Department of Consumer Affairs
Veterinary Medical Board

Multidisciplinary Advisory Committee Meeting

Mission Inn Hotel & Spa
3649 Mission Inn Avenue
Riverside, California 92501

Tuesday, April 16, 2019
10:00 a.m.

Committee Members

Jeff Pollard, DVM, Chair
Kristi Pawlowski, RVT, Vice Chair
Allan Drusys, DVM
Meg Warner, DVM
Kevin Lazarcheff, DVM
Leah Shufelt, RVT
Stuart Eckmann, Public Member
Jennifer Loredo, RVT, Board Liaison
Cheryl Waterhouse, DVM, Board Liaison

Executive Officer

Jessica Sieferman

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Back To Top

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MEETING NOTICE and AGENDA
MULTIDISCIPLINARY ADVISORY COMMITTEE

Committee Members
Jeff Pollard, DVM, Chair
Kristi Pawlowski, RVT, Vice-Chair
Allan Drusys, DVM
Stuart Eckmann,
Kevin Lazarcheff, DVM
Jennifer Loredo, RVT
Leah Shufelt, RVT
Margaret Warner, DVM

April 16, 2019

Mission Inn Hotel & Spa
3649 Mission Inn Avenue
Riverside, California 92501

Action may be taken on any item listed on the agenda.

10:00 a.m., Tuesday, April 16, 2019

1. Call to Order/ Roll Call/ Establishment of a Quorum

2. Committee Chair's Remarks, Committee Member Comments, and Introductions

3. Public Comment on Items Not on the Agenda
   Note: The Committee may not discuss or take action on any matter raised during this public comment section, except to decide whether to place the matter on the agenda of a future meeting. (Government Code Sections 11125 and 11125.7(a).)

4. Review and Approval of January 22, 2019 Committee Meeting Minutes

5. Discussion on Legislative and Regulatory Proposals Regarding the Corporate Practice of Veterinary Medicine; Potential Recommendation to Full Board

6. Discussion and Development of Guidelines for Discussion of Cannabis with Veterinary Clients; Potential Recommendation to Full Board

7. Update from the Complaint Process Audit Subcommittee

8. Future Agenda Items and Meeting Dates
   - July 16, 2019 – Bay Area
   - October 9, 2019 - Sacramento

   A. Multidisciplinary Advisory Committee Assignment Priorities
   B. Agenda Items for Next Meeting

9. Adjournment

This agenda can be found on the Veterinary Medical Board website at **www.vmb.ca.gov**. Action may be taken on any item on the agenda. The time and order of agenda items are subject to change at the discretion of the Committee Chair and may be taken out of order. In accordance with the Bagley-Keene Open Meeting Act, all meetings of the Committee are open to the public.

MISSION: To protect consumers and animals by regulating licensees, promoting professional standards, and diligent enforcement of the California Veterinary Medicine Practice Act.

This meeting will be webcast, provided there are no unforeseen technical difficulties or limitations. To view the webcast, please visit **thedcapage.wordpress.com/webcasts/.** The meeting will not be cancelled if webcast is not available. If you wish to participate or to have a guaranteed opportunity to observe and participate, please plan to attend at a physical location. Meeting adjournment may not be webcast if it is the only item that occurs after a closed session.

Government Code section 11125.7 provides the opportunity for the public to address each agenda item during discussion or consideration by the Committee prior to the Committee taking any action on said item. Members of the public will be provided appropriate opportunities to comment on any issue before the Committee, but the Committee Chair may, at his or her discretion, apportion available time among those who wish to speak. Individuals may appear before the Committee to discuss items not on the agenda; however, the Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

The meeting locations are accessible to the physically disabled. A person who needs disability-related accommodations or modifications to participate in the meeting may make a request by contacting the Committee at (916) 515-5220, email: vmb@dca.ca.gov, or sending a written request to the Veterinary Medical Board, 1747 N. Market St., Suite 230, Sacramento, CA 95834. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodations. TDD Line: (916) 326-2297.

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MEETING MINUTES
MULTIDISCIPLINARY ADVISORY COMMITTEE

University of California Davis
Veterinary Medicine Research Facility 3B, Room 1105
1089 Veterinary Medicine Drive
Davis, California 95616

10:00 a.m. Tuesday, January 22, 2019

1. Call to Order/Roll Call/Establishment of a Quorum

Multidisciplinary Advisory Committee (MDC) Chair, Dr. Jeff Pollard, called the meeting to order at 10:00 a.m. Veterinary Medical Board (Board) Executive Officer, Ms. Jessica Sieferman, called roll; eight members of the MDC were present, and a quorum was established. Ms. Leah Shufelt, Registered Veterinary Technician (RVT), was absent at the time of roll call, but joined the meeting at 10:05 a.m.

2. Committee Chair's Remarks, Committee Member Comments, and Introductions

Members Present
Jeff Pollard, Doctor of Veterinary Medicine (DVM), Chair
Kristi Pawlowski, RVT, Vice-Chair
Allan C. Drusys, DVM
Stuart Eckmann, Public Member
Kevin Lazarcheff, DVM
Jennifer Loredo, RVT, Board Liaison
Leah Shufelt, RVT
Meg Warner, DVM
Cheryl Waterhouse, DVM, Board Liaison

Staff Present
Jessica Sieferman, Executive Officer
Robert Stephanopoulos, Enforcement Manager
Amanda Drummond, Administrative Program Analyst
Tara Welch, Legal Counsel

Guests Present
Nancy Ehrlich, California Registered Veterinary Technician Association (CaRVTA)
Valerie Fenstermaker, California Veterinary Medical Association (CVMA)
Paul Hansbury, Lovingly and Legally Grown
Trina Hazzah, DVM
Grant Miller, DVM, CVMA
Jaymie Noland, DVM, Board President

Mark Nunez, DVM, Board Member
John Pascoe, DVM, University of California (UC) Davis
Ken Pawlowski, DVM, CVMA
Gary Richter, DVM
Cindy Savely, RVT, CVMA and Sacramento Valley Veterinary Technician Association (SVVTA)
Richard Sullivan, DVM
Susan Tibbon, Lovingly and Legally Grown

3. Review and Approval of November 13, 2018 Committee Meeting Minutes

The MDC made no changes to the November 13, 2018 meeting minutes.

- Dr. Meg Warner moved and Mr. Stuart Eckmann seconded the motion to approve the minutes. The motion carried 8-0-1. Dr. Cheryl Waterhouse abstained.

4. Update from the Complaint Process Audit Subcommittee; Potential Recommendation to Full

The subcommittee consisting of Dr. Pollard and Dr. Kevin Lazarcheff provided their report from the December 2018 meeting. Fourteen cases were reviewed, with four cases consisting of expert witness testimony. The subcommittee found that some of the Board-certified expert witness testimony was appearing verbatim in the accusations prepared by the Deputy Attorneys General (DAG). The subcommittee indicated that if there was any bias, prejudice, or hyperbole in the expert report, that was also going directly into the accusation prepared by the DAG. The MDC stressed the need to provide feedback to the expert witnesses for continued training and compliance.

5. Update from the Public and Private Shelters and Minimum Standards and Protocols for Shelter Medicine Subcommittee; Potential Recommendation to Full Board

Dr. Allan Drusys provided an update on the minimum standards for shelter medicine and provided proposed changes following the November 2018 meeting. The MDC discussed defining the term “herd health” vs “population health setting” and provided a possible definition in CCR section 2034 and placing this new term in CCR section 2035(e). There was concern over using the term “herd health” as it does not include dogs and cats. Legal counsel advised that there is a difference in the term “population health” in a shelter setting and population health in a field, such as with range setting. Members of the public expressed concern with the proposed term and definitions as they did not think this properly defined the services and animals in an animal shelter. Some members of the MDC favored the term population health, while other members agreed with the public comment that this term and definition was vague and didn’t clarify the specific needs of animal shelters. The MDC decided to table the discussion for CCR section

2034 and 2035 for the time being and proceed with the remaining language in the interest of time.
The MDC made amendments to CCR section 2035.5 including:

- Adding “Animal” to the title, so it is clarified that it is an Animal Shelter Setting
- Replacing the term “medical” with “clinical”, as medical implies diagnosis
- Striking “or authorized to practice” from subsection (g) as it was redundant
- Minor grammatical changes

The MDC made amendments to CCR section 2030.6 including:

- Striking in the introductory paragraph “and where veterinary services are being provided to” as it was redundant
- Striking subsection (n)(3) as there are no clients at an animal shelter
- Modifying subsection (n)(4) to become subsection (n)(3) and adding the term “safely” because in some instances dangerous animals in an animal shelter are not able to be handled
- Striking subdivision (r) as there are no clients at the animal shelter
- Modifying subsection (s) to become subsection (r) and striking the last two sentences (starting with “The Board may exempt…”) and subparagraphs (A)-(C) as they are was unnecessary because the requirements already exists in another section of premises regulations

The MDC struck CCR section 2030.7 as unnecessary since ambulatory services for animal shelters do not exist.

- Dr. Kevin Lazarcheff moved and Ms. Kristi Pawlowski seconded the motion to move the proposed language for CCR sections 2035.5 and 2030.6 regarding minimum standards for shelter forward to the Board as modified and retain CCR section 2034 and 2035 for further discussion. The motion carried 9-0.

The MDC agreed to report back to the Board their discussions and advise that they have approved some proposed language but retained CCR section 2034 and 2035 and will ask the Board for guidance on how to proceed with the retained language.

6. Update from the Minimum Standards and Protocols for Pet Ambulances Subcommittee; Potential Recommendation to Full Board

Mr. Eckmann addressed the Board and advised that the subcommittee developed proposed language for pet ambulances based on mobile practice but eliminated language that only applied to animal transport as this did not fall under the purview of the Board. Mr. Kristi Pawlowski advised that there is a wide array of services that pet ambulances claim to provide, and it is difficult to determine if these individuals are authorized to provide these services or are associated with an existing fixed premises. Legal counsel clarified that individuals operating pet ambulances would need a premises permit if they are providing veterinary services and are not associated with an existing premises permit.

The MDC made minor amendments to the proposed language, including:

- Adding "owned" to the introductory paragraph to clarify the regulation would apply to owned animals
- Adding "from one location to another" and striking "to and/or from the animal's residence and a veterinary premises" to accommodate situations where the animal may be transported to or from locations other than the animal's residence.

The MDC discussed directing Board staff to conduct research for existing pet ambulances and determining what services they provide, who is providing the services, and if they are associated with fixed premises to determine if there is a need for additional regulations. The MDC agreed to present their findings to the Board and ask for further guidance.

7. Discussion and Development of Guidelines for Discussion of Cannabis with Veterinary Clients; Potential Recommendation to Full Board

Dr. Pollard introduced the topic and advised that the Board delegated this topic to the MDC at the November 2018 meeting after the approval of Assembly Bill (AB) 2215, which mandates that the Board develop guidelines for veterinarians to discuss the use of cannabis on animal patients. The MDC reviewed the proposed guidelines developed by Dr. Warner and Dr. Pollard and discussed making amendments to the language, including clarifying in the preamble that the use of cannabis should be used only after a discussion with a veterinary professional, and not a bud tender. Members of the public requested clarification from the Board regarding the guidelines, and better defining the line between recommendation and discussion. Additional public comment encouraged the MDC to include in the guidelines the following: continuing education (CE) on cannabis; toxicity information; safety; and dosage. The MDC agreed to review the discussions and recommendations and revise the proposed language and bring the language to the next meeting.

8. Public Comments on Items Not on the Agenda

There were no comments from the public, outside agencies, or associations.

9. Future Agenda Items and 2019 Meeting Dates

A. Multidisciplinary Advisory Committee Assignment Priorities

- Update from the Complaint Process Audit Subcommittee
- Update from the Subcommittee for Minimum Standards for Shelter Medicine
- Pet Ambulances and their relation to CCR section 2030.2
- Update from the Cannabis Guidelines Discussion Subcommittee

B. Agenda Items for Next Meeting

C. 2019 Meeting Dates

- April 16, 2019 - Riverside
- July 16, 2019 – Bay Area

- October 15, 2019 – Western University

10. Adjournment

The MDC adjourned at 3:32 p.m.

Back To Top

VETERINARY MEDICAL BOARD
Subcommittee on Corporate Practice of Veterinary Medicine

1 April 2019

Status Update on Proposals Related to Premises Registrations, Managing Licensees and the Corporate Practice of Veterinary Medicine

The Subcommittee has had several phone conferences to discuss the above matter, as well as all information submitted. The following is our brief outline of findings to date:

- We solicited input from corporations that are currently operating or are considering operating veterinary medical premises in California. To date, we have received comments from one group.
- We have reviewed comments submitted, including those by Animal Policy Group.
- We have discussed the concerns brought forth to the subcommittee.
- There are specific concerns relating to the Veterinary Medicine Practice Act and a premises permit/property where veterinary services are provided as noted previously.
    - Clarification may be necessary regarding corporation premises ownership and its influence in the practice of veterinary medicine.
- The Veterinary Medical Board (VMB) has not received a high volume of complaints regarding this issue; this may be due to the non-disclosure clauses that are included in the employment contracts between the corporation and the veterinary medicine practitioner. Veterinarians and registered veterinary technicians (RVTs) who entered into these contracts may not feel free to come forward.
- The Subcommittee understands the VMB is being proactive in its approach to a potential issue; therefore, we recommend soliciting feedback from veterinary medicine practitioners.
- To solicit honest feedback from licensees without the fear of retaliation, the Subcommittee distributed an anonymous survey to VMB subscribers. Comments received by the Subcommittee will be discussed at the April meeting.
- We will also consider comments and discussions from stakeholders at the April meeting

Respectfully submitted,

Stuart Eckmann
Kristi M. Pawlowski, RVT

Back To Top

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MEMORANDUM

DATE	February 2, 2018
TO	Members Veterinary Medical Board
FROM	Tara Welch, Attorney III Legal Affairs Division, Department of Consumer Affairs
SUBJECT	**Corporate Practice of Veterinary Medicine**

Questions Presented

Can a general corporation own or operate a veterinary medical practice or influence the standards of veterinary medicine practice?

