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ATTORNEY GENERAL



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June 21, 2012

Joseph A. Morris, Esq.  
Morris & De La Rosa  
39 South LaSalle Street  
Chicago, IL 60603

Re: CanaRx Services Inc. activity in the State of Maine

Dear Attorney Morris:

As you may be aware, the Maine Board of Pharmacy met on June 7, 2012, and reviewed the MaineMeds program, which is administered by your client, CanaRx Services, Inc. The Board determined that (1) the international pharmacies that dispense prescription medications to State employees through MaineMeds are required by Maine law to be licensed by the Board as "mail order pharmacies," and (2) the Board lacks statutory authority to license mail order pharmacies that are located outside of the United States. As a result, the Board referred this matter to the Office of the Maine Attorney General for further investigation and potential prosecution of unlicensed practice. The Board's letter of referral is enclosed for your reference.

This Office agrees with the Board's determination that the international pharmacies that dispense prescription medications to State health plan participants through MaineMeds are required by Maine law to be licensed by the Board as mail order pharmacies. Pursuant to 32 M.R.S. § 13702-A(17), a "mail order prescription pharmacy" is "an entity that dispenses prescription medications by mail or carrier from a facility not located in this State to a patient who resides in Maine." It is the understanding of this Office that CanaRx acts as a broker within a network of international drug manufacturers, physicians, and pharmacies, which network ultimately provides purportedly brand name maintenance drugs to CanaRx clients. The drugs dispensed to Maine employees are ultimately provided by what CanaRx describes as "international" pharmacies that "dispense[], package[] and mail[] medications directly to client." Therefore, these international pharmacies fit within the definition of mail order pharmacy.

This Office also agrees with the Board's determination that it lacks statutory authority to license mail order pharmacies that are located outside of the United States. Pursuant to 32 M.R.S. § 13721(2), the Board may enter into reciprocal inspection agreements with any state in which a mail order prescription facility selling drugs to Maine citizens is located. The Board's regulations also require that a mail order prescription pharmacy provide "[a] copy of the most

recent inspection report from the state in which the drug outlet is located.” 02-392 C.M.R. ch. 11, § 1(1)(H). The Board interprets the word “state” in its statutes and rules to mean “United States, its territories, and districts only.” This interpretation is consistent with the Board’s past practice, and is also consistent with the legislature’s intent. Like the State of Maine, each state within the United States has a regulatory board responsible for the safety of these facilities. The Board can rely on the inspection reports of those other states to ensure that the public is protected. With regard to mail order pharmacies located outside of the United States, the Board does not have that same assurance.

The MaineMeds program operated by CanaRx in Maine, therefore, is in violation of Maine law. We invite you to submit, in writing, a proposal outlining how CanaRx may come into compliance, or in the alternative, information supporting the premise that the program does comply with Maine law. Please submit additional materials within fourteen days from the date of this letter. Also, please advise us of the name of your in-state counsel.

Sincerely,



William J. Schneider  
Attorney General

Enc.

cc: ✓ G. Anthony Howard, President and CEO, CanaRx Services, Inc.  
Dan Billings, Chief Counsel to the Governor  
Laurie Williamson, Executive Director, Employee Health and Benefits  
Geraldine Betts, Administrator, Maine Board of Pharmacy



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
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Geraldine L. Betts  
ADMINISTRATOR

June 11, 2012

William J. Schneider, Attorney General  
6 State House Station  
Augusta, Maine 04333

Re: Referral for Investigation/Prosecution Pursuant to 10 M.R.S. § 8003-C(2)

Dear Attorney General Schneider:

At its June 7, 2012, meeting, the Board of Pharmacy reviewed information and documents it had received pertaining to MaineMeds, which is a new prescription mail order drug program available to state employees. This information and documentation indicates that the pharmacies providing prescription drugs to Maine residents under the MaineMeds program are not licensed as mail order pharmacies as required by Maine law. 32 M.R.S. §§ 13731(1) and 13751(1). Consequently, the Board voted to refer this matter to your office for further investigation and potential prosecution of unlicensed practice pursuant to 10 M.R.S. § 8003-C(2), which states:

Complaints or allegations of unlicensed practice may be investigated by the Office of Professional and Occupational Regulation, the Attorney General's office or a board's or commission's complaint officer or inspector. If sufficient evidence of unlicensed practice is uncovered, the evidence must be compiled and presented to the Department of the Attorney General...for prosecution.

The information the Board reviewed indicates that the material facts are as follows. The MaineMeds program involves CanaRx, a privately held Canadian company. CanaRx purports to act as a broker within a network of international drug manufacturers, physicians, and pharmacies, which network ultimately provides purportedly safe, low-cost, brand name maintenance drugs to CanaRx clients. The drugs dispensed to Maine employees are ultimately provided by what CanaRx describes as "international" pharmacies that "dispense[], package[] and mail[] medications directly to client." It is the Board's understanding that these international pharmacies do not hold any sort of Maine pharmacy license.

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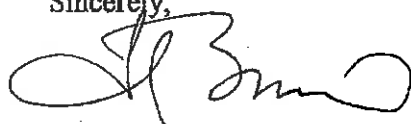
Following a review of Board statutes and its prior decisions pertaining to unlicensed practice by mail order pharmacies, the Board determined that the pharmacies that dispense the medications to CanaRx clients who are residents of Maine must be licensed by the Maine Board of Pharmacy as mail order prescription pharmacies. The Board also determined that it does not have the statutory authority to license any of these pharmacies as mail order prescription pharmacies because they are located outside of the United States. In making this determination, the Board relied on its statutory definition of mail order prescription pharmacy, which is "an entity that dispenses prescription medications by mail or carrier from a facility not located in this State to a patient who resides in Maine." 32 M.R.S. § 13702-A(17). The Board also interpreted the word "state" in its statutes and rules to mean "United States, its territories, and districts only." This interpretation is consistent with the Board's past practice.

The documentation and information reviewed by the Board consisted of the following, copies of which are enclosed with this letter:

1. Request for proposals (RFP) for voluntary international prescription benefit services for State of Maine Office of Employee Health & Benefits;
2. CanaRx's response to the State's RFP, including attachments;
3. Unsigned Agreement to Purchase Services (BP54) between the State of Maine, Department of Administrative and Financial Services/Employee Health & Benefits and CanaRx Services, Inc.; and
4. Memorandum to the Board of Pharmacy from Carrie Carney, AAG dated June 6, 2012.

Please let us know if the Board can be of any further assistance with this matter.

Sincerely,



Joseph Bruno, RPh  
Board President

- c: Geraldine Betts, Board Administrator  
Carrie Carney, Assistant Attorney General  
Laurie Williamson, Executive Director, Employee Health and Benefits