-state pharmacies.

### ***Designation of the PIC***

- The Non-Resident pharmacy must notify the Board of the PIC's name, California license number, and effective date of designation within 90 days of appointment, and must report subsequent PIC changes within the same timeline.

## ***Responsibilities and Authority of the PIC***

- The PIC is responsible for ensuring that all aspects of the pharmacy's operations serving California patients comply with applicable California law. This includes oversight of dispensing practices, prescription labeling, recordkeeping, patient counseling and access, controlled substance handling, staffing, and general operational management.
- While the PIC must have full authority over California-specific operations, the Board does not require that the designated PIC also serve as the PIC for the pharmacy's resident state.

## ***Licensure and Training Requirements***

- To be designated as a Non-Resident pharmacy PIC, an individual must hold an active California pharmacist license.
- If a prospective PIC does not yet hold California licensure, the pharmacy must begin the licensing process immediately, including passing the North American Pharmacist Licensure Examination (NAPLEX) and the California Practice Standards and Jurisprudence Examination (CPJE).
- Additionally, the PIC must complete Board-provided PIC training within two years prior to designation.

## ***PIC Operational Considerations for Non-Resident Pharmacies***

- Non-Resident pharmacies must ensure that the designated PIC is fully integrated into the pharmacy's organizational structure and has the authority to oversee California-specific operations on a daily basis.
- Standard operating procedures should be updated to reflect California's more stringent expectations, including operational oversight, staffing, and regulatory compliance.
- **To comply with the July 1, 2026, deadline**, Non-Resident pharmacies should identify a pharmacist eligible for California licensure, ensure their employment and active engagement in California operations, and confirm that the PIC obtains any required licensure and training in a timely manner.

## **4. Scope of Services and Limitations**

- **Non-Resident pharmacies may only sell or distribute dangerous drugs or devices into California if they hold the appropriate Non-Resident license** and comply with any additional California requirements applicable to specific practice models, such as central fill, mail order, specialty, or compounding services.
- **Written agreements must specify responsibility for processing steps, documentation standards, access to and retention of records, and security controls.** When operating under these models, Non-Resident pharmacies must apply California-specific rules—such as those governing sterile compounding or centralized prescription processing—in addition to home-state law for all prescriptions dispensed to California patients.
- **Centralized prescription processing must comply with Title 16 CCR § 1713**, including executed written agreements that allocate responsibilities, ensure record access and security, and enforce California-specific

labeling and counseling requirements.

- **Sterile compounding activities must comply with BPC §§ 4127.1–4127.4 and Title 16 CCR §§ 1735–1751,** including California inspection requirements.
- **Remote processing and telepharmacy activities** must comply with SB 544 (2023) and any implementing Board regulations and guidance.

## 5. Operational Requirements

### A. Toll-Free Patient Access and Pharmacist Communication

A Non-Resident pharmacy must maintain a toll-free telephone number that allows California patients to speak directly with a pharmacist who has access to the pharmacy's records.

The toll-free service must be available during the pharmacy's normal business hours for at least six days per week and a minimum of forty total hours per week. BPC § 4112(c)(3). The toll-free number must be printed on every prescription label and provide direct pharmacist access.

### B. Records and Reporting

Non-Resident pharmacies must maintain complete, accurate, and readily retrievable records for all prescriptions dispensed to California patients, including controlled substances, dangerous drugs, and devices.

Although the pharmacy's physical premises may be located outside California, the California Board of Pharmacy may require the production of records or other documentation demonstrating compliance with California prescription, labeling, and controlled substance requirements for California patients. Records for California-dispensed products must be readily retrievable, retained for at least three years, and include patient profiles, consultations, and medication therapy reviews.

When dispensing controlled substances to California patients, Non-Resident pharmacies must comply with California's prescription drug monitoring requirements, including reporting Schedule II–IV dispensations to the Controlled Substance Utilization Review and Evaluation System (CURES).

