

Medicare could save up to \$3.6 billion by purchasing generic drugs at Mark Cuban prices

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A brief research report found that Medicare could have saved up to \$3.6 billion by purchasing generic drugs at the same prices as the Mark

Cuban Cost Plus Drug Company (MCCPDC) in 2020. These findings suggest that Medicare is overpaying for some generic drugs. The report is published in *Annals of Internal Medicine*.

In January 2022, the MCCPDC launched an online pharmacy selling more than 100 generic prescription drugs at the cost of ingredients and manufacturing plus 15% margin, \$3 pharmacy dispensing fee, and \$5 shipping fee.

Researchers from Brigham and Women's Hospital and Harvard Medical School compared the price of 89 [generic drugs](#) sold by MCCPDC to the price Medicare paid in 2020 to estimate the potential savings if Medicare Part D plans paid MCCPDC prices. They found that Medicare could have saved up to \$3.6 billion, or 37% of total spending, on 77 generic drugs if it purchased generic drugs in the maximum quantity supplied by MCCPDC. The authors also found that if Medicare had purchased drugs in the minimum quantity available from MCCPDC, it could have saved \$1.7 billion, or 18% of total spending, on 42 drugs.

According to the authors, lower drug prices from a direct-to-consumer model highlight inefficiencies in the current generic pharmaceutical distribution and reimbursement system, which includes wholesalers, pharmacy benefit managers, pharmacies, and insurers. They add that policy reforms that improve price transparency, increase competition for high-cost generic drugs, prevent annual price increases, and limit pharmacy and distribution costs could increase affordability of essential generic medicines for all Americans.

More information: Potential Medicare Part D Savings on Generic Drugs From the Mark Cuban Cost Plus Drug Company, *Annals of Internal Medicine* (2022). [DOI: 10.7326/M22-0756](https://doi.org/10.7326/M22-0756)

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