

Episode 3: Cost Plus Drugs...Get Your Medications at Manufacturers Costs.



Note: This is a machine transcription. Please excuse any punctuation or other weirdness:)

Intro:

Meet Jacqueline G. Austin, Texas.

"My name is Jacqueline and I'm a 19 year old college student from Austin, Texas. Last year I was diagnosed with ankylosing spondylitis and autoimmune disorder that primarily affects my spine and has spread to most of my major joints. Without expensive biologic medications, my spine could fuse and leave me unable to walk by the time I'm out of school. I've tried three different biologics and have had to pay incredibly high prices for all of them, even when they haven't helped my condition. I live in constant worry about how I will be able to afford my expensive medications, my tuition, my rent, and my groceries at the same time."

Meet Deshauna M. Silver Springs, Maryland.

"I have removed toid arthritis. The drugs to manage my disease cost two thousand one hundred and eighty three dollars per month without those drugs. The disease is crippling. I'm lucky in that my employer offers good insurance, but I live in fear every day that I will lose my coverage and be unable to afford drugs i have a dream to start my own business doing meeting facilitation, but I can't risk that venture given the cost of my drugs."

Meet Claudia, New Milford, Connecticut

"My husband uses advar diskus inhaler which cost us \$75 with our insurance. When my husband lost his job several years ago, we struggle to pay the \$120 per month for the inhaler.

Now the same inhalers are over \$500 each, however this spring my son in law found that he was able to purchase the exact same inhaler in Portugal for under \$20. Why are Americans forced to pay three four or five times the amount people in other countries pay? We need our elected officials to help us."

Meet Gail D. Denver, Colorado

"A single bottle of insulin cost about \$350 and many diabetics need multiple bottles per month to simply stay alive. Supplies such as glucose monitors and test strips can also cost about \$1000 per month. On top of that, despite insurance coverage and prescription benefits, these costs are exorbitant.

Considering the risk diabetics like myself face, the costs are absolutely unacceptable. Something must be done to lower the cost of insulin supplies and all other prescribed medications."

Get Savvy...Demystifying Healthcare – 30 second commercial

Are you tired of the high cost of healthcare? Are you overwhelmed trying to navigate a complicated healthcare system?

Welcome to Get Savvy...Demystifying Healthcare weekly podcast where we take complicated healthcare topics and make them simple.

Imagine if you could stop feeling paralyzed with fear and frustration and instead be empowered to make smart healthcare decisions for you and your family.

Get Savvy with your host, Sandy Kibling, a healthcare professional changing how healthcare knowledge is shared.

Podcast

Hello and welcome to Episode 3 Cost Plus Drugs: Getting Your Medications at Manufacturers Cost.

Hearing these stories is heart wrenching, but true. Something needs to change.

In this episode we are going to discuss briefly what are a few of the issues resulting in the outrageous pricing for prescription medications, and then we're going to talk about a solution with Cost Plus Drugs.

Let's get started.

The Issues

Number one: Prescription drug prices are out of control. Drug corporations have the monopoly on pricing power, spending billions to get the laws and regulating that benefit them and not you

The key leveraging point they use is a law that says Medicare can't bargain directly on prices. You may have seen this on your local ballot where politicians are trying to change this, but thus far no success.

Instead, the drug corporations dictate prices to Medicare. Once the price is set for Medicare, it ripples down the whole healthcare system.

To expand on this briefly, provider offices are paid per their contracts with the insurance companies based off that Medicare fee and drug schedule. This results in what they pay to buy the medications for you, what your insurance will allow them to be paid, and what your out of pocket will be.

If Medicare can't negotiate for lower rates, the drug corporations control the cost that don't benefit you, your provider, or the insurance company.

Number two: Pharmacy Benefit Managers (PBMs), or I'll refer to them going forward as PBMs. PBMs are companies that manage prescription drug benefits on behalf of Health Insurers, Medicare Part D drug plans, large employers and other payers.

Currently, the three largest PBMS are CVS Caremark, Express Scripts and Optum RX, which is a division of United Healthcare. They hold nearly 80% of the prescription benefits market in the US.

PBMs negotiate with drug manufacturers and pharmacies to control drug spending. They have a significant behind the scenes impact and determining total drug costs for insurers, providers and shaping patients access to medications.

PBM's have faced growing scrutiny about their role in rising prescription drug cost and spending. I have a few articles I will link to in the show notes if you would like to read more and hear others opinions.

What Role do PBMs Play In How Much We Spend On Prescription Drugs?

PBMs operate in the middle of the distribution chain for prescription drugs. They develop and maintain lists or formularies of covered medications on behalf of health insurers, which influence which drugs individuals use and determine out of pocket cost.

They also use their purchasing power to negotiate rebates and discounts from drug manufacturers. These companies are supposed to use their formulary power management tools and price concessions to benefit the insurers they serve. In turn, insurance companies are supposed to pass the savings on to you with more benefits and lower premiums. But is this really happening?

PBMs have three revenue sources, fees from the supply chain, rebates from manufacturers and pharmacy spreads...defined as the difference between what they pay for drugs from a pharmacy and what they get paid by the insurer.

So What's The Controversy?

Well, commercial insurers complain that PBMs are not passing through the rebate revenue they should, and PBMs are not choosing the lowest cost drugs.