Short Answers

Current statutory and regulatory law does not explicitly prohibit general corporate ownership or operation of a veterinary medical practice or influence over the standards of veterinary medicine practice.

Discussion

In recent years, there has been a trend toward large corporations purchasing smaller veterinary practices. These mergers may be beneficial to consumers, who can continue to receive veterinary services for their pets rather than having to find a new veterinary practice if the small veterinary practice otherwise closed, but these mergers raise potential concerns as to whether these corporations are influencing the veterinary care provided by veterinarians and whether California consumers have any protection from the commercialization of veterinary practice.

This memorandum reviews the state laws affecting the corporate practice of medicine, corporate ownership of a veterinary premises, and corporate ownership and operation of a veterinary practice. This memorandum also discusses contractual arrangements for management services of a veterinary practice and the potential implications on consumer protection. This memorandum also provides possible recommendations for the Veterinary Medical Board (Board) to consider submitting to the Legislature in order to address the issues raised herein.

A. Background on the Corporate Practice of Medicine and Professional Corporations

A corporation is a legal entity created by statute, which permits a group of people, as shareholders, to apply to the government (the California Secretary of State) for an independent organization to be created. A corporation is empowered with legal rights usually only reserved for individuals, such as to

sue and be sued, to own property, hire employees, or borrow and loan money. Benefits to individuals organizing as a corporation include immunity from individual liability and reductions in taxes applicable to the income received by the organizing individuals.

According to the California Research Bureau, "[b]etween 1905 and 1917, courts in several states ruled that corporations could not engage in the commercial practice of medicine, even if they employed licensed physicians, because a corporation could not be licensed to practice medicine and commercialism in medicine was contrary to sound public policy." (A. Kim, California Research Bureau, *The Corporate Practice of Medicine Doctrine* (Oct. 2007), CRB 07-011, p. 12.) These courts established the common-law corporate practice of medicine doctrine, which bans the corporate practice of medicine.

As the corporate practice of medicine doctrine developed under common law, in the 1930s, several statutes were enacted in California's Medical Practice Act to prohibit unlicensed persons from practicing medicine, employment of unlicensed physicians, and interference with a physician's medical judgment (Bus. & Prof. Code, §§ 2052, 2264, 2401). These statutes protect patients from a treating physician with divided loyalties between independent medical judgment and meeting the demands of a lay person or entity (corporate owner).

In 1968, the Moscone-Knox Professional Corporation Act (Moscone-Knox) (Corp. Code, § 13400 et seq.) established the ability of individuals who are professionally licensed to organize as a professional corporation. Moscone-Knox defines "professional corporation" to mean a corporation organized under the General Corporation Law that is engaged in rendering professional services in a single profession pursuant to a certificate or registration issued by the governmental agency regulating the profession and designates itself as a professional or other corporation as required by statute, and "professional services" means any type of professional services that may be lawfully rendered only pursuant to a license, certification, or registration authorized by the Business and Professions Code, the Chiropractic Act, or the Osteopathic Act." (Corp. Code, § 13401(a), (b).)

Following the enactment of Moscone-Knox, the California Attorney General issued an opinion that further clarified California's corporate practice of medicine doctrine and stated that a corporation is a creature created by statute, and, aside from Moscone-Knox and nonprofit corporation provisions, the Corporations Code does not provide specific authority for a corporation to practice the healing arts. (58 Ops. Cal. Atty. Gen. 755, 758 (1975).) That opinion also stated that "[e]xcept as otherwise specifically provided by statute, it is well settled that neither a corporation nor any other unlicensed person or entity may engage, directly or indirectly, in the practice of certain learned professions, including the legal, medical, and dental professions." (*Id*.)

In 1980, the Medical Practice Act was repealed, revised, and recast. At that time, the Medical Practice Act included that lay entities (e.g., general corporations) have no professional rights, privileges, or powers to practice medicine (Bus. & Prof. Code, § 2400), but professional medical corporations in compliance with Moscone-Knox were exempt from this restriction (Bus. & Prof. Code, § 2402).

With respect to the corporate practice of veterinary medicine, the Veterinary Medicine Practice Act similarly prohibits the unlicensed practice of veterinary medicine and the aiding and abetting of the unlicensed practice of veterinary medicine, and provides that a veterinary corporation is a corporation which is authorized to render professional services, as defined, so long as that corporation and its shareholders, officers, directors, and employees rendering professional services who are licensed veterinarians are in compliance with the Moscone-Knox (Bus. & Prof. Code, §§ 4825, 4883(j), 4910). Unlike the Medicine Practice Act, the Veterinary Medicine Practice Act does not provide that lay entities

have no professional rights, privileges, or powers to practice veterinary medicine, and there is no explicit ban on interfering with a veterinarian's medical judgment.

B. General Corporate Practice Ban Problem

Although the Medical Practice Act provides limitations on the corporate practice of medicine ("corporations and other artificial legal entities shall have no professional rights privileges, or powers" (Bus. & Prof. Code, § 2400)), most of the other healing arts practice acts do not contain this prohibition. Rather, numerous healing arts practice acts only provide that a professional corporation is authorized to render professional services as long as the shareholders, officers, directors, and employees rendering professional services are licensed and in compliance with the Moscone-Knox (e.g., Veterinary Medicine Practice Act, Bus. & Prof. Code, § 4910; Physical Therapy Practice Act, Bus. & Prof. Code, § 2690). Even though common law bans the corporate practice of medicine, the statutory language authorizing formation of a professional corporation may be interpreted as permissive (i.e., licensees *can* organize as a professional corporation) rather than restrictive (the *only way* to organize as a corporation and provide health care services is to organize as a professional corporation). The statutes are otherwise silent as to whether corporations that do not comply with Moscone-Knox may practice.

Consequently, these boards and their licensees are left to interpret a patchwork of statutes in their respective practice acts, Moscone-Knox, general corporation law, and the Medical Practice Act to determine whether corporate practice of the profession is prohibited. Without statutory language that clearly bans corporations from practicing a health care profession requiring licensure or rendering health care services, healing arts boards struggle with enforcing the corporate practice ban intended to protect consumers from commercial motives of the corporation being asserted over a healing arts licensee's professional judgment.

C. Specific Corporate Practice Ban Problem of Veterinary Medicine

Veterinary medicine, a healing art under the Business and Professions Code, has two problems relative to the corporate practice ban that are unique to veterinary medicine and not applicable to most other healing arts. First, the Medical Practice Act and its ban on the corporate provision of medical services does not apply to the provision of animal health care services. Thus, while some healing arts boards are authorized through their respective practice acts to enforce violations of the Medical Practice Act and could potentially refer to the Medical Practice Act's corporate practice ban statute, the Board is not authorized to rely on that statute. Rather, the Board's authority is limited to the Veterinary Medicine Practice Act statute authorizing licensees to organize as professional corporations pursuant to Moscone-Knox. (Bus. & Prof. Code, § 4910.) But again, that arguably permissive professional corporation language does not specifically ban the practice of the licensed profession or rendering of veterinary services by a general corporation owned by non-licensed individuals.

Second, the Veterinary Medicine Practice Act is unique in that it licenses veterinarians who practice veterinary medicine, registers the veterinary premises, and authorizes professional corporations to render veterinary services. Notably, the Veterinary Medicine Practice Act does not specifically define whether a veterinary premises means the property at which a veterinary practice provides services and does not define a veterinary practice as the business that offers veterinary medical services. This has led to the terms "premises" and "practice" to be used interchangeably, even though they are conceptually very different. The Veterinary Medicine Practice Act requires that a premises be registered but does not require the premises owner to be a licensed veterinarian. Further, the Act is silent as to requiring that a veterinary practice be registered or owned by a licensee.

The lack of definition of the veterinary practice has led to a trend where general corporations are purchasing and operating not only veterinary premises, but also the veterinary practices located at the premises. General corporate ownership of veterinary practices raises potential concerns for consumers in that corporations are in a position to dictate the standards of care provided by the veterinarians employed by the corporation. This situation is analogous to a medical clinic that is owned and operated by unlicensed individuals and where the licensed professionals are employed to render health care services. Under the Medical Practice Act, clinic owners/operators are prohibited from interfering with, controlling, or otherwise directing the professional judgment of a physician and surgeon (Bus. & Prof. Code, § 2401(b)). Conversely, there is no specific statutory prohibition on unlicensed shareholders/owners/ operators of either a veterinary premises or practice interfering with the professional judgment of a veterinarian.

Accordingly, national corporations are purchasing veterinary premises, registering the premises in the corporate name, operating the veterinary practices housed at the premises, employing veterinarians as Licensee Managers of the premises, as well as general practitioners, and, ultimately, practicing the licensed profession of veterinary medicine. Such corporations have unlicensed officers who also manage the payroll department and negotiate employment agreements entered into between the general corporation and veterinarians and veterinary staff working at each premises. The employment agreements contain net revenue percentage incentives to sell the corporation's animal care products, including vaccinations, flea treatments, vitamins, shampoos, dental products, and prescription pet foods and services, which may or may not be in the best interest of the animal. Consequently, these employment agreements, and the commission-based fee structures therein, create an environment where veterinarians may believe their employment is at risk if they are not selling the corporate animal care products and services to the client.

In addition, veterinarians who own a veterinary practice may enter into contracts for the provision of management services that may be provided by the corporate premises owner, outside management services organizations, or even as corporate partners in the veterinary practice. These arrangements also potentially allow for corporate control over veterinary medical practice. Notably, since the Medical Practice Act specifically states that legal entities (corporations) have no practice rights but the Veterinary Medicine Practice Act does not, and veterinary premises can be owned by unlicensed entities, general corporation premises and/or practice owners could argue that the lack of a similar limitation of corporate practice rights under the Veterinary Medicine Practice Act shows that the Legislature did not intend to place the same limitations on the corporate practice of veterinary medicine as are applied to the corporate practice of medicine.

Given the recent trend of large corporations merging with small veterinary practices, and the corporations' employment of veterinarians and veterinary staff with financial incentives tied to selling the animal health care products of the corporations, it would be helpful to clarify in statute the boundaries between corporation ownership of the premises and/or practice and the corporation's influence over the practice itself.

D. Possible Board Recommendations of Statutory Solutions

Attached hereto for the Board's consideration is statutory language to address the corporate practice of veterinary medicine in several ways, described further below. These proposals are modeled after the Medical Practice Act and related laws, which provide similar limitations on corporate hospital and clinic ownership and employment of physicians and other healing arts practitioners. Since access to veterinary services may not otherwise be available without the corporate ownership and operation of the veterinary practice, these proposals are intended to provide a conservative approach to updating

the veterinary medicine practice laws without banning general corporation ownership altogether. The bracketed information below refers to the location of the provision in the attached proposals.

1. Limit practice authority of premises permit holders. This proposal would add to the premises permit statute a new provision that the issuance of a premises permit does not authorize the holder of the permit to furnish animal patient advice, services, or treatment and would track a similar provision in the Health and Safety Code prohibiting the practice of medicine by a clinic. [Pg. 1, Bus. & Prof. Code, § 4853, new subd. (d).]

2. Corporation rights, privileges, and power. This proposal would add two new statutes to provide that corporations and other artificial legal entities, other than professional veterinary corporations, have no professional rights, privileges, or powers and are prohibited from engaging in the practice of veterinary medicine; this would track the corporate limitations provided under the Medical Practice Act. [Pgs. 1-2, Bus. & Prof. Code, new §§ 4910.1, 4910.2.]

3. Employment of licensed professionals. This proposal would add a new statute providing for employment by a veterinary clinic or hospital owned by a general corporation of persons licensed under the Veterinary Medicine Practice Act, but prohibit employment agreements providing for clinic or hospital control of professional judgment or services. This provision would also authorize the Board to obtain information from the clinic or hospital (such as employment agreements) to enforce the provision. This proposal tracks the clinic/hospital prohibition on control of professional judgment in the Medical Practice Act, as well as the authority to obtain necessary documents provided in the Pharmacy Act. [Pg. 2, Bus. & Prof. Code, new § 4918.]

4. Management Services Organizations (MSOs). Aside from selling the veterinary practice and becoming employed by a general corporation that owns and operates the veterinary practice, veterinarians may instead enter into agreements for the provision of administrative and/or management services by a management services organization (MSO), which can be beneficial to the veterinary practice by applying management expertise to reduce the operating costs of the practice. These types of arrangements may include agreements in which the management services organizations lease to the veterinarians the facility and medical and non-medical equipment.

   As with the general corporate ownership of a veterinary practice problem, there are currently no prohibitions on the exertion of control by an MSO over the professional judgment of the veterinarian. Notably, a general corporate premises owner could also enter into a management services arrangement with the veterinary practice owner. Although these types of arrangements may be necessary for a veterinarian who wants to focus on the provision of animal health care services rather than the day-to-day administrative affairs of running a business, it may be prudent to authorize these types of arrangements by statute, and, in addition to cross-referencing the existing prohibition on patient referral rebates (see Bus. & Prof. Code, § 650), clarify the limitations of these agreements by regulation. This proposal would allow veterinarians to contract for administrative/management services while protecting consumers and animal patients from unlicensed control over the care rendered by the veterinarian. [Pg. 2, Bus. & Prof. Code, new § 4919.]

