SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2141 (Patterson) - Pharmacies: license discipline: stipulated settlement and disciplinary order

Version: March 19, 2026
Urgency: No
Hearing Date: August 3, 2026
Policy Vote: B., P. & E.D. 8 - 1
Mandate: No
Consultant: Janelle Miyashiro

Bill Summary: AB 2141 creates a disciplinary process specific to the California State Board of Pharmacy, allowing certain enforcement matters to be resolved through a stipulated settlement and disciplinary order in lieu, and in advance, of the filing of an accusation under the Administrative Procedure Act (APA).

Fiscal Impact: The Board of Pharmacy notes that the new disciplinary process would shift the legal workload from the Attorney General (AG) to the Department of Consumer Affairs (DCA) Legal Office. DCA Legal estimates non-absorbable costs of $301,000 in Fiscal Year (FY) 2026-27 and $293,000 ongoing annually (Consumer and Client Services Division Fund) to support 1.0 Attorney IV position. This estimate assumes 90 cases annually.

The Board also notes unknown, potentially significant additional costs to provide education on and implementation of the new disciplinary process. These costs are currently undetermined, but they are not expected to be absorbable within current resources (Pharmacy Board Contingent Fund).

DCA's Office of Information Services reports an absorbable IT workload to create new enforcement codes.

Background: The Board's enforcement program represents its largest operational expenditure, historically accounting for approximately 64 percent of its budget. The Board processes an average of 3,500 complaints annually, categorizing them by their potential risk to public health and safety. High-priority complaints, such as prescription drug theft or impaired licensees, are referred to the AG for formal disciplinary action. Conversely, lower-priority complaints involving general noncompliance or prescription errors are typically resolved through citations, fines, or letters of admonishment. Between FYs 2021-22 and 2023-24, this robust enforcement effort resulted in thousands of investigations and citations, including 551 license revocations or surrenders.

Formal disciplinary actions are strictly governed by the APA. In these proceedings, the AG prosecutes the case before an independent Administrative Law Judge (ALJ), who conducts an evidentiary hearing and issues a proposed decision. Crucially, the APA vests final decision-making authority with the licensing board, preserving its statutory mandate to enforce the applicable practice act. The Board exercises its independent judgment to adopt, modify, or completely reject the ALJ's proposed decision. If rejected, the Board may decide the case itself based on the administrative record, complete with procedural safeguards and subject to subsequent judicial review.

To manage disciplinary matters efficiently, the Board frequently utilizes stipulated settlements. While the law permits agencies to settle adjudicative proceedings, occupational license discipline typically requires the filing of a formal accusation before a settlement can be finalized. Consequently, the Board resolves approximately 80 percent of its disciplinary cases post-accusation, prior to an administrative hearing. In cases ultimately resulting in discipline, the Board is authorized to seek cost recovery for investigation expenses, securing approximately $1.4 million in FY 2023-24, though such awards rely on the discretion of the presiding ALJ.

For lower-level infractions resulting in citations, the Board generally assesses maximum fines of $5,000 per licensee, weighing factors such as the violation's severity, prior history, and the licensee's cooperation. However, statutory exceptions allow for significantly higher penalties, including up to $25,000 per prescription for unauthorized internet sales, and up to $150,000 for chain community pharmacy violations resulting from explicit corporate policies. Licensees have the right to appeal citations through an informal office conference to present mitigating information, or they may pursue a formal administrative appeal under the APA, which ultimately returns to the Board for final adoption or rejection.

Proposed Law:

- Authorizes the Board, notwithstanding the APA, to negotiate and enter into a stipulated settlement and disciplinary order with a licensee before filing an accusation or other disciplinary pleading.

- Requires, before a pre-accusation settlement may be considered, that Board enforcement staff complete an inspection or investigation, substantiate violations of law, provide the licensee with written findings of those violations, and notify the licensee of potential eligibility for the settlement process.

- Requires the licensee, within 15 days of receiving the findings, to waive the notice and hearing provisions of the APA and elect to participate in the settlement process in lieu of formal administrative adjudication.

- Requires the licensee to submit mitigation and rehabilitation information consistent with the Board’s disciplinary guidelines.

- Establishes a settlement committee consisting of the Executive Officer, two Board members, one public member, and one licensee member to review the matter and, in its sole discretion, determine whether to extend a stipulated settlement offer consistent with the Board’s disciplinary guidelines.

- Requires any stipulated settlement to be reached within 60 calendar days, unless extended by the committee for good cause or while good-faith settlement discussions are ongoing; requires the Board to file a formal disciplinary pleading if no agreement is reached.

- Requires the stipulated settlement to be approved by the full Board, with members of the settlement committee recused from participating in the Board's consideration of the settlement.

- Provides that an approved stipulated settlement becomes a public record; however, if the Board rejects the settlement, the proposed agreement has no force or effect and may not disqualify the Board from further proceedings, and the Board must file the appropriate disciplinary pleading.

- Specifies that the bill does not limit the Board's existing authority to negotiate stipulated settlements after an accusation has been filed.

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