Reporting must occur within one business day of dispensing Schedule II–IV controlled substances, per HSC § 11165(d). Pharmacies should ensure CURES enrollment, designate responsible reporters, and maintain procedures for data correction and exception handling.

Pharmacies must perform required inventory reconciliations for Schedule II controlled substances in accordance with applicable California regulations. Losses or theft of controlled substances must be reported promptly in accordance with California law.

### C. Labeling & Language Translation Requirements

California's patient-centered labeling requirements under BPC § 4076.5 apply to all prescriptions dispensed to California patients. Prescriptions dispensed to California patients must comply with California-specific labeling requirements, including patient-centered prescription labeling standards.

Non-Resident pharmacies must tailor their labels for California patients to meet requirements governing font size, placement of critical information, and other consumer-protection elements. Language access requirements under Title 16 CCR § 1707.2 require translation of critical elements into the Board's top five languages.

Where applicable, pharmacies must also provide required language access services, including translation and interpreter services, in accordance with California law. To operationalize these requirements, pharmacies should maintain a California-specific label template and a language services protocol covering translation availability and documentation.

## **D. Self-Assessment**

To promote proactive compliance, California requires pharmacies to complete Board-adopted self-assessment forms on a regular cycle and upon specified triggering events.

The pharmacist-in-charge ("PIC") must complete a self-assessment at least once every odd-numbered year, as well as within 30 days of certain events, including issuance of a new license, a change in PIC, a change in location, or significant operational changes. Self-assessment requirements are codified in Title 16 CCR § 1715.

These self-assessment forms are periodically updated to reflect current statutes and regulations and emphasize the PIC's responsibility to ensure that policies, procedures, and day-to-day operations—including compounding standards, sterile product handling, and required notifications—comply with California law when serving California patients. The completed self-assessment must be retained for three years and be available for Board inspection.

## **E. Compliance Implications**

Upon licensure, a Non-Resident pharmacy must comply with ongoing operational requirements imposed by California law, which may exceed federal or home-state standards.

These requirements include, among other things, quality assurance programs, biennial self-assessments, staffing practices designed to prevent fatigue, secure pharmacy systems, and timely notifications to the California Board of Pharmacy (e.g., ownership changes or closures). Pharmacies must maintain a Quality Assurance Program for medication errors under Title 16 CCR § 1711.

Non-Resident pharmacies dispensing prescriptions to California patients must comply with all California laws and standards governing prescribing, dispensing, and pharmacy practice, regardless of the pharmacy's physical location. Security and access control requirements under CCR § 1714 apply to all Non-Resident pharmacies serving California patients.

These obligations are equivalent to those imposed on in-state pharmacies, except that face-to-face patient consultations are not required so long as dispensing is not subject to unnecessary delays and patients have timely access to a pharmacist.

## 6. Inspections and Enforcement

The California Board of Pharmacy has the authority to investigate, inspect, and take disciplinary action against pharmacies to ensure compliance with California law.

**Effective July 1, 2026**, the Board has explicit authority to inspect Non-Resident pharmacies and recover the costs of such inspections. Inspections may be conducted on a periodic basis or more frequently if concerns arise regarding a pharmacy's practices.

Non-Resident pharmacies should maintain an inspection-readiness file (key records, SOPs, quality assurance documentation) and internal procedures for pre-deposit of estimated inspection costs, receipt of post-inspection invoices, and timely payment to avoid renewal holds.

Non-Resident pharmacies must cooperate with lawful inspections and information requests and may be required to bear inspection-related costs as authorized by statute. Under BPC § 4112(k), the Board may recover the full cost of inspecting a Non-Resident pharmacy, including travel expenses.

When an inspection is required, the Board will notify the licensee of the estimated inspection costs, which must be deposited before the inspection occurs. Following the inspection, the Board will invoice the licensee for any remaining costs. The Board will not renew a license until all inspection costs and applicable renewal fees are fully paid. [BPC § 4112]. The Board may issue citations and administrative fines up to \$5,000 per violation under BPC § 125.9. The Board may summarily suspend a license if necessary to protect public safety under BPC § 494.