E. Regulatory Proposals

In addition to the statutory proposals above, the Board may wish to consider adopting regulations to clarify the new authorization in proposed Business and Professions Code, section 4918, subdivision (c) to require the clinic, hospital, or veterinarian to disclose to the Board any information deemed reasonably necessary to enforce the prohibition on contracts providing for control over professional judgment or services. [Pg. 6, CCR, new § 2095.] Additionally, if the Board agrees that management services should be addressed by statute, the Board may wish to consider defining the limitations of MSOs by regulation. [Pgs., 3-5, CCR, new §§ 2090-2093.]

Conclusion

Although the ban on corporate practice of medicine has evolved over time and strengthened human patient protection, the protections for animal patients and their owners has not kept pace. Potential risks exist to consumers and animal patients if commercial motives are prioritized above professional judgment. Due to the increasing corporate ownership and operation of veterinary practices and the need for veterinarians to properly apply their professional judgment on a case-by-case basis, the Board may wish to recommend legislative proposals and adopt regulations to address these issues.

Attachments: Legislative and regulatory proposals

VETERINARY MEDICAL BOARD
Corporate Practice of Veterinary Medicine

Proposed revisions are shown in single underline for new text and ~~single strikethrough~~ for deleted text.

Statutory Proposals:

Business and Professions Code, Division 2, Chapter 11

Article 3. Issuance of Licenses.

4853.
(a) All premises where veterinary medicine, veterinary dentistry, veterinary surgery, and the various branches thereof is being practiced shall be registered with the board. The certificate of registration shall be on a form prescribed in accordance with Section 164.

(b) “Premises” for the purpose of this chapter shall include a building, kennel, mobile unit, or vehicle. Mobile units and vehicles shall be exempted from independent registration with the board when they are operated from a building or facility which is the licensee manager’s principal place of business and the building is registered with the board, and the registration identifies and declares the use of the mobile unit or vehicle.

(c) Every application for registration of veterinary premises shall set forth in the application the name of the responsible licensee manager who is to act for and on behalf of the licensed premises. Substitution of the responsible licensee manager may be accomplished by application to the board if the following conditions are met:

(1) The person substituted qualifies by presenting satisfactory evidence that he or she possesses a valid, unexpired, and unrevoked license as provided by this chapter and that the license is not currently under suspension.

(2) No circumvention of the law is contemplated by the substitution.

(d) This section does not authorize any person, corporation, or artificial legal entity, other than a licensed practitioner of veterinary medicine or a veterinary corporation practicing pursuant to Article 6 (commencing with Section 4910) of this Chapter and the Moscone-Knox Professional Corporation Act (Part 4 (commencing with Section 13400) of Division 3 of Title 1 of the Corporations Code), to furnish to any person or animal patient any advice, services, or treatment within the scope of veterinarian licensure under this chapter. This section does not authorize any person, other than a licensed veterinarian within the scope of his or her license, to engage directly or indirectly in the practice of veterinary medicine, surgery, and dentistry. This section does not regulate, govern, or affect in any manner the practice of veterinary medicine, surgery, or dentistry by any person duly licensed to engage in such practice.

Article 6. Veterinary Corporations

4910.1. (a) Corporations and other artificial legal entities shall have no professional rights, privileges, or powers.
(b) The provisions of subdivision (a) do not apply to a veterinary corporation practicing pursuant to the Moscone-Knox Professional Corporation Act (Part 4 (commencing with Section 13400) of Division 3 of Title 1 of the Corporations Code) and this article, when such corporation is in compliance with the requirements of these statutes and all other statutes and regulations now or hereafter enacted or adopted pertaining to such corporations and the conduct of their affairs.

4910.2. A professional corporation, foreign professional corporation, or other legal entity not owned exclusively by one or more licensed veterinarians shall not engage in the practice of veterinary medicine.

4918. (a) Except as provided in Section 13403 of the Corporations Code, a veterinary clinic or hospital that is owned by a general corporation, foreign corporation, or other legal entity but is not exclusively owned by one or more licensed persons shall be registered with the board pursuant to Section 4853 and may employ, or enter into contracts or other arrangements with, any person or persons licensed under this chapter, but no such employment, contract, or arrangement shall provide for the rendering, supervision, or control of professional judgment or services other than as authorized by law.
(b) The veterinary clinic or hospital shall not interfere with, control, or otherwise direct the professional judgment of any licensed veterinarian, registered veterinary technician, or veterinary assistant.
(c) The board may require any information the board deems is reasonably necessary for the enforcement of this section.

4919. (a) A veterinarian or group of veterinarians, whether or not incorporated, may employ, or enter into a contract or other arrangements with a management services organization to provide management services to the veterinarian or the veterinary practice, but no such employment, contract, or arrangement shall provide for the management services organization to render control, supervision, or intervention in a veterinarian’s practice of veterinary medicine, or violate Section 650.
(b) For purposes of this section, “management services organization” means a person or entity that provides management or administrative services.
(c) The board may require any information the board deems is reasonably necessary for the enforcement of this section.

Proposed Regulations:

California Code of Regulations, Title 16, Division 20

Article 12. Management Services Organizations in Veterinary Practice

2090. Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise:

(a) “Control” means the ability to order or dictate the delivery or the manner of delivery of any services or tasks. Consulting with another person regarding a service or task, or assisting in the performance of a service or task, does not constitute control.

(b) “Intervene” means directly altering the practice of veterinary medicine. Recommending or providing a service or supply or performing management services under this section does not constitute intervention.

(c) “Management services” means those services and activities relating to the operation of a veterinary practice exclusive of the practice of veterinary medicine.

(d) “Management services organization” means a person or entity that provides management services.

(e) “Veterinary medical personnel” means persons under the direct or indirect supervision of a veterinarian who perform duties directly related to the practice of veterinary medicine.

Note: Authority cited: Sections 4808, Business and Professions Code. Reference: Section 4919, Business and Professions Code;

2091. Prohibited Practices.
(a) A management services organization shall not control or intervene in a veterinarian's practice of veterinary medicine. Prohibited activities by a management services organization, whether or not authorized by contract, include but are not limited to:
(1) employing a veterinarian to practice veterinary medicine;

(2) determining the compensation of a veterinarian for the practice of veterinary medicine;

(3) controlling or intervening in a veterinarian's diagnosis, treatment, correction, change, manipulation, relief, or prevention of animal disease, deformity, defect, injury or other physical condition, including the prescription or administration of a drug, biologic, anesthetic, apparatus, or other therapeutic or diagnostic substance or technique;

(4) controlling or intervening in a veterinarian's selection or use of type or quality of medical supplies and pharmaceuticals to be used in the practice of veterinary medicine;

(5) determining the amount of time a veterinarian may spend with a patient;

(6) owning drugs, unless the drugs are owned in compliance with applicable state or federal law;

(7) owning and controlling the records of patients of the veterinarian;

(8) determining the fees to be charged by the veterinarian for the veterinarian's practice of veterinary medicine;

(9) mandating compliance with specific professional standards, protocols, or practice guidelines relating to the practice of veterinary medicine;

(10) placing limitations or conditions upon communications that are clinical in nature with the veterinarian's clients;

(11) requiring a veterinarian to make referrals in violation of section 650 of the code; or

(12) penalizing a veterinarian for reporting violations of a law regulating the practice of veterinary medicine.

(b) Veterinarians, and entities in which veterinarians are the sole owner, shareholders, or partners, are not prohibited from performing the activities set out in subsections (a)(1) - (10) of this section.
Note: Authority cited: Sections 4808, Business and Professions Code. Reference: Section 4919, Business and Professions Code.

2092. Permitted Management Services. Permitted activities by a management services organization include, but are not limited, to:
(a) providing by lease, ownership, or other arrangement:

(1) the facility used by the veterinarian in the practice of veterinary medicine;

(2) the medical equipment, instruments, and supplies used by the veterinarian in the practice of veterinary medicine; and

(3) the business, office, and similar non-medical equipment used by the veterinarian.

(b) providing for the repair, maintenance, renovation, replacement or otherwise of any facility or equipment used by the veterinarian in the practice of veterinary medicine;

(c) providing accounting, financial, payroll, bookkeeping, budget, investment, tax compliance, and similar financial services to the veterinarian;

(d) providing information and information systems and services for the veterinarian so long as any patient records in these systems are clearly owned and freely accessed by the veterinarian;

(e) providing the services of billing and collection of the veterinarian's fees and charges;

(f) arranging for the collection or sale of the veterinarian's accounts receivable;

(g) providing advertising, marketing and public relations services that comply with Section 651 of the code pertaining to the practice of veterinary medicine;

(h) providing contract negotiation, drafting, and similar services for the veterinarian;

(i) providing receptionist, scheduling, messaging, and similar coordination services for the veterinarian;

(j) obtaining all licenses and permits necessary to operate a practice of veterinary medicine that may be obtained by a non-veterinarian, and assisting veterinarians in obtaining licenses and permits necessary to operate a practice of veterinary medicine that may be obtained only by a veterinarian, provided that the executive officer of the board approves the method of payment for veterinary license renewals paid by the management services organization;

(k) assisting in the recruiting, continuing education, training, and legal and logistical peer review services for the veterinarian;

(l) providing insurance, purchasing and claims services for the veterinarian, and including the veterinarian and veterinary medical personnel on the same insurance policies and benefit plans as the management services organization;

(m) providing consulting, business and financial planning, and business practice and other advice;

(n) establishing the price to be charged to the veterinary client for the goods and supplies provided or managed by the management services organizations;

(o) employing and controlling persons who:

(1) perform management services;

(2) are veterinarians employed by a management services organization to perform management services but not the practice of veterinary medicine; or

(3) perform management, administrative, clerical, receptionist, secretarial, bookkeeping, accounting, payroll, billing, collection, boarding, cleaning and other functions; or

(p) employing veterinary medical and other personnel, if a veterinarian present at the practice location in charge of veterinary medicine for that practice location at which the veterinary medical and other personnel work has the right to:

(1) control the medically related procedures, duties, and performance of the veterinary medical and other personnel; and

(2) suspend for medically related reasons the veterinary medical and other personnel unless the suspension is contrary to law, regulation or other legal requirements.

Note: Authority cited: Sections 4808, Business and Professions Code. Reference: Section 4919, Business and Professions Code.

2093. Disclosure of Contracts.

(a) A veterinarian or a group of veterinarians that contract with a management services organization shall:

(1) make available for inspection by the board at the main office of the veterinarian or group of veterinarians copies of the contracts with the management services organizations; and

(2) if the board opens an investigation against a veterinarian or a group of veterinarians, make available to the board copies of the contracts with the management services organizations.

(b) Verbal contracts will not be considered evidence of compliance with this section.

(c) Copies of contracts provided to the board pursuant to this section are confidential and not subject to disclosure pursuant to section 6250 et seq. of the Government Code.

Note: Authority cited: Section 4808, Business and Professions Code. Reference: Section 4919, Business and Professions Code.

Article 13. Requirements for Corporations

2095. Disclosure of Corporate Records

(a) Upon request by the board, a veterinary corporation, foreign veterinary corporation, general corporation, foreign corporation, or other legal entity shall make available for inspection or provide copies of the following:

(1) copies of all documents filed with the Secretary of State.

(2) all corporate records, including, but not limited to, ownership agreements between any director, officer, owner, or shareholder.

(3) any employment contract between the corporation or legal entity and a licensee.

(4) all written policies or procedures.

(b) Copies of corporate records provided to the board pursuant to subsection (a)(2) shall be considered corporate financial records and/or corporate proprietary information including trade secrets and are confidential and not subject to disclosure pursuant to section 6250 et seq. of the Government Code.

Note: Authority cited: Sections 4808 and 4916, Business and Professions Code. Reference: Sections 4910, 4912, 4918, and 4919, Business and Professions Code; Section 13401.5, Corporations Code; and Section 6254.15, Government Code.

ANIMAL POLICY GROUP

Comments Regarding Proposed Veterinary Medicine Practice Act Amendments Related to "Corporate" Veterinary Practices in California

March 22, 2019

The Animal Policy Group works full time nationally with a wide range of stakeholders in the area of animal health and veterinary medicine, including corporate practices, and appreciates the opportunity to submit comments to the MDC.

Overview

Legal counsel from the Attorney General's Consumer Affairs division submitted to the California Veterinary Medical Board (CVMB) a memorandum, draft legislation and administrative rules proposing to clarify and restrict "corporate practices" in California. The proposed legislation and rules are unnecessary based upon current protections in the Veterinary Medicine Practice Act ("Practice Act"), and erroneously single out a particular ownership structure for highly intrusive and burdensome restrictions. If some form of legislation or administrative rule ultimately is desired, then much simpler alternatives are available.

Rationale for Pending Proposals

The fundamental flaw in the proposals first appears in the opening section of the February 2, 2018 memorandum provided by Consumer Affairs legal counsel. The memorandum offers the premise that corporate mergers of veterinary practices "raise potential concerns as to whether these corporations are influencing the veterinary care provided by veterinarians." These concerns are purely speculative, and no evidence, examples or consumer complaints are cited in support. The absence of complaints or data pointing to corporations crossing over the boundary during the decades of corporate involvement in veterinary practices colors the entire analysis. We are to assume for this entire project that these speculative concerns are fair and real. They are not.

