

STATE OF NORTH CAROLINA  
COUNTY OF HALIFAX

IN THE OFFICE OF  
ADMINISTRATIVE HEARINGS  
09 POB 6554

NORTH CAROLINA BOARD OF )  
PHARMACY, )  
 )  
Petitioner, )  
 )  
v. )  
 )  
DRUGCO DISCOUNT PHARMACY, )  
 )  
Respondent. )

CONSENT ORDER

FINDINGS OF FACT

1. At all relevant times, Drugco Discount Pharmacy (“Drugco”) was the holder of North Carolina Board of Pharmacy Permit Number 05053 and is located in Roanoke Rapids, North Carolina. Drugco operates two other store locations not involved in this matter.

2. Drugco’s Roanoke Rapids store fills approximately 1,400 prescriptions daily, and it is located adjacent to a hospital and other large medical offices.

3. A controlled substances audit completed by the North Carolina Board of Pharmacy (“the Board”) on March 10, 2009, revealed that, at that time, Drugco was missing approximately 136,000 dosage units of various controlled substances. Those substances included Viagra, Lortab, Glucotrol, Trazodone, Phenergan, Nexium, Alprazolam (generic Xanax), Hydrocodone (generic Lortab), and Fioricet.

4. Four Drugco employees diverted the missing controlled substances. Those employees were RPh. Timothy Bratton and Technicians Mary Frazier, LaToya Pierce, and Anna Vann. RPh. Bratton, Drugco’s pharmacist-manager, provided medications without prescriptions on multiple occasions to at least four different patients. The Board summarily suspended RPh. Bratton’s pharmacy license on April 8, 2009 and he subsequently surrendered his license.

5. Following the Board's controlled substances audit, Drugco put the following security measures in place beginning in April 2009:

a. Drugco engaged the former Chief of Police of the Roanoke Rapids Police Department as its Security Advisor. The Security Advisor is responsible for proactively addressing risks and overseeing all aspects of security at all three Drugco locations. This security includes protecting against internal and external thefts and diversions.

b. Drugco has implemented an extensive pre-employment application, screening, and background check process for all pharmacy and retail employees. The employment application includes prior employment, personal and professional references, copies of appropriate documentation, authorization release forms and consent to drug and alcohol testing.

c. The Security Advisor conducts interviews with applications and provides recommendations for hiring decisions based on the information collected.

d. Background investigations are conducted on potential employees for all pharmacy and retail staff. These include multi-state criminal records checks, social security and employment verification, driver's license history, and sex offender registry.

e. All offers of employment are conditional offers that are subject to passing pre-employment drug screening.

f. Drugco adopted a formal drug and alcohol policy. All Drugco employees are subject to and must agree to random drug testing.

g. Employee lockers were installed and no personal packages or purses are allowed in the workplace. Drugco also has implemented random purse and package

security checks for all employees. Pockets have been removed or sewn closed on all pharmacy staff work smocks.

h. Drugco now has an in-service training program targeted at security and diversion issues. This program includes at least semi-annual drug diversion intervention training with pharmacy staff, as well as programs on fraud, larceny, robbery and workplace dishonesty.

i. Drugco has implemented standardized incident reporting that requires documentation of all incidents concerning criminal behavior, medical emergencies and personal injury to proactively identify and track recurring problems.

j. Drugco now utilizes perpetual inventory software. This perpetual inventory is monitored on a regular basis and results are provided to and reviewed by Drugco's owner, by the pharmacy manager, and by the Security Advisor. The prescription inventory software is password protected and any changes or modifications to that software can be tracked to the individual accessing the software. It is not possible for the inventory software to be modified without indicating what password was utilized in making such changes or modifications.

k. Drugco now conducts regular pharmacy register audits and validates that the prescriptions filled match the prescriptions sold at the register.

l. All deliveries of pharmaceuticals are inventoried upon receipt and immediately stocked or appropriately secured within the pharmacy.

m. Drugco obtains a monthly report of all controlled drug purchases through North Carolina Mutual Drug. This report is independent of the individual delivery

inventories. This monthly report is compared to and audited with the inventory received for all three Drugco locations.

n. Drugco has strengthened internal controls for controlled substances that have been damaged.

o. Drugco purchased and installed a digital camera surveillance system. This surveillance system enables Drugco's Security Advisor to randomly monitor various locations within each pharmacy and keeps a video recording for 30 days, which recordings can be reviewed if a diversion, theft or other problem is suspected or determined.

p. Drugco has installed an alarm system to deter or prevent external thefts.

q. Drugco installed a peep-hole in the stockroom delivery door.

#### CONCLUSIONS OF LAW

1. Drugco violated N.C. Gen. Stat. §§ 90-85.38 (a)(6) and (b) and 21 N.C. Admin. Code 46.1805.

2. The conduct in this matter constitutes sufficient grounds for disciplinary action on its permit under N.C. Gen. Stat. § 90-85.38.

Based on the foregoing:

1. Permit Number 05053 is hereby SUSPENDED for a period of five (5) days. This suspension is hereby STAYED for a period of one (1) year, provided that Drugco complies with the following conditions:

a. Drugco shall continue to maintain the changes to its monitoring, security, and record-keeping systems that it put in place following the events described in the Board's petition or substantially similar measures;

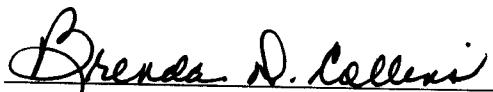
- b. Drugco shall be subject to an unannounced inspection by the Board staff to confirm that Drugco continues to maintain the monitoring and record-keeping systems discussed above;
- c. Drugco shall be subject to an unannounced controlled substances audit by the Board staff;
- d. Drugco shall violate no laws governing the practice of pharmacy or the distribution of drugs;
- e. Drugco shall violate no rules and regulations of the Board; and
- f. Drugco shall cooperate with the Board, its attorneys, investigators and other representatives in any investigation and compliance with the provisions of this Consent Order.

If Drugco fails to comply with the terms or conditions of this Order, the period of stay described above shall be lifted and Drugco may be subject to additional disciplinary action by the Board.

Dated: 3-17-2010

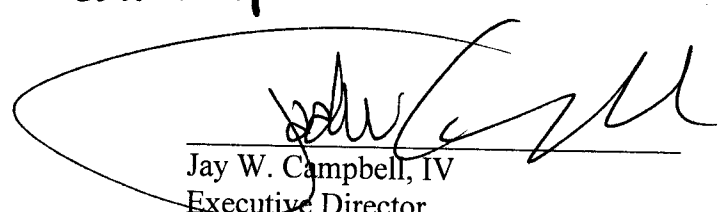
  
On behalf of Drugco Discount Pharmacy

Sworn to and subscribed before me on  
this 17 day of March, 2010.

  
Notary Public

Comm exp: 7-20-2014

Dated: 3-17-2010

  
Jay W. Campbell, IV  
Executive Director  
North Carolina Board of Pharmacy