## 7. Additional Licenses (Where Applicable)

Depending on the services provided, additional California licensure may be required. Pharmacies that compound and ship sterile products into California must obtain a Non-Resident Sterile Compounding Pharmacy License. This license carries additional fees (approximately \$8,500 for issuance and renewal) and requires a physical inspection of the out-of-state sterile compounding facility by the California Board of Pharmacy prior to approval.

Non-Resident sterile compounding pharmacies are subject to periodic California inspections, including Board-conducted preapproval inspections and subsequent inspections consistent with Board practice.

Entities that only distribute or provide logistics services for dangerous drugs into California, rather than dispensing them, may instead be subject to separate third-party logistics provider licensure requirements. Third-party logistics providers must comply with BPC § 4160.5. Outsourcing facilities serving California are also

subject to their own distinct licensing requirements. Outsourcing facilities must comply with BPC § 4129.1 and FDA 503B requirements.”

## 8. Operational and Financial Implications for Out-of-State Pharmacies

The new licensure requirement for Non-Resident Pharmacy Pharmacists-in-Charge (PIC) who are not California-licensed represents a pivotal shift from home-state oversight to direct accountability under California’s regulatory framework.

For out-of-state telemedicine, mail-order, and specialty pharmacies, this mandate necessitates immediate changes to staffing, operations, and compliance structures. Organizations must prepare for increased costs, administrative burdens, and structural adjustments to maintain California licensure and market access.

### *Financial Implications*

The most direct financial impact stems from the need to secure and retain a California-licensed PIC who is physically employed by the non-resident pharmacy. Because the PIC must be fully integrated into daily operations—not serving as a consultant or remote designee—pharmacies should expect to:

- Recruit or relocate a pharmacist who holds, or can obtain, a California license.
- Absorb higher compensation reflective of California licensure, PIC responsibility, and geographic pay differentials.
- Fund associated costs, including California licensure fees, exam costs (NAPLEX/CPJE), and mandatory PIC training.
- Restructure staffing models to ensure the PIC is “actively working” at the facility with sufficient authority and visibility.

### *Operational Implications*

California’s PIC model imposes broad personal accountability for all California-related activities, including dispensing, recordkeeping, labeling, controlled substance handling, quality assurance, and staffing. To comply, non-resident pharmacies must:

- Revise standard operating procedures (SOPs) to incorporate California-specific standards across all relevant domains.
- Establish a clear California-specific governance structure within a multi-state operational framework.
- Grant the PIC tangible authority over workflows, staffing decisions, and compliance-related matters affecting California patients.
- Manage potential dual-PIC scenarios where the California PIC differs from the home-state PIC, ensuring clear delineation of responsibilities and reporting lines.



# Compliance Implications for California Pharmacies

California's Board of Pharmacy imposes some of the most stringent and far-reaching regulatory requirements in the country, and those standards apply fully to any out-of-state pharmacy that dispenses to California patients.

Because California treats non-resident pharmacies as if they were physically operating within the state, a single compliance failure—whether involving labeling, recordkeeping, controlled substances, or PIC oversight—can trigger not only California enforcement actions but also reciprocal discipline in the pharmacy's home state and any other states where it holds licensure.

Many state boards review or may mirror sanctions issued by another jurisdiction, so a violation in California can cascade into multi-state investigations, license restrictions, or corrective action plans.

For pharmacies with national footprints, this creates a high-stakes compliance environment where California becomes a de facto regulatory bellwether: maintaining strict adherence to California law is essential not only to preserve access to the California market but also to protect the pharmacy's broader licensure portfolio and operational stability across the country.

## We are Here to Help

Hinshaw's healthcare law attorneys have extensive experience advising California Non-Resident pharmacies on California Board of Pharmacy licensure, change of ownership, compliance, and disciplinary matters. For further information, **please contact Michael Dowell, Hinshaw's healthcare law team, or your Hinshaw attorney.**

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