No data or performance history exists to support a claim (characterized as a "concern") that a particular form of ownership or size of entity triggers a risk that improper financial motives are "influencing the veterinary care provided by veterinarians". This argument faces two problems. First, solo practices, two-person small town practices, 2-4 site practices, shelters and large metropolitan corporate practices all face economic pressures, whether owned by veterinarians or not. The need to meet payroll, make lease payments, acquire equipment, cover insurance and benefits costs…all are daily factors in operating a veterinary practice regardless of the legal form of ownership and scale of practice. It is neither accurate nor fair to assign these risks solely to "corporate practices." Second, it is not unethical or a violation of the veterinarian's code or Practice Act for a veterinarian to be mindful of these economic realities. Any more than

ANIMAL POLICY GROUP

it's unethical for a medical doctor, lawyer, engineer, accountant or other service professional to be mindful of these facts of professional life. What's not appropriate is to make a veterinary medical judgment affecting a patient based upon *these* factors, rather than the physical and medical facts at hand and a professional's trained judgment. The elaborate structure of the proposed statutes and administrative rules are overkill to achieve an end already mandated in the Practice Act.

The memorandum goes on to suggest that "concerns" must be addressed as to "whether consumers have any protection from the commercialization of veterinary practice." Frankly, it's not even clear what is meant by the *commercialization of veterinary practice*. The phrase sounds ominous and implies that veterinary practices in California only recently began engaging in commercial activities, presumably due to the onset of corporate mergers and acquisitions. This isn't the case for reasons that the MDC and CVMB readily may appreciate. The need to make a profit and keep the doors open has been present since the first veterinary clinic opened in California and remains the case today. More important, where is the evidence supporting a concern that consumers require greater "protection" from the "commerce" of veterinary medicine than provided currently in the Practice Act?

The memorandum relies upon a false hypothetical that corporate practices are intending or attempting to "practice veterinary medicine" in California. It implies that corporate practices are directing or allowing persons other than California-licensed veterinarians to treat patients and make medical judgments. Or it suggests that California-licensed veterinarians are being instructed by laypersons on how to diagnose and treat patients. On page 4 of the memorandum it is declared that "national corporations are…practicing the licensed profession of veterinary medicine." This is a dramatic assertion, to be sure, but it's not supported by evidence and should not serve as a basis for legislative amendments or administrative rules.

The Practice Act expressly "prohibits the unlicensed practice of veterinary medicine". Only a veterinarian is *licensed* to practice veterinary medicine in California. The Act is not ambiguous in how this works, nor has the CVMB been hamstrung or confused in enforcing this rule. An academic debate about whether the terms of the Act are sufficiently "permissive" or "restrictive' may be interesting, but it's not a real-world debate justifying legislation or administrative rule-making.

<u>Management Services Agreements</u>

The same problems apply to the discussion and proposals related to management services agreements (MSA's) between veterinary practices and corporate entities. The memorandum suggests that MSA's "potentially allow for corporate control over veterinary medical practice". Again, we are presented with a hypothetical but no evidence of this taking place in California, or of actual consumer harm. The justification is not anchored in a current problem requiring

ANIMAL POLICY GROUP

correction, but only that "(p)otential risks exist to consumers and animal patients if commercial motives are prioritized above professional judgment." This risk could apply to any form or structure of veterinary practice in California, and it is misguided to arbitrarily confine this risk to larger-scale corporate practices. It is equally misplaced to impose the highly burdensome regulations suggested in the draft rules, including employment agreement interference and inspections, related to MSA's.

Specific Statutory Amendments Proposed in the Memorandum

- Article 3, 4853(2)(d): This language is not necessary, but basically adopts the solution proposed above, in this case addressing premises owners. If this is adopted, then it should be applied across the board and not limited to premises owners.

- Article 6, 4901-4910: Singles out corporations unfairly and provides that they "shall not engage in the practice of veterinary medicine." This is already part of the California Practice Act which limits the practice of veterinary medicine to individual veterinarians licensed by the CVMB, so it's unnecessary.

- Article 6, 4918: Provides CVMB with new powers to compel information from corporate owners (without justification), and "permits" corporations to enter into employment contracts with veterinarians but declares that "no such employment, contract, or arrangement shall provide for the rendering, supervision, or control of professional judgment or services other than as authorized by law." This vague restriction will confuse, rather than enlighten the matter.

- Article 6, 4919: Applies similar restrictions in Article 6, 4918 to Management Services agreements, and declares that "no such employment, contract, or arrangement shall provide for the management services organization to render control, supervision, or intervention in a veterinarian's practice of veterinary medicine..." Again, this broad prohibition will lead to confusion, not clarity.

The California Legislature should not be placed in a position to sort through the hypothetical issues raised by the memorandum and proposed legislation. Nor is the Legislature the best forum to explore, if it's warranted, the extent to which economic or commercial considerations are factors in the daily life of every veterinary or other professional service practice in the state of California.

Back To Top

EMPLOYMENT AGREEMENT ([redacted] 2006 CALIFORNIA VERSION)

THIS EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into this [redacted] day of [redacted], by and between **VCA** [redacted] ("VCA"), and [redacted] ("Employee").

This Agreement must be read in conjunction with the VCA Hospital Employee Manual (the "Manual"), which provides additional details to the provisions set forth herein. In the event of any conflict between this Agreement and the Manual, the terms of this Agreement will govern. Please note, that the Manual is intended only for general guidance and is not an employment contract.

1. Employment. This Agreement is effective as of the date set forth above and governs the terms and conditions of Employee's employment by VCA in the position of **Associate Veterinarian** (the "Employment Relationship").

2. Term of Employment. Employee's employment will commence on the date set forth above and will not terminate until either party gives notice to the other of termination, either with or without cause. The at-will nature of this Employment Relationship cannot be changed except in writing signed by the Chief Executive or Chief Operating Officer of VCA.

3. Duties.

(a) Employee's duties and responsibilities will include those that are set forth in VCA's standard Job Description for the position of **Associate Veterinarian**, a copy of which will be provided with the Manual.

(b) Employee agrees to devote Employee's working time, effort and attention to Employee's duties as a **Associate Veterinarian** for VCA. Employee further agrees to use Employee's best efforts and abilities faithfully and diligently to promote the interests of VCA and VCA's clients.

(c) Employee is solely responsible at all times for ensuring that Employee's veterinary license is current and in good standing.

4. Compensation. Employee will be compensated during the Employment Relationship in accordance with the Schedule of Compensation and Benefits attached hereto as Exhibit "A" and incorporated herein by this reference. The Benefits included in Exhibit "A" are based on a presumption of full-time employment (which is a minimum of 40 hours work per week for purposes of this Agreement.) If your employment status changes, notice should be provided to payroll and

any employment benefits included therein are subject to change at VCA's discretion, including time off, health insurance, CE allowance and days.

5. Confidentiality and Trade Secrets. Employee agrees to execute and to be bound by the Confidentiality, Non-Disclosure and Non-Solicitation Agreement attached hereto as Exhibit "B."

6. Miscellaneous.

(a) Entire Agreement. This Agreement, including the attachments, contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are merged. Neither party has relied upon representations, oral or otherwise, express or implied, other than those contained in this Agreement.

(b) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of **CA**.

(c) Severability. In the event any portion of this Agreement is found to be void or against public policy by any court of law, all remaining provisions of this Agreement will remain in full force and effect.

(d) Successors and Assigns. Except as set forth below, this Agreement and all obligations of and benefits to Employee and VCA will bind and benefit Employee and VCA, and VCA's affiliates, successors and assigns, whether by merger, consolidation or acquisition of all or substantially all of their business or assets.

(e) Assignment. Employee may not assign or subcontract Employee's duties and obligations under this Agreement. VCA may assign its rights and delegate its obligations under this Agreement in connection with any sale, transfer or other disposition of all or substantially all of its business or assets.

(f) Modifications. This Agreement may only be modified or amended in writing, agreed to and signed by both Employee and VCA.

(g) Waivers. All waivers of any term, condition, obligation or provision of this Agreement must be in writing. No waiver of any breach or anticipated breach of any provision of this Agreement will be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether or not similar, on the part of the same or any other party.

(h) Notices. Any and all notices required or permitted to be given under this Agreement will be sufficient if furnished in writing and either (a) delivered by hand or mailed by first class U.S. mail, postage prepaid; (b) sent by facsimile transmission, with confirmation mailed by first class U.S. mail, postage prepaid: or (c) sent via overnight courier service; and addressed to the parties as follows: mail to Employee's last known residence in the case of Employee, and in the case of VCA, to [redacted] or that person's successor.

(i) Headings. The headings of paragraphs in this Agreement are for convenience only; they form no part of this Agreement and will not affect the interpretation thereof.

(j) Confidentiality. Any information pertaining to the terms of Employee's employment, including, but not limited to the terms of this Agreement, any oral discussions pertaining to the Employment Relationship, any business and financial information of VCA, and any other documentation or correspondence delivered by one party to another constitutes "Confidential Information". Employee agrees not to provide, discuss, permit access to and/or disclose any Confidential Information to any of VCA's employees, or to any outside third party, other than Employee's immediate family, attorney or tax advisor, without the prior written consent of VCA.

VCA [redacted]

_____ _____

By: [redacted] Date

[redacted]

_____ _____

By: [redacted] Date

[redacted]

EMPLOYEE

_____ _____

By: [redacted] Date

Back To Top

EXHIBIT A

COMPENSATION AND BENEFITS

1. Compensation. As compensation for services rendered for VCA during Employee's employment, Employee will receive an annual base of [redacted], which will be paid in twenty-six (26) equal biweekly installments or [redacted]% of the Employee's production, whichever is greater, regardless of any and all approved time off that Employee takes pursuant to paragraphs 3-6.

2. Production Compensation: In addition to the annual base, Employee will be eligible for production compensation equal to the amount by which a percentage of the Net Revenues generated by Employee's efforts, as set forth below, exceeds Employee's base during each year. Net Revenues are defined as gross revenue less all discounts (including marketing, courtesy, and employee discounts) and monies not collected within ninety (90) days of the date of service. Employee's production compensation will be calculated and paid on a monthly basis based on:

(a) [redacted]% of the Net Revenue generated from office calls and examinations, consultations, injections, vaccinations, radiological and anesthetic procedures, bandages, casts, splints, dentals, euthanasia, fluid therapy, medical services, hospitalization, in-hospital medications and injections, medicated baths supervised by Employee, laboratory tests, surgery, prescription drugs (including Heartgard, Revolution and Interceptor), prescription refills, and ultrasound and other special procedures performed or provided by Employee or by veterinary technicians or veterinary assistants under the direct supervision of Employee while rendering veterinary care for VCA's patients. Employee will also receive revenue credit for any interpretation fees added to VCA's cost for ultrasound, EKG's, or other special procedures and consultations not performed by Employee. In addition, Employee will receive five percent [redacted]%) of the Net Revenues generated from vitamins, shampoos, insecticides (including Advantage, Frontline, etc.), dental products and prescription pet foods purchased by clients in association with a paid professional examination. Excluded from Net Revenues are retail food sales, all over-the-counter sales, service fees (such as biohazard), boarding, grooming, baths, after death care, burial, and cremation, and pet supplies and any product (prescription or otherwise) purchased over the Internet. Any treatment or service not specifically mentioned above is excluded from the definition of Net Revenue and will not be included in production compensation.

(b) When applicable, if Employee takes after hours emergency calls Employee will receive [redacted]% of the after hours emergency exam fee, and this fee will not count towards the monthly production compensation. Employee will receive income generation credit for all other services provided in conjunction with the emergency visit, as specified in Section 2(a) above.

(c) Within thirty (30) days of the conclusion of each month of employment, VCA will calculate and pay the percentage of the Net Revenues generated by Employee's efforts that month, as set forth above. The amount of Employee's base paid for that month will be subtracted from this calculation and Employee will receive any surplus, less standard payroll deductions. In the event the percentage of the Net Revenues generated by Employee's efforts is insufficient to cover any month's base, the negative number resulting from such calculation will be carried over to future months and such deficit(s) must be made up in subsequent months before Employee becomes entitled to receive any additional production compensation.

EXHIBIT A

3. Vacation Time. Employee will accrue **Twelve (12)** days of vacation per year accrued at the rate of **10.00** hours per month. This vacation is to be used in accordance with the provisions of the Manual in effect at the time the vacation is taken. Except where required by law, unused vacation time has no monetary value.

4. Sick Time. After ninety (90) days of employment, Employee is allowed three (3) sick days per calendar year, which must be scheduled workdays. These days have no monetary value, are prorated, do not accrue from year to year, and will not be paid out at year-end or upon termination.

5. Continuing Education/Professional Dues/Licenses. Employee is eligible for up to **Five (5)** days off per calendar year for continuing education and reimbursement of up to [redacted] per calendar year for approved professional dues, licenses, conferences, etc. Continuing education days and reimbursement are available on a calendar year basis, are prorated, cannot be carried forward to next calendar year and have no monetary value. VCA-sponsored meetings are not counted towards Employee's yearly allotment of continuing education days.

6. Holiday Time. Employee is eligible for six (6) holidays per year. Paid holidays for exempt employees, as defined in the Manual, include: New Years Day, Memorial Day (last Monday in May), Independence Day (4th of July), Labor Day (first Monday in September), Thanksgiving, and Christmas. Employee may be required to share responsibility for hospitalized cases on these specified holidays. Holidays are paid, provided those holidays fall on a normally scheduled workday. If Employee works the holiday, Employee will receive a day off during the year at a time mutually acceptable to Employee and VCA.

7. Pet Care Discount. Employee will be allowed a professional staff discount as set forth in the Manual.

8. Uniform Allowance. Employee will be provided with at least two (2) uniform lab coats and/or scrubs with the VCA logo every year, as needed through VCA's national purchasing agreement.

9. Health Insurance. Employee is eligible for the core benefit package associated with VCA's present master health plan. Health insurance will be provided according to the terms of the VCA health insurance plan. Other health care options and dependent care are available in the plan at additional cost to Employee. The health care plan presently covers medical, vision, dental, life, accidental death and disability, and long-term disability income insurance. Prices and coverage options are subject to change, based on plan year benefit renewals.

