



Mark Cuban's Cost Plus Drug Company and Potential Cost Savings for Otolaryngologic Care

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Background

- Direct-to-consumer pharmaceutical models such as the Mark Cuban Cost Plus Drug Company (MCCPDC) acquire prescription medications at a lower cost and provide significant cost savings in comparison to other prescription resources.
- To date, no previous studies have compared differences in otolaryngologic prescription costs when purchasing through MCCPDC vs. Medicare Part D.

Methods

- We queried 2021 data (Part D) from the Centers for Medicare & Medicaid Service and identified the top 25 otolaryngologic medications by claim volume.
- The medications were then cross-referenced for inclusion with the MCCPDC (<https://costplusdrugs.com/>) medication list.
- Total dosage units dispensed, total claims, total spending, and average weighted cost per dosage unit were extracted from Part D claims data.
- Savings with prescription purchasing through MCCPDC were estimated by substituting unit prices listed on Medicare claims with those offered by MCCPDC online pharmacy.
- Cost projection was performed and Medicare spending was adjusted based on the National Average Drug Acquisition Cost (NADAC) dataset, accounting for manufacturing and ingredient cost changes.

Results

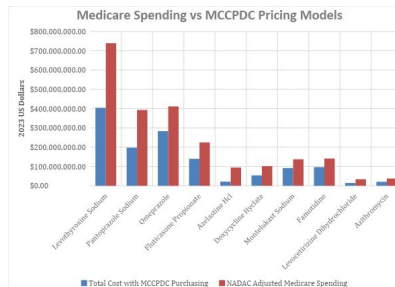


FIGURE 1: Cost Comparison of Medicare Spending vs MCCPDC Pricing Models (Top 10 Medications as ranked by Overall Savings)

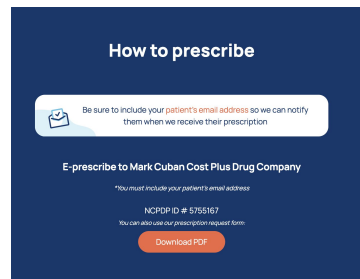


TABLE 1: Sample Breakdown by Claim Volume, Medication Category, and Potential Medicare Savings

| | Rank by Claim Volume | Generic Drug Name | Total Potential Savings with MCCPDC Pricing Model | % Savings |
|---|----------------------|-------------------------------------|---|-----------|
| Volume or mass based (3 count supply pricing) | 1 | Fluticasone Propionate | \$85,009,994.60 | 38% |
| | 2 | Azelastine Hcl | \$73,002,231.81 | 77% |
| | 8 | Mupirocin | \$10,841,316.05 | 40% |
| | 3 | Ipratropium Bromide | \$10,785,659.21 | 16% |
| | 20 | Neomycin/Polymyxin B/Hydrocortisone | -\$565,880.58 | -2% |
| Short-Term (30 count supply pricing) | 24 | Doxycycline Hyclate | \$48,061,405.69 | 47% |
| | 21 | Azithromycin | \$16,871,300.44 | 45% |
| | 23 | Cefdinir | \$12,185,602.65 | 42% |
| | 9 | Amoxicillin/Potassium Clav. | \$9,859,657.27 | 16% |
| | 19 | Cephalexin | -\$9,731,320.55 | -20% |
| | 13 | Methylprednisolone | -\$10,432,358.97 | -32% |
| | 7 | Prednisone | -\$88,418,191.67 | -109% |
| Long-Term (90 count supply pricing) | 15 | Levothyroxine Sodium | \$335,254,922.67 | 45% |
| | 10 | Paracetamol Sodium | \$195,683,596.69 | 50% |
| | 4 | Omeprazole | \$128,319,599.52 | 31% |
| | 5 | Montelukast Sodium | \$45,561,221.04 | 33% |
| | 6 | Famotidine | \$44,543,145.81 | 32% |
| | 16 | Levetiracetam Dihydrochloride | \$19,514,704.76 | 58% |

Results

- The total Medicare spending across the 18 medications was \$2.69 billion.
- In the long-term group, there were potential savings of \$769 million (41%). The short term group showed potential savings of \$87 million (22%) and the volume/mass-based group showed potential savings of \$180 million (41%).
- Four medications had disadvantaged price points.
- Total potential savings were \$1.0469 billion (39%) across 14 out of 18 medications (excluding medications with disadvantaged price points).



Manufacturing
\$25.65



15% Markup
\$3.85



Pharmacy Labor
\$5.00



National Average Drug Acquisition Cost
\$5.00

Discussion

- The MCCPDC may have potential to reduce spending on prescription drugs frequently prescribed within otolaryngology.
- Our findings provide optimism that growing negotiation powers for CMS and additional avenues for purchasing medication may assist in alleviating the burden of a growing national healthcare expenditure.
- Savings provided by MCCPDC may serve as an avenue for otolaryngologists to provide cost-effective, value-based care to their patients.

Contact

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References

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