

# Study finds drug company could save taxpayers millions on Medicare generic oncology drugs

June 8 2023

---



Credit: CC0 Public Domain

The U.S. government could save taxpayers between \$228 million and \$2.15 billion a year if insurers who operate its Medicare Part D plans

purchased seven generic oncology drugs at the same prices obtained by the Mark Cuban Cost Plus Drug Company (MCCPDC), according to a study published today in the *Journal of Clinical Oncology*.

The Vanderbilt University Medical Center (VUMC) study, led by Ruchika Talwar, MD, a urologic oncology fellow, estimated potential savings by switching to MCCPDC prices with the implication that Medicare, Part D plan sponsors and beneficiaries are likely overpaying for these self-administered generic oncology drugs.

"Both doctors and patients should be aware of cash-pay options available that might offer lower prices to beneficiaries purchasing outside of their [health plans](#) and the impact that this [drug](#) price stewardship could have on Medicare and Part D sponsors," Talwar said. "These findings are of utmost importance."

It is the second VUMC study in the last year to examine [cost savings](#) by purchasing through the MCCPDC. A previous *Journal of Urology* study led by Talwar estimated that taxpayers could save could save patients \$1.29 billion a year based on 2020 Medicare Part D expenditures on just the nine most popular urological drugs.

Founded in January 2022 by Cuban and Alexander Oshmyansky, MCCPDC sells hundreds of [generic drugs](#) using a cost+15% pricing strategy, a \$3 pharmacy fee, and a \$5 maximum shipping cost per 30-day, 60-day or 90-day prescription.

Study authors obtained public formulary data from MCCPDC that identified the seven generic oral oncology drugs offered by the company—abiraterone, anastrozole, imatinib (100 mg and 400 mg), letrozole, methotrexate, raloxifene and tamoxifen—their dosages, and associated prices offered in December 2022, finding a potential savings of \$661.8M (78.8%) if median Medicare Part D unit prices were

replaced by MCCPDC prices.

Total savings ranged from \$228.1M (56.1%) to \$2,154.5M (92.4%) when assuming plan prices were equal to the 25th or 75th percentiles of Q3-2022 Part D plan unit prices.

The drug abiraterone (brand name Zytiga) is used in combination with prednisone to treat a certain type of prostate cancer that has spread to other parts of the body. Study authors calculated its median cash-pay price at \$562.49, in comparison to a 30-day prescription offered under the MCCPDC model at \$44.60.

The median price for the cancer growth blocker imatinib 100 mg (brand name Gleevec) was \$442.32 and 400 mg at \$1,480.29, as compared to imatinib 400 mg at \$44 when purchased under the MCCPDC model.

"The MCCPDC is one of several companies that aim to address a real problem for consumers—the costs of generic drugs," said co-author Stacie Dusetzina, Ph.D., professor of Health Policy. "This study highlights that in some cases, Part D plans and their pharmacy benefits managers aren't doing a good enough job at getting favorable prices for generic drugs for Medicare and its beneficiaries. In some cases, we find that Medicare beneficiaries would overpay by a lot if they used their Medicare benefit to fill one of these cancer drugs. That shouldn't happen."

Other median cash-pay prices under Q3-2022 Medicare Part D for a 30-day prescription were: anastrozole \$11.18, letrozole \$12.02, methotrexate \$23.75, raloxifene \$44.55 and tamoxifen \$17.94.

Other cash-pay prices under the MCCPDC model for a 30-day prescription were: anastrozole \$10.70, letrozole \$10.70, methotrexate \$15.80, raloxifene \$11.60 and tamoxifen \$14.90.

Median savings for each drug using Part D plan unit [prices](#) were: abiraterone \$338.0M [\$143.2M to \$1,032.2M], anastrozole \$1.2M [-\$13.7M to \$23.2M], imatinib 100 mg \$15.6M [\$5.2M to \$67.4M], imatinib 400 mg \$212.0M [\$70.4M to \$866.6M], letrozole \$1.9M [-\$4.6M to \$10.1M], methotrexate \$26.7M [\$5.0M to \$61.1M], raloxifene \$63.8M [\$26.9M to \$85.3M], and tamoxifen \$2.6M [-\$4.2M to \$8.6M]

Talwar said she hopes future studies will continue to spread awareness to patients and physicians about MCCPDC, to hopefully ease the burden of financial toxicity and improve access to essential cancer medications.

**More information:** Brian D. Cortese et al, Projected Savings for Generic Oncology Drugs Purchased via Mark Cuban Cost Plus Drug Company Versus in Medicare, *Journal of Clinical Oncology* (2023).

[DOI: 10.1200/JCO.23.00079](https://doi.org/10.1200/JCO.23.00079)

Provided by Vanderbilt University Medical Center

Citation: Study finds drug company could save taxpayers millions on Medicare generic oncology drugs (2023, June 8) retrieved 18 April 2024 from <https://medicalxpress.com/news/2023-06-drug-company-taxpayers-millions-medicare.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.