10. Professional Liability Coverage/Valid Veterinary License. Employee is covered under VCA's master liability policy at all times while Employee is working in any capacity for a VCA hospital. Employee is not covered by VCA's liability insurance if and when Employee works outside of VCA's network. A copy of Employee's current veterinary license must be posted in the hospital and on file with VCA.

11. Retirement. Employee will be eligible to participate in VCA's 401(k) plan after six (6) months of continuous employment. Employee may enroll on any January 1 or July 1, after meeting the eligibility requirements. At VCA's discretion, VCA may make contributions to the accounts of employees who contributed to their own 401(k) plans during the year.

12. Other Benefits. All other benefits will be the same as provided for similarly situated veterinarians of the company as set forth in the Manual.

Back To Top

EXHIBIT B

CONFIDENTIALITY, NON-DISCLOSURE AND NON-SOLICITATION AGREEMENT

This Confidentiality, Non-Disclosure and Non-Solicitation Agreement (this "Agreement") is made as of the [redacted] by and between **VCA** [redacted] ("VCA"), and [redacted] ("Employee") (VCA and Employee are collectively referred to as the "Parties").

RECITALS

WHEREAS, VCA employs Employee in the capacity of **Associate Veterinarian**, at the premises located at **VCA** [redacted] **CA** (the "Hospital");

WHEREAS, in consideration of Employee's continued employment, VCA desires to receive from Employee a covenant not to disclose its confidential information or solicit its employees and clients;

WHEREAS, VCA and Employee desire to set forth in writing the terms and conditions of their agreements and understandings;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Contractual Obligations. By signing this Agreement, Employee expressly represents and warrants that Employee is not currently under any contractual obligation of any kind, written or oral, regarding the preservation or protection of confidential, proprietary trade secret information of any former employer, or any other obligation associated with the termination of any prior employment, which would prevent Employee from being employed by VCA or any competing veterinary practice.

2. Confidential Information.

(a) Employee understands that while employed by VCA, Employee will gain close contact with clients and potential clients of VCA and its affiliates, and/or provide management or supervisory services and/or technical assistance to individuals employed by VCA or its affiliates and will gain certain knowledge, skills, or experience related specifically to the business of VCA and its affiliates that is critical to VCA's ability to continue to conduct such business (the "Confidential Information").

(b) Employee therefore expressly understands and agrees that, except as otherwise required by law (after first notifying VCA and giving it reasonable opportunity to object), Employee will not, during the Employment Relationship, or at any time thereafter, exploit, use for any purpose not specifically related to the Employment Relationship, or disclose to any person other than VCA or its affiliates or

employees acting on behalf of VCA or its affiliates, any of the Confidential Information. For purposes of this Section, Confidential Information includes, without limitation, the following: treatment forms, laboratory results, x-rays, phone logs, appointment books, telephone and address books, mailing lists, and computer software programs and data, marketing information, manuals and training materials, financial planning, new business development information or materials, price lists, pricing information, customer lists, lists of potential customers compiled or purchased by VCA, financial information, records, techniques, business secrets, trade secrets or any other information with respect to VCA's business that is not available generally in the veterinary field and that is not known to competitors of VCA or other third parties unaffiliated with VCA or its affiliates.

(c) Employee agrees that the Confidential Information, as well as continuing education materials and reference works purchased by and/or paid for by VCA, will not be removed from VCA's place of business. Upon the termination of the Employment Relationship for any reason whatsoever, Employee will return to VCA all of the Confidential Information (whether furnished by VCA or prepared by Employee in the course of the Employment Relationship), and Employee will neither make nor retain copies of any of the Confidential Information after the termination of the Employment Relationship.

3. Non-Disclosure of Client Information. Employee further agrees that Employee will not, during the Employment Relationship or after the termination, for any reason, of the Employment Relationship, disclose to any person, firm, corporation or any other party, the names or addresses of any past or present clients of VCA or any client records, information about VCA's financial affairs, management or medical systems and procedures, manuals, confidential reports, trade secrets or any other information or documents which may be used in any way to injure, damage or interfere with VCA's business and professional methods and operations.

4. Non-Solicitation of Clients. Employee further agrees that during the Employment Relationship and for a period of two (2) years after the termination, for any reason, of the Employment Relationship, Employee will not solicit or divert business of a similar nature to that of VCA from any of VCA's clients existing on the date of termination of the Employment Relationship or prior thereto, or from any referring veterinarian(s) who referred Employee two or more cases per year during term of Employee's employment with VCA, nor give any person, firm or corporation the right to do so, nor dissuade clients from utilizing the services of VCA.

5. Non-Solicitation of VCA Employees. Employee further agrees that during the Employment Relationship and for a period of two (2) years after the termination, for any reason, of the Employment Relationship, Employee will not recruit or solicit employment of any employee of VCA or any of its affiliates, or of any person who had been an employee of VCA within the past three months, or otherwise induce such employee to leave the employment of VCA, to become an employee of or otherwise be associated with Employee or any company or business with which Employee is or may become associated. In addition, during the Employment Relationship, Employee will not do any act that is inconsistent with VCA's interests or in violation of any provision of this Agreement or the Employment Agreement.

6. Equitable Relief and Other Remedies Upon Breach by Employee. If Employee violates any of the terms of this Agreement, VCA will be entitled to any and all remedies at law and equity, which remedies may be cumulative, and will include, but will not be limited to, the right to

injunctive relief or preliminary restraining order and the right to seek damages. No bond or other security will be required of VCA in connection with such injunction or temporary restraining order.

7. Reasonableness of Restrictions. Employee has carefully read and considered the provisions of this Agreement and, having done so, agrees that the restrictions imposed by this Agreement are reasonable, that they are necessary to protect the legitimate business interests of VCA, and that such restrictions do not and will not impose an undue hardship on Employee.

8. Satellite Hospitals. The terms of this Agreement, including the restrictive covenant, apply equally to any satellite or ancillary small animal veterinary facility (ies) that VCA currently owns or acquires in the future, at which Employee works greater than one (1) full day per week for six (6) or more months of the year or greater than ten (10) full days per quarter, totaling more than forty (40) full days per year.

9. Miscellaneous.

(a) Entire Agreement. This Agreement, including the attachments, contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are merged. Neither party has relied upon representations, oral or otherwise, express or implied, other than those contained in this Agreement.

(b) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of **CA**.

(c) Severability. In the event any portion of this Agreement is found to be void or against public policy by any court of law, all remaining provisions of this Agreement will remain in full force and effect.

(d) Successors and Assigns. Except as set forth below, this Agreement and all obligations of and benefits to Employee and VCA will bind and benefit Employee and VCA, and VCA's affiliates, successors and assigns, whether by merger, consolidation or acquisition of all or substantially all of their business or assets.

(e) Assignment. Employee may not assign or subcontract Employee's duties and obligations under this Agreement. VCA may assign its rights and delegate its obligations under this Agreement in connection with any sale, transfer or other disposition of all or substantially all of its business or assets.

(f) Modifications. This Agreement may only be modified or amended in writing agreed to and signed by both Employee and VCA.

(g) Waivers. All waivers of any term, condition, obligation or provision of this Agreement must be in writing. No waiver of any breach or anticipated breach of any provision of this Agreement will be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether or not similar, on the part of the same or any other party.

Back To Top

EXHIBIT B

CONFIDENTIALITY, NON-DISCLOSURE AND NON-SOLICITATION AGREEMENT

This Confidentiality, Non-Disclosure and Non-Solicitation Agreement (this "Agreement") is made as of the [redacted] day of [redacted] by and between **VCA** [redacted] ("VCA"), and [redacted] ("Employee") (VCA and Employee are collectively referred to as the "Parties").

RECITALS

WHEREAS, VCA employs Employee in the capacity of **Associate Veterinarian**, at the premises located at **VCA** [redacted], **CA** (the "Hospital");

WHEREAS, in consideration of Employee's continued employment, VCA desires to receive from Employee a covenant not to disclose its confidential information or solicit its employees and clients;

WHEREAS, VCA and Employee desire to set forth in writing the terms and conditions of their agreements and understandings;

AGREEMENT

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Contractual Obligations. By signing this Agreement, Employee expressly represents and warrants that Employee is not currently under any contractual obligation of any kind, written or oral, regarding the preservation or protection of confidential, proprietary trade secret information of any former employer, or any other obligation associated with the termination of any prior employment, which would prevent Employee from being employed by VCA or any competing veterinary practice.

2. Confidential Information.

(a) Employee understands that while employed by VCA, Employee will gain close contact with clients and potential clients of VCA and its affiliates, and/or provide management or supervisory services and/or technical assistance to individuals employed by VCA or its affiliates and will gain certain knowledge, skills, or experience related specifically to the business of VCA and its affiliates that is critical to VCA's ability to continue to conduct such business (the "Confidential Information").

(b) Employee therefore expressly understands and agrees that, except as otherwise required by law (after first notifying VCA and giving it reasonable opportunity to object), Employee will not, during the Employment Relationship, or at any time thereafter, exploit, use for any purpose not specifically related to the Employment Relationship, or disclose to any person other than VCA or its affiliates or

employees acting on behalf of VCA or its affiliates, any of the Confidential Information. For purposes of this Section, Confidential Information includes, without limitation, the following: treatment forms, laboratory results, x-rays, phone logs, appointment books, telephone and address books, mailing lists, and computer software programs and data, marketing information, manuals and training materials, financial planning, new business development information or materials, price lists, pricing information, customer lists, lists of potential customers compiled or purchased by VCA, financial information, records, techniques, business secrets, trade secrets or any other information with respect to VCA's business that is not available generally in the veterinary field and that is not known to competitors of VCA or other third parties unaffiliated with VCA or its affiliates.

(c) Employee agrees that the Confidential Information, as well as continuing education materials and reference works purchased by and/or paid for by VCA, will not be removed from VCA's place of business. Upon the termination of the Employment Relationship for any reason whatsoever, Employee will return to VCA all of the Confidential Information (whether furnished by VCA or prepared by Employee in the course of the Employment Relationship), and Employee will neither make nor retain copies of any of the Confidential Information after the termination of the Employment Relationship.

3. Non-Disclosure of Client Information. Employee further agrees that Employee will not, during the Employment Relationship or after the termination, for any reason, of the Employment Relationship, disclose to any person, firm, corporation or any other party, the names or addresses of any past or present clients of VCA or any client records, information about VCA's financial affairs, management or medical systems and procedures, manuals, confidential reports, trade secrets or any other information or documents which may be used in any way to injure, damage or interfere with VCA's business and professional methods and operations.

4. Non-Solicitation of Clients. Employee further agrees that during the Employment Relationship and for a period of two (2) years after the termination, for any reason, of the Employment Relationship, Employee will not solicit or divert business of a similar nature to that of VCA from any of VCA's clients existing on the date of termination of the Employment Relationship or prior thereto, or from any referring veterinarian(s) who referred Employee two or more cases per year during term of Employee's employment with VCA, nor give any person, firm or corporation the right to do so, nor dissuade clients from utilizing the services of VCA.

5. Non-Solicitation of VCA Employees. Employee further agrees that during the Employment Relationship and for a period of two (2) years after the termination, for any reason, of the Employment Relationship, Employee will not recruit or solicit employment of any employee of VCA or any of its affiliates, or of any person who had been an employee of VCA within the past three months, or otherwise induce such employee to leave the employment of VCA, to become an employee of or otherwise be associated with Employee or any company or business with which Employee is or may become associated. In addition, during the Employment Relationship, Employee will not do any act that is inconsistent with VCA's interests or in violation of any provision of this Agreement or the Employment Agreement.

6. Equitable Relief and Other Remedies Upon Breach by Employee. If Employee violates any of the terms of this Agreement, VCA will be entitled to any and all remedies at law and equity, which remedies may be cumulative, and will include, but will not be limited to, the right to

injunctive relief or preliminary restraining order and the right to seek damages. No bond or other security will be required of VCA in connection with such injunction or temporary restraining order.

7. Reasonableness of Restrictions. Employee has carefully read and considered the provisions of this Agreement and, having done so, agrees that the restrictions imposed by this Agreement are reasonable, that they are necessary to protect the legitimate business interests of VCA, and that such restrictions do not and will not impose an undue hardship on Employee.

8. Satellite Hospitals. The terms of this Agreement, including the restrictive covenant, apply equally to any satellite or ancillary small animal veterinary facility (ies) that VCA currently owns or acquires in the future, at which Employee works greater than one (1) full day per week for six (6) or more months of the year or greater than ten (10) full days per quarter, totaling more than forty (40) full days per year.

9. Miscellaneous.

(a) Entire Agreement. This Agreement, including the attachments, contains the sole and entire agreement and understanding of the parties with respect to the entire subject matter of this Agreement, and any and all prior discussions, negotiations, commitments and understandings, whether oral or otherwise, related to the subject matter of this Agreement are merged. Neither party has relied upon representations, oral or otherwise, express or implied, other than those contained in this Agreement.

(b) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of **CA**.

(c) Severability. In the event any portion of this Agreement is found to be void or against public policy by any court of law, all remaining provisions of this Agreement will remain in full force and effect.

(d) Successors and Assigns. Except as set forth below, this Agreement and all obligations of and benefits to Employee and VCA will bind and benefit Employee and VCA, and VCA's affiliates, successors and assigns, whether by merger, consolidation or acquisition of all or substantially all of their business or assets.

(e) Assignment. Employee may not assign or subcontract Employee's duties and obligations under this Agreement. VCA may assign its rights and delegate its obligations under this Agreement in connection with any sale, transfer or other disposition of all or substantially all of its business or assets.

(f) Modifications. This Agreement may only be modified or amended in writing agreed to and signed by both Employee and VCA.

(g) Waivers. All waivers of any term, condition, obligation or provision of this Agreement must be in writing. No waiver of any breach or anticipated breach of any provision of this Agreement will be deemed a waiver of any other contemporaneous, preceding or succeeding breach or anticipated breach, whether or not similar, on the part of the same or any other party.

EXHIBIT B

(h) Notices. Any and all notices required or permitted to be given under this Agreement will be sufficient if furnished in writing and either (a) delivered by hand or mailed by first class U.S. mail, postage prepaid; (b) sent by facsimile transmission, with confirmation mailed by first class U.S. mail, postage prepaid: or (c) sent via overnight courier service; and addressed to the parties as follows: mail to Employee's last known residence in the case of Employee, and in the case of VCA, to [redacted] or that person's successor.

VCA [redacted]

_____ _____

By: [redacted] Date

Its: **Regional Operations Director**

EMPLOYEE

_____ _____

By: [redacted] Date

Confidentiality Non-Solicitation and Non-Competition - DVM

This Confidentiality, Non Solicitation and Non Competition Agreement ("Agreement"), dated and effective as of [redacted] 2016, is between ("I" or "me" or "my" or "Associate") and **Medical Management International, Inc.**, dba Banfield, the Pet Hospital® and its Affiliates ("MMI") (as defined in Section 14 below). As a condition of the employment relationship, and to protect MMI's Confidential Information (as defined below), customers, employees, inventions, and discoveries, I agree as follows:

1. Access to Information

I acknowledge that MMI is engaged in the business of providing pet healthcare and veterinary medicine services, developing and selling software for veterinary facilities, and conducting clinical trials related to the development or production of veterinary medication or pet products. I further acknowledge that, as an Associate of MMI, I will receive and/or have access to MMI's confidential and proprietary information ("Confidential Information") related to those products and services. I further acknowledge that it is prudent and reasonable for MMI to take certain measures to ensure the protection of such information for the present and future benefit of MMI.

2. Confidential Information

As used in this Agreement, Confidential Information refers to an item of information, or a compilation of information, in any form, related to MMI's business that is not generally known to the public or to other Persons, as defined in Section 15, who might obtain value or competitive advantage from its disclosure or use. Confidential Information will not lose its protected status under this Agreement if it becomes generally known to the public or to other Persons through improper means such as the unauthorized use or disclosure of the information by me or another Person.

Confidential Information includes, but is not limited to, computer software (source and object code), MMI forms, research and development, clients' preferences, clients' pets, client lists, patient information, marketing and business plans and analyses, forms of agreements and other legal documents, business procedures, systems and methods, financial statements and projections, operational data, techniques, technical data, know how, training materials, treatment protocols, innovations, unpatented inventions, trade secrets, and information about the business affairs of other Persons (including, but not limited to, clients and acquisition targets) that such third parties provide to MMI in confidence. Confidential Information includes trade secrets, but an item of Confidential

Information need not qualify as a trade secret to be protected by this Agreement.

3. Protection of Confidential Information

At all times during my employment and after my employment with MMI terminates for any reason, I will not disclose any Confidential Information to any Person regardless of the form or manner in which I obtain such information. I will not use any Confidential Information for my own benefit or for the benefit of any Person and I will take any steps necessary to protect and maintain its confidentiality. During my employment with MMI, I will not access Confidential Information which I have no legitimate need to know. I will become familiar with and abide by all MMI policies and protocols designed to safeguard its Confidential Information.

4. Assignment of Inventions

I acknowledge that MMI is engaged in research, development, innovation, invention and production of ideas, training, protocols, products and services ("Inventions"). I assign to MMI all of my rights, title and interest in all Inventions, whether or not patentable, copyrighted, published, or reduced to practice, which are made, invented, created or conceived by me (whether solely or jointly with others) during my employment with MMI, or during the one (1) year period after my employment with MMI terminates, if such Invention was made with or based upon any Confidential Information of MMI.

I agree that all such Inventions and copyrights are and will be the sole property of MMI. At the request of MMI, I will execute all documents necessary to evidence MMI's title to or ownership of the Inventions. I will render reasonable assistance to MMI in attempting to patent, copyright, trademark, or otherwise register ownership of the Inventions.

5. Return of Confidential Material

Upon my termination of employment with MMI for any reason, I will promptly return all Confidential Information to MMI, including all copies, notes and extracts therefrom. After returning a complete copy of all such Confidential Information to MMI, I will erase or cause to be erased all Confidential Information from any personal computer or electronic memory or storage device. Following my termination of employment, I will not take or copy any property, document, or information, whether electronic or otherwise, belonging to MMI.

6. Non-Solicitation of Associates

I understand that MMI has used its resources to educate, train and develop its workforce.

To protect that interest and MMI's Confidential Information, during my employment and for two (2) years after my employment with MMI terminates for any reason, I will not directly or indirectly employ, solicit for employment, or attempt to employ or solicit for employment, any of MMI's associates either for myself or for any Person. In this section, the term "solicit" means to communicate with associates to recruit, induce, convince, or cause them to end their employment with MMI, or to otherwise interfere with their employment relationship with MMI.

7. Non-Solicitation of Clients

Because MMI has spent time, money and effort to develop and retain its client base, during my employment and for two (2) years after my employment with MMI terminates for any reason, I will not directly or indirectly solicit or transact business with, including accept business from any MMI client, except immediate family members, with whom I had contact or for whom I provided services during the eighteen (18) month period before termination of my employment with MMI. I will not induce or assist any Person to engage in the same acts that I am restricted from performing under this Section 7.

8. Non-Competition for Full-Time Doctor Associates

Because MMI has spent time, money and effort to develop and retain the confidentiality of its trade secrets and/or Confidential Information, has entrusted me with those trade secrets or Confidential Information to perform my duties, and because MMI will spend money and resources to train me, I agree as follows:

a. Except as set forth in Sections 8b through 8e, during my employment with MMI and for two (2) years after my employment terminates for any reason, I will not directly or indirectly manage, operate, or control, or participate in the management, operation or control of, or own more than five (5) percent of, or be employed by or perform services for any Person that competes in the same business as MMI ("Competing Business"). A Competing Business includes any Person that: (A) owns, manages, or operates one or more veterinary hospitals or other veterinary service facilities; (B) develops or sells software or software systems for veterinary hospitals or other veterinary service facilities; (C) develops or sells veterinary health insurance, veterinary wellness plans or other products relating to financing of veterinary services; (D) conducts clinical trials relating to the development or production of veterinary medication or pet products; or (E) compiles or distributes data related to the veterinary medical industry.
b. Notwithstanding the restrictions set forth in this Section 8, I may, after my employment with MMI terminates for any reason, in any veterinary hospital or other veterinary service facility, including mobile clinics, work in my profession or line of business based on the following conditions: (A) if, at the time of my termination, I work at an MMI hospital or facility located in an area with a population of 2,500 or more, then my post termination work must be more than five (5) miles from the hospital or facility of MMI in which I worked at the time of my termination date; (B) if, at the time of my termination, I work at an MMI hospital or facility located in an area with a population of less than

2,500, then my post termination work must be more than fifteen (15) miles from any hospital or facility of MMI in which I worked at the time of my termination.

c. The restrictions in Sections 8a and 8b will not apply to me if I do not work as a Full Time Doctor Associate at any point during my employment with MMI. Full Time Doctor Associate is defined as a veterinarian Associate regularly working for MMI for 30 or more hours in any work week.
d. Nothing in this Section 8 restricts me from performing any work as a student related to a course of study in a degreed program with an accredited college or university.
e. If the choice of law provisions in Section 16 do not control and I am employed by MMI in California, Oklahoma, Montana, Colorado, Georgia, Idaho, or Alabama, then the post termination restrictions set forth in this Section 8 will not apply to the extent such restrictions are impermissible under those states' law.

9. Reasonableness

I acknowledge that the confidentiality, non solicitation and non competition provisions of this Agreement are reasonable in view of the interests of MMI in protecting the value of its business and goodwill, Confidential Information, investment in clients and client relationships, and investment in its workforce.

10. Representation and Warranties

I represent and warrant to MMI the following:

a. My employment with MMI does not and will not breach any prior agreement that I may have with another Person;
b. I have not and will not improperly use or disclose during the course of my employment with MMI a previous/concurrent employer's or third party's proprietary information or trade secrets unless the previous/concurrent employer or third party has consented to that use and/or disclosure in writing;
c. I have had reasonable opportunity to review this Agreement and have either sought or waived legal counsel's review of this Agreement;
d. I have not entered into and will not enter into any agreement, either written or oral, that conflict with this Agreement;
e. To the extent I am an "at will" employee, the Agreement does not change my "at will" employment status, nor does it create an obligation on MMI or any other Person to employ or continue my employment with MMI, and my obligations and MMI's rights under this Agreement will survive termination of my employment for any reason, as specified above;
f. If I leave MMI for any reason, MMI may notify my new employer or prospective employer about my rights and obligations under this Agreement and may furnish a copy of this Agreement to that Person; and
g. I have been given a copy of this Agreement as part of my offer letter at least two weeks before the commencement of my employment with MMI.

11. Severability

If any provision of this Agreement is ruled to be invalid, illegal or unenforceable by a court, such ruling will not affect any other provision of this Agreement. If any restriction is ruled by a court to be unenforceable, then the court may modify the restriction to the minimum extent necessary to make it enforceable.

12. Remedies

I acknowledge that any breach or threatened breach of this Agreement is likely to cause MMI irreparable harm for which money damages will be difficult to calculate and will not be an adequate remedy. Therefore, if I breach or threaten to breach this Agreement, MMI will be entitled to equitable remedies, including an injunction and/or specific performance, without proof of money damages. I waive any requirement that MMI post a bond or other security to obtain equitable relief.

Seeking equitable relief will not prevent MMI from also obtaining money damages or other available remedies for the same breach. All MMI's rights or remedies shall be cumulative and in addition to all other rights and remedies of MMI under this Agreement or under applicable law. In the event of any litigation (including appeals) under or in connection with this Agreement, the prevailing party will be entitled to recover its attorney fees and costs.

13. Modification; Waiver

This agreement may not be amended or waived except in writing. Any waiver of any breach of this Agreement shall not operate as a waiver of any subsequent breaches. I have no right to assign and will not assign any rights or obligations under this Agreement.

14. Successors and Assigns; Enforcement by MMI

This Agreement is binding on me and my heirs, legal representatives, and successors. This Agreement shall inure to the benefit of MMI, including its Affiliates, officers, directors, agents, successors and assigns. The term "Affiliates" includes Charter Practices International LLC, all subsidiaries of MMI (regardless of the legal form in which they are organized) and also includes A Caring Doctor, P.C., A Caring Doctor (Minnesota), P.A., A Caring Doctor (New Jersey), P.C., A Caring Doctor (Texas), P.C., A Caring Doctor (North Carolina), P.C., and any other person or entity operating one or more veterinary hospitals or facilities pursuant to an agreement or arrangement with MMI or any Affiliate.

15. Person Defined

"Person" means any individual, group of individuals, corporation, partnership, limited liability company, or other entity of any nature, public or private, other than Associate and MMI.

16. Governing Law; Jurisdiction and Venue

This Agreement is governed by the laws of Oregon, without regard to its conflict of law principles.

Associate's Authorization

By typing in my name in the name field below, I affirm I have read the information contained in this document and agree to the restrictions and conditions as a part of my employment. I further agree to the utilization of my name below as my electronic signature in lieu of using a paper document.

Your Name (First Last): [redacted]

Date Signed: [redacted]

Veterinary Medical Board's

Guidelines for the Discussion of Cannabis Use on Veterinary Patients

Effective January 1, 2020

PREAMBLE

The Veterinary Medical Board (VMB) developed these guidelines for discussion of the use of cannabis on veterinary patients with clients. The VMB wants to assure veterinarians who desire to discuss cannabis for veterinary medical purposes, as a part of their regular practice of medicine, that they will not be subject to disciplinary action by the VMB.

BACKGROUND

The federal Controlled Substances Act (CSA) (21 USC § 801 et seq.) and the California Uniform Controlled Substances Act (CUCSA) (Health & Saf. Code, § 11000 et seq.) regulate the manufacture, importation, possession, use, and distribution of certain substances. The purpose of these laws is to track the movement of controlled substances to reduce the instance of drug abuse.

The CUCSA makes cannabis a Schedule I controlled substance (Health & Saf. Code § 11000 et seq.). Schedule I drugs are characterized as having a high potential for abuse, have no currently accepted medical use in treatment in the United States, and lack accepted safety for use under medical supervision. (21 USC § 812(b)(1).) Only Schedule II through V drugs may be prescribed or administered by a veterinarian upon receiving DEA registration approval. (Health & Saf. Code, § 11164.) Cannabis and its derivatives, classified as hallucinogenic substances, are listed as Schedule I drugs and prohibited from being prescribed, furnished, or administered to patients. (Health & Saf. Code, § 11054, subd. (d)(13), (20).) A violation of federal or state law regarding controlled substances is grounds for licensure discipline under the Veterinary Medicine Practice Act. (Bus. & Prof. Code, § 4883, subd. (g)(3).) Accordingly, a veterinarian who prescribes, furnishes, or administers cannabis to animal patients, or conspires for or aids and abets the prescription, furnishing, or administration of cannabis to animal patients, is in violation of federal and state law. The veterinarian's DEA registration and/or California license would be subject to discipline.

On September 27, 2018, Assembly Bill (AB) 2215 (Kalra, Chapter 819, Statutes of 2018) was signed into law and became effective on January 1, 2019. This bill amended section 4883 of, and added section 4884 to, the Business and Professions Code (BPC), relating to veterinarians and cannabis.

AB 2215 prohibited the VMB from discipling, or denying, revoking, or suspending the license of, a licensed veterinarian solely for discussing the use of cannabis on an animal

patient for medicinal purposes, absent negligence or incompetence (BPC § 4884, subd. (b)).

The bill also prohibited a veterinarian from dispensing, administering, advertising, or having any type of financial or other arrangement from or to a cannabis licensee (*see* BPC §§ 4883, subds. (p)-(r), 4884, 26001; Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA), BPC § 26000 et seq.).

GUIDELINES

The VMB has adopted the following guidelines for the discussion of cannabis for medical purposes with veterinary clients.

Veterinarian-Client-Patient Relationship: The veterinarian-client-patient relationship (VCPR) is fundamental to the provision of acceptable veterinary medical care (*see* Cal. Code Regs., tit. 16, § 2032.1). The veterinarian should document that an appropriate VCPR is established prior to discussions of cannabis with the animal owner client.

Patient Evaluation and Record Keeping: A documented physical examination and collection of relevant clinical history is required. This history should include both subjective and objective data and must be obtained prior to discussion of cannabis for a medical purpose. Medical records must meet the accepted minimum requirements for record keeping as defined by the VMB Veterinary Medicine Practice Act and its supporting regulations (see Cal. Code Regs., tit. 16, § 2032.3, Record Keeping; Records; Contents; Transfer).

Documentation of discussions should include: the indication, appropriateness, and safety of the use of cannabis for the indicated condition. The discussions should be evaluated in accordance with accepted standards of practice as they evolve over time. This documentation may include advice about potential risks of the medical use of cannabis, including, but not limited to, the following:

- The variability of quality and safety of cannabis products (pesticide contamination, potentially harmful co-ingredients, e.g., xylitol, chocolate, butter).
- No federal or state agency oversees standardization of cannabis product concentrations for use on animals.
- Research to-date is lacking conclusions regarding dose, toxicity, & efficacy.
- The side effects and signs of overdose or toxicity (e.g., ataxia, depression, vomiting, urinary incontinence, bradycardia, hyperthermia, tremors, anorexia, adipsia, hypothermia, seizure, stupor, tachycardia, weakness [ASPCA]).
- Safeguarding of cannabis products from other pets and human exposures.
- Use in service animals that may place human handler safety in jeopardy.
- Possible interactions with other treatments and prescribed medications.

- Reminder to the client that cannabis is not being recommended or prescribed by the veterinarian.
- Periodic re-evaluation of the patient in accordance with good veterinary practice to ascertain the appropriateness of the client's continued administration of cannabis to the patient.

Veterinarian's Conflicts of Interest: The amendments to BPC section 4883 and the addition of BPC section 4884 are very clear in that there will be no financial relationships with any cannabis licensees, no advertising of cannabis products, no stocking, dispensing, or administration of cannabis products. A veterinarian cannot prescribe or recommend the use of cannabis, only enter into discussions with the veterinary client concerning appropriate medical use within the confines of a VCPR. A veterinarian cannot have a professional office located at a dispensary or cultivation center. A veterinarian, or his or her immediate family, cannot be a director, officer, member, principal, employee, or a retailer of cannabis products. A cannabis dispensary may not employ a veterinarian to discuss cannabis with clients (see BPC §§ 4883, subds. (p), (q), (r), and 4884).

2018 Farm Bill: At the federal level, the Agriculture Improvement Act of 2018, Pub. L. 115-334, (the 2018 Farm Bill) was signed into law on December 20, 2018. Among other things, this new law changes certain federal authorities relating to the production and marketing of hemp, defined as "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." These changes include removing hemp from the CSA, which means that cannabis plants and derivatives that contain no more than 0.3 percent THC on a dry weight basis are no longer controlled substances under federal law.

The 2018 Farm Bill, however, explicitly preserved FDA's authority to regulate products containing cannabis or cannabis-derived compounds under the federal Food, Drug, and Cosmetic Act (FD&C Act) and section 351 of the Public Health Service Act (PHS Act). FDA treats products containing cannabis or cannabis-derived compounds as it does any other FDA-regulated products — meaning they're subject to the same authorities and requirements as FDA-regulated products containing any other substance. This is true regardless of whether the cannabis or cannabis-derived compounds are classified as hemp under the 2018 Farm Bill.

Definitions, Abbreviations, Acronyms

California Uniform Controlled Substances Act (CUCSA) - regulates the manufacture, importation, possession, use, and distribution of certain substances (Health & Saf. Code, § 11000 et seq.).

Cannabis - 3 species typically recognized: *Cannabis sativa*, *Cannabis indica*, and *Cannabis ruderalis.* Marijuana can be considered a member of either while hemp is a member of C. sativa. Cannabis contains a number of compounds called cannabinoids. The 2 most well-known are THC and CBD.

CBD - abbreviation for Cannabidiol, which is one out of 60 naturally occurring compounds present in cannabis. It is the second most prevalent cannabinoid in both hemp and marijuana and is non-psychoactive. CBD oil is mostly extracted from hemp and not marijuana. When extracted from hemp, this type of extract has less than 0.03% of THC.

CSA – The federal Controlled Substances Act.

Dronabinol, Marinol, Nabilone - synthetic cannabinoids.

Epidiolex - CBD product approved in June 2018 by the U.S. Food and Drug Administration (FDA) for controlling seizures in people with difficult-to-treat childhood-onset epilepsy

Hemp - derived from the mature stalks or seeds of the cannabis plant. Industrial hemp is bred to maximize fiber, seed and/or oil, and contains low amounts of THC, <0.03%. Hemp plants contain only small amounts of CBD and require a large amount of plant to produce a small amount of hemp CBD oil.

Marijuana - a portion of the cannabis plant, generally referring to the dried leaves and flowering tops that contain high levels of THC. It is grown for recreational and medicinal use.

Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) - establishes a comprehensive system to control and regulate the cultivation, distribution, transport, storage, manufacturing, processing, and sale of both of the following:

(1) Medicinal cannabis and medicinal cannabis products for patients with valid physician's recommendations.

(2) Adult-use cannabis and adult-use cannabis products for adults 21 years of age and over.

MAUCRSA also defines the power and duties of the state agencies responsible for controlling and regulating the commercial medicinal and adult-use cannabis industry (BPC § 26000 et seq).

Oils - Cannabis oil, whether CBD, THC, or both, is extracted from the flowers, leaves, and stalk mainly using different solvents. Hemp oil is made only from pressed seeds.

Terpenes – aromatic metabolites found in the oils of all plants. Think flavor or fragrance. Terpenes work together to modulate cannabinoids resulting in the so-called "entourage effect." Terpenes have their own medical effects, for example, interacting with neurotransmitters.

THC – delta-9 tetrahydrocannabinol, the primary psychoactive ingredient in marijuana, is one of at least 113 cannabinoids identified in cannabis.

Veterinarian-Client-Patient Relationship (VCPR) - a fundamental provision to acceptable veterinary medical care. A veterinarian-client-patient relationship shall be established by the following:

(1) The client has authorized the veterinarian to assume responsibility for making medical judgments regarding the health of the animal, including the need for medical treatment,

(2) The veterinarian has sufficient knowledge of the animal(s) to initiate at least a general or preliminary diagnosis of the medical condition of the animal(s). This means that the veterinarian is personally acquainted with the care of the animal(s) by virtue of an examination of the animal or by medically appropriate and timely visits to the premises where the animals are kept, and

3) The veterinarian has assumed responsibility for making medical judgments regarding the health of the animal and has communicated with the client a course of treatment appropriate to the circumstance. (CCR § 2032.1.)

April 2, 2019 - Statement from FDA Commissioner Scott Gottlieb, M.D.

https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm635048.htm

FDA and Cannabis: Questions and Answers

https://www.fda.gov/NewsEvents/PublicHealthFocus/ucm421168.htm#petmedical
FDA is holding a public hearing on May 31, 2019, for stakeholders to share their experiences and challenges with products containing cannabis and cannabis-derived compounds. FDA is opening a docket for the public to submit comments.

FDA and Marijuana: Questions and Answers

https://www.fda.gov/NewsEvents/PublicHealthFocus/ucm421168.htm#petmedical

NCSL - National Conference of State Legislatures

http://www.ncsl.org/research/agriculture-and-rural-development/state-industrial-hemp-statutes.aspx#ca

California	Cal. Food and Agric. Code §81000 to 81010 (2016)	• Allows for a commercial hemp program overseen by the Industrial Hemp Advisory Board within the California Department of Food and Agriculture. • Establishes registration for seed breeders. • This division will not become operative unless authorized under federal law.

FAQ - Industrial Hemp; and Cannabidiol (CBD) in Food Products

https://www.cdph.ca.gov/Programs/CEH/DFDCS/CDPH%20Document%20Library/FDB/FoodSafetyProgram/HEMP/Web%20template%20for%20FSS%20Rounded%20-%20Final.pdf

NAIHC - formerly North American Industrial Hemp Council

http://marijuanahempstocks.com/cbd-oil/

National Institutes of Health

https://www.drugabuse.gov/publications/drugfacts/marijuana-medicine

https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm635048.htm

Statement from FDA Commissioner Scott Gottlieb, M.D., on new steps to advance agency's continued evaluation of potential regulatory pathways for cannabis-containing and cannabis-derived products

In recent years, we've seen a growing interest in the development of therapies and other FDA-regulated consumer products derived from cannabis (Cannabis sativa L.) and its components, including cannabidiol (CBD). This interest spans the range of product categories that the agency regulates. For example, we've seen, or heard of interest in, products containing cannabis or cannabis derivatives that are marketed as human drugs, dietary supplements, conventional foods, animal foods and drugs, and cosmetics, among other things. We also recognize that stakeholders are looking to the FDA for clarity on how our authorities apply to such products, what pathways are available to market such products lawfully under these authorities, and how the FDA is carrying out its responsibility to protect public health and safety with respect to such products.

Interest in these products increased last December when Congress passed the Agriculture Improvement Act of 2018 (the 2018 Farm Bill). Among other things, this law established a new category of cannabis classified as "hemp" – defined as cannabis and cannabis derivatives with extremely low (no more than 0.3 percent on a dry weight basis) concentrations of the psychoactive compound delta-9-tetrahydrocannabinol (THC). The 2018 Farm Bill removed hemp from the Controlled Substances Act, which means that it is no longer a controlled substance under federal law.

At the same time, Congress explicitly preserved the FDA's current authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act (FD&C Act) and section 351 of the Public Health Service Act. In doing so, Congress recognized the agency's important public health role with respect to all the products it regulates. This allows the FDA to continue enforcing the law to protect patients and the public while also providing potential regulatory pathways, to the extent permitted by law, for products containing cannabis and cannabis-derived compounds.

When the 2018 Farm Bill became law, I issued a statement explaining the FDA's current approach to these products and our intended next steps. Consistent with the approach and commitments described in that statement, today the FDA is announcing a number of important new steps and actions to advance our consideration of a framework for the lawful marketing of appropriate cannabis and cannabis-derived products under our existing authorities. These new steps include:

- A public hearing on May 31, as well as a broader opportunity for written public comment, for stakeholders to share their experiences and challenges with these products, including information and views related to product safety.
- The formation of a high-level internal agency working group to explore potential pathways for dietary supplements and/or conventional foods containing CBD to be lawfully marketed; including a consideration of what statutory or regulatory changes might be needed and what the impact of such marketing would be on the public health.
- Updates to our webpage with answers to frequently asked questions on this topic to help members of the public understand how the FDA's requirements apply to these products.
- The issuance of multiple warning letters to companies marketing CBD products with egregious and unfounded claims that are aimed at vulnerable populations.

Public Hearing

The public hearing will give stakeholders an opportunity to provide the FDA with additional input relevant to the agency's regulatory strategy related to existing products, as well as the lawful pathways by which appropriate products containing cannabis or cannabis-derived compounds can be marketed, and how we can make these legal pathways more predictable and efficient. We hope to gain additional information and data for the FDA to consider with respect to products containing cannabis and cannabis-derived compounds, including CBD.

As we've stated before, we treat products containing cannabis or cannabis-derived compounds as we do any other FDA-regulated products. Among other things, the FDA requires a cannabis product (hemp-derived or otherwise) that's marketed with a claim of therapeutic benefit to be approved by the FDA for its intended use before it may be introduced into interstate commerce. Additionally, it is unlawful to introduce food containing added CBD, or the psychoactive compound THC, into interstate commerce, or to market CBD or THC products as dietary supplements. This is because CBD and THC are active ingredients in FDA-approved drug products and were the subject of substantial clinical investigations before they were marketed as food. In such situations, with certain exceptions that are not applicable here, the only path that the FD&C Act allows for such substances to be added to foods or marketed as dietary supplements is if the FDA first issues a regulation, through notice-and-comment rulemaking, allowing such use.

While the availability of CBD products in particular has increased dramatically in recent years, open questions remain regarding the safety considerations raised by their widespread use. For example, during its review of the marketing application for Epidiolex – a purified form of CBD that the FDA approved in 2018 for use in the treatment of certain seizure disorders – the FDA identified certain safety risks, including the potential for liver injury. These are serious risks that can be managed when the product is taken under medical supervision in accordance with the FDA-approved labeling for the product, but it is less clear how this risk might be managed in a setting where this drug substance is used far more widely, without medical supervision and not in accordance with FDA-approved labeling. There are also unresolved questions regarding the cumulative exposure to CBD if people access it across a broad range of consumer products, as well as questions regarding the intended functionality of CBD in such products. Additionally, there are open questions about whether some threshold level of CBD could be allowed in foods without undermining the drug approval process or diminishing commercial incentives for further clinical study of the relevant drug substance.

It's critical that we address these unanswered questions about CBD and other cannabis and cannabis-derived products to help inform the FDA's regulatory oversight of these products – especially as the agency considers whether it could be appropriate to exercise its authority to allow the use of CBD in dietary supplements and other foods. As I stated in December, the FDA would only consider this path if the agency were able to determine that all other requirements in the FD&C Act are met, including those required for food additives or new dietary ingredients.

As part of the public hearing and related public comment period, the agency is interested in whether there are particular safety concerns that we should be aware of as we consider the FDA's regulatory oversight and monitoring of these products. For example, we're seeking comments, data and information on a variety of topics including: what levels of cannabis and cannabis-derived compounds cause safety concerns; how the mode of delivery (e.g., ingestion, absorption, inhalation) affects the safety of, and exposure to, these compounds; how cannabis and cannabis-derived compounds interact with other substances such as drug ingredients; and other questions outlined in the hearing announcement.

Additionally, we're interested in how the incentives for, and the feasibility of, drug development with CBD and other cannabis-derived compounds would be affected if the commercial availability of products with these compounds, such as foods and dietary supplements, were to become significantly more widespread. We don't want companies to forgo research that might support approval through the FDA's drug review process, which could potentially lead to important safe and effective therapies. We also don't want patients to forgo appropriate medical treatment by substituting unapproved products for approved medicines used to prevent, treat, mitigate or cure a particular disease or condition. For example, in the case of Epidiolex, the adequate and well-controlled clinical studies that supported its approval, and the assurance of manufacturing quality standards, can provide prescribers confidence in the drug's uniform strength and consistent delivery that support appropriate dosing needed for treating patients with these complex and serious epilepsy syndromes. It's important that we continue to assess whether there could be medical ramifications if patients choose to take CBD to treat certain diseases at levels higher or lower than studied in well-controlled clinical studies.

FDA Working Group

We hope that information we receive through the public hearing this May, as well as through the written public comment process, will help inform our consideration of these and other important scientific, technical and policy questions. Given the importance of these questions, and the significant public interest with respect to CBD in particular, we're forming a high-level internal agency working group to explore potential pathways for dietary supplements and/or conventional foods containing CBD to be lawfully marketed. Given the importance of this issue, I've asked Principal Deputy Commissioner Amy Abernethy, M.D., Ph.D. and Principal Associate Commissioner for Policy Lowell Schiller, to co-chair the group and charged them with considering what options might be appropriate under our current authorities, in view of all the evidence before us and our agency's fundamental public health mission. I'm also asking the group to consider whether there are legislative options that might lead to more efficient and appropriate pathways than might be available under current law – again, with the same science-based, public health focus that the FDA endeavors to bring to all matters before it. This is a complicated topic and we expect that it could take some time to resolve fully. Nevertheless, we're deeply focused on this issue and committed to continuing to engage relevant stakeholders as we consider potential paths forward. The working group plans to begin sharing information and/or findings with the public as early as Summer 2019.

New Compliance Actions

We'll continue to use our authorities to take action against companies illegally selling these types of products when they are putting consumers at risk. I am deeply concerned about any circumstance where product developers make unproven claims to treat serious or life-threatening diseases, and where patients may be misled to forgo otherwise effective, available therapy and opt instead for a product that has no proven value or may cause them serious harm.

Today, the FDA is announcing that it has issued warning letters, in collaboration with the Federal Trade Commission, to three companies – Advanced Spine and Pain LLC (d/b/a Relievus), Nutra Pure LLC and PotNetwork Holdings Inc. – in response to their making unsubstantiated claims related to more than a dozen different products and spanning multiple product webpages, online stores and social media websites. The companies used these online platforms to make unfounded, egregious claims about their products' ability to limit, treat or cure cancer, neurodegenerative conditions, autoimmune diseases, opioid use disorder, and other serious diseases, without sufficient evidence and the legally required FDA approval. Examples of claims made by these companies include:

- "CBD successfully stopped cancer cells in multiple different cervical cancer varieties."
- "CBD also decreased human glioma cell growth and invasion, thus suggesting a possible role of CBD as an antitumor agent."
- "For Alzheimer's patients, CBD is one treatment option that is slowing the progression of that disease."
- "Fibromyalgia is conceived as a central sensitization state with secondary hyperalgesia. CBD has demonstrated the ability to block spinal, peripheral and gastrointestinal mechanisms responsible for the pain associated with migraines, fibromyalgia, IBS and other related disorders."
- "Cannabidiol May be Effective for Treating Substance Use Disorders."
- "CBD reduced the rewarding effects of morphine and reduced drug seeking of heroin."
- "CBD may be used to avoid or reduce withdrawal symptoms."

I believe these are egregious, over-the-line claims and we won't tolerate this kind of deceptive marketing to vulnerable patients. The FDA continues to be concerned about the proliferation of egregious medical claims being made about products asserting to contain CBD that haven't been approved by the FDA, such as the products and companies receiving warning letters today. CBD is marketed in a variety of product types, such as oil drops, capsules, syrups, teas and topical lotions and creams. Often such products are sold online and are therefore available throughout the country.

Selling unapproved products with unsubstantiated therapeutic claims can put patients and consumers at risk. These products have not been shown to be safe or effective, and deceptive marketing of unproven treatments may keep some patients from accessing appropriate, recognized therapies to treat serious and even fatal diseases. Additionally, because they are not evaluated by the FDA, there may be other ingredients that are not disclosed, which may be harmful.

As our actions today make clear, the FDA stands ready to protect consumers from companies illegally selling CBD products that claim to prevent, diagnose, treat, or cure serious diseases, such as cancer, Alzheimer's disease, psychiatric disorders and diabetes. The agency has and will continue to monitor the marketplace and take enforcement action as needed to protect the public health against companies

Assembly Bill No. 2215

CHAPTER 819

An act to amend Section 4883 of, and to add Section 4884 to, the Business and Professions Code, relating to veterinarians.

[Approved by Governor September 27, 2018. Filed with Secretary of State September 27, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2215, Kalra. Veterinarians: cannabis: animals.

The California Uniform Controlled Substances Act classifies controlled substances into 5 designated schedules, and places cannabis and cannabis products under Schedule I. The act prohibits prescribing, administering, dispensing, or furnishing a controlled substance to or for any person or animal, unless otherwise specified.

The Veterinary Medicine Practice Act provides for the licensure and regulation of veterinarians and the practice of veterinary medicine by the Veterinary Medical Board, which is within the Department of Consumer Affairs. The act authorizes the board to revoke or suspend the license of a person to practice veterinary medicine, or to assess a fine, for specified causes, including violating a statute related to controlled substances. The act also makes a violation of its provisions a misdemeanor.

This bill would authorize the board to revoke or suspend a veterinarian license, or to assess a fine, for accepting, soliciting, or offering any form of remuneration from or to a Medicinal and Adult-Use Cannabis Regulation and Safety Act (MAUCRSA) licensee if the veterinarian or his or her immediate family has a financial interest, as defined, with the MAUCRSA licensee. The bill would authorize the board to revoke or suspend a veterinarian license, or to assess a fine, for discussing medicinal cannabis with a client while the veterinarian is employed by, or has an agreement with, a MAUCRSA licensee. The bill would authorize the board to revoke or suspend a license, or to assess a fine, for distributing any form of advertising for cannabis in California. The bill would prohibit a licensed veterinarian from dispensing or administering cannabis or cannabis products to an animal patient. Because a violation of the Veterinary Medicine Practice Act's provisions is a crime, the bill would expand the scope of that crime, thereby imposing a state-mandated local program.

The bill would also prohibit the Veterinary Medical Board from disciplining, or denying, revoking, or suspending the license of, a licensed veterinarian solely for discussing the use of cannabis on an animal for medicinal purposes, absent negligence or incompetence. The bill would require the board to adopt guidelines for these discussions on or before January 1, 2020, and would require the board to post the guidelines on its Internet Web site.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.
This bill would provide that no reimbursement is required by this act for a specified reason.

DIGEST KEY

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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BILL TEXT

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1.

Section 4883 of the Business and Professions Code is amended to read:

4883.

The board may deny, revoke, or suspend a license or registration or assess a fine as provided in Section 4875 for any of the following:
(a) Conviction of a crime substantially related to the qualifications, functions, or duties of veterinary medicine, surgery, or dentistry, in which case the record of the conviction shall be conclusive evidence.
(b) For having professional connection with, or lending the licensee's or registrant's name to, any illegal practitioner of veterinary medicine and the various branches thereof.
(c) Violation or attempting to violate, directly or indirectly, any of the provisions of this chapter.
(d) Fraud or dishonesty in applying, treating, or reporting on tuberculin or other biological tests.
(e) Employment of anyone but a veterinarian licensed in the state to demonstrate the use of biologics in the treatment of animals.
(f) False or misleading advertising.
(g) Unprofessional conduct, that includes, but is not limited to, the following:
(1) Conviction of a charge of violating any federal statutes or rules or any statute or rule of this state regulating dangerous drugs or controlled substances. The record of the conviction is conclusive evidence thereof. A plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to be a conviction within the meaning of this section. The board may order the license or registration to be suspended or revoked, or assess a fine, or decline to issue a license or registration, when the time for appeal has elapsed, or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending the imposition of sentence, irrespective of a subsequent order under Section 1203.4, 1210.1, or 3063.1 of the Penal Code allowing the person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.
(2) (A) The use of or prescribing for or administering to himself or herself, any controlled substance.
(B) The use of any of the dangerous drugs specified in Section 4022, or of alcoholic beverages to the extent, or in any manner as to be dangerous or injurious to a person licensed or registered under this chapter, or to any other person or to the public, or to the extent that the use impairs the ability of the person so licensed or registered to conduct with safety the practice authorized by the license or registration.
(C) The conviction of more than one misdemeanor or any felony involving the use, consumption, or self-administration of any of the substances referred to in this section or any combination thereof, and the record of the conviction is conclusive evidence.

A plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed to be a conviction within the meaning of this section. The board may order the license or registration to be suspended or revoked or assess a fine, or may decline to issue a license or registration, when the time for appeal has elapsed or the judgment of conviction has been affirmed on appeal or when an order granting probation is made suspending imposition of sentence, irrespective of a subsequent order under Section 1203.4, 1210.1, or 3063.1 of the Penal Code allowing the person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.

(3) A violation of any federal statute, rule, or regulation or any of the statutes, rules, or regulations of this state regulating dangerous drugs or controlled substances.

(h) Failure to keep the licensee's or registrant's premises and all equipment therein in a clean and sanitary condition.

(i) Fraud, deception, negligence, or incompetence in the practice of veterinary medicine.

(j) Aiding or abetting in any acts that are in violation of any of the provisions of this chapter.

(k) The employment of fraud, misrepresentation, or deception in obtaining the license or registration.

(l) The revocation, suspension, or other discipline by another state or territory of a license, certificate, or registration to practice veterinary medicine or as a veterinary technician in that state or territory.

(m) Cruelty to animals, conviction on a charge of cruelty to animals, or both.

(n) Disciplinary action taken by any public agency in any state or territory for any act substantially related to the practice of veterinary medicine or the practice of a veterinary technician.

(o) Violation, or the assisting or abetting violation, of any regulations adopted by the board pursuant to this chapter.

(p) Accepting, soliciting, or offering any form of remuneration from or to a cannabis licensee if the veterinarian or his or her immediate family have a financial interest with the cannabis licensee. For purposes of this subdivision, the following definitions shall apply:

(1) "Cannabis licensee" shall have the same meaning as "licensee" in Section 26001.

(2) "Financial interest" shall have the same meaning as in Section 650.01.

(q) Discussing medicinal cannabis with a client while the veterinarian is employed by, or has an agreement with, a cannabis licensee. For purposes of this subdivision, "cannabis licensee" shall have the same meaning as "licensee" in Section 26001.

(r) Distributing any form of advertising for cannabis in California.

SEC. 2.

Section 4884 is added to the Business and Professions Code, to read:

4884.

(a) A licensee shall not dispense or administer cannabis or cannabis products to an animal patient.

(b) Notwithstanding any other law and absent negligence or incompetence, a veterinarian licensed under this chapter shall not be disciplined by the board or have his or her license denied, revoked, or suspended solely for discussing the use of cannabis on an animal for medicinal purposes.

(c) On or before January 1, 2020, the board shall adopt guidelines for veterinarians to follow when discussing cannabis within the veterinarian-client-patient relationship. These guidelines shall be posted on the board's Internet Web site.

SEC. 3.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

illegally selling cannabis and cannabis-derived products that can put consumers at risk and are being marketed and distributed in violation of the FDA's authorities.

Ultimately, we remain committed to exploring an appropriate, efficient and predictable regulatory framework to allow product developers that meet the requirements under our authorities to lawfully market these types of products. The actions we're announcing today will allow us to continue to clarify our regulatory authority over these products and seek input from a broad range of stakeholders and examine a variety of approaches and considerations in the marketing and regulation of cannabis or cannabis-derived products, while continuing to protect the public's health and safety.

The FDA, an agency within the U.S. Department of Health and Human Services, protects the public health by assuring the safety, effectiveness, and security of human and veterinary drugs, vaccines and other biological products for human use, and medical devices. The agency also is responsible for the safety and security of our nation's food supply, cosmetics, dietary supplements, products that give off electronic radiation, and for regulating tobacco products.

Multidisciplinary Advisory Committee

April 2019

Existing Priorities – Currently being addressed by the MDC

1. Complaint Process Audit/Enforcement Case Outcomes
2. Cannabis Discussion Guidelines as delegated from AB 2215
3. Corporate Practice of Veterinary Medicine