Drug manufacturers argue that the growing rebates they pay PBMs are forcing them to raise list prices for their products. PBM's counter that they have been passing along a larger share of the rebates to insurers.

But if this were the case, why do the cost of medications continue to rise?

There is a lot of debate over whether PBMs should be able to keep the rebates they receive from drug manufacturers, which generally aren't publicly disclosed. Some believe PBMs should be compelled to pass through all or larger portion of these savings to health insurers and other payers. If PBMs are required to do this, insurers could use the savings to further reduce consumers premiums and cost sharing payments.

Then there is the issue of transparency, or not so much transparency. There is the debate of price discrimination. When no one knows what anyone else is paying, this results in bigger discounts. PBMs may be able to get deeper discounts from drug manufacturers if the drug companies can keep the size of the discount secret and not have to offer them to every other PBM.

What I find interesting is contracting, whether it's government or commercials, usually requires full transparency, but we are not seeing it for drug pricing. If we have full transparency, drug pricing could encourage competition and force manufacturers to cut prices to gain market share.

Finally, as it relates to your cost, this secretive pricing is further complicated because the whole system of out of pocket expense is based on the list prices. Basing consumer expense on an artificial price to maintain the negotiating leverage of pharmacy benefit managers forces patients to overpay or sadly go without their medications.

Wow, now that is a lot of nitty gritty details but I do hope I have broken it down to make it simple.

I do think it is important to know what the issues are so we can support change. So while this is all being sorted out, what is a potential solution for you today?

The alternative is cost plus drug. I actually stumbled on this and was eager to read more and try it out and see if it works, and now I'm excited to share it with you. If you don't have insurance or have a high deductible plan, you know that even the most basic medications can cost a fortune.

Cost Plus Drugs:

Many people are spending crazy amounts of money each month just to stay healthy and the truth is, no American should have to suffer or worse because they can't afford basic prescription medications.

Doctor Alex Oshmyansky set off on a seemingly impossible quest to disrupt the pharmaceutical industry. He was a physician who was tired of seeing his patients go without their medications because they could not afford them. Along the way, he was joined by millionaire Maverick Mark Cuban, an unlikely business duo. But their passion is to make sure that every American has access to safe and affordable medications.

On January 19, 2022, the Mark Cuban Cost Plus Drug Company launched. It's online pharmacy selling generic medications at manufacturers cost.

What I Like About Cost Plus Drug Is:

- They're not another prescription price shopping company like a single care or Good RX, which are good and help you get discounts. In fact, I get a discount monthly on an alvesco inhaler using Good RX. But this is different and I like that it offers another option to.
- What Cost Plus Drug Company truly offers is medication at a discount by negotiating with the manufacturers and taking out the middleman...the PBMs. I really appreciate that Mark Cuban and Doctor Oshmyanski had the compassion to start a program determined to allow Americans to afford their medications.

So What Makes Cost Plus Drug Company Different?

1. They dramatically reduce the cost of drugs. Cost plus drug prices are the true cost. They cut out that pharmacy middleman and negotiate directly with manufacturers to get the best possible price.
2. They introduce transparency to the pricing of drugs so you know you are getting a fair price. When you view the website, it outlines specifically how you're being charged. I will also break this down for you a bit later and an example.
3. Being a disruptor in the drug industry to end high cost of drugs. By definition healthcare disruptors are companies and individuals who are sparking change to offer healthcare options in a more efficient and cost effective manner. Cost plus drug is a new player disrupting the drug industry and to do the very best to end ridiculous drug prices.

Who Benefits?

Well, anyone looking to purchase their medications at a discount.

Let's say you don't have insurance.

- Paying out of pocket can be expensive. Cost plus drug gives you an alternative and more affordable option.
- Let's say you do have insurance, but a high deductible plan. As a reminder, this plan, the high deductible plan does not pay for anything until that deductible is met. And this could be \$5K or 10K before you get any financial relief leaving you to pay the high price of prescription drugs.
- Or you have insurance with a low deductible Costs Plus Drugs prices are so discounted that in some cases you may pay less than your copay.

So How Does It Work?

1. You find your medication in the online store, you can type in the drug you are looking for, or you can search by conditions such as high blood pressure or glaucoma. As of this recording, there are approximately 700 medications, but cost plus drug is looking to add more drugs as quickly as possible.
2. Once you find your medication, sign up and create your account. Signing up allows for you to get the newsletter, which also highlights the new medications they are offering and any reduction in pricing.
3. Reach out to your provider with instructions and a link from the website you can link from the website you can provide your doctor. There's also a downloadable form you can complete and give to your doctor. It also has the information your doctor will need to fill your prescription. A copy will be available in the show notes.
4. Once cost plus drug receives a prescription, you'll be notified that you are ready to check out.
5. Your medications will be delivered straight to your door and just a few days.

Now, does this sound too good to be true? Well, I thought so too. So I tried it out and here's what I uncovered. I was recently shopping for my mom who uses some rather expensive eye drops that retail at \$75. I wanted to see what price I could get them for by using cost plus drug.

I also wanted to test the transparency claim of knowing exactly how I was paying for the medication.

In this example we are using brimonidine tartrate, which is used for individuals with ocular hypertension or glaucoma. Mom needs these eye drops daily twice a day, so we can see how this can add up in terms of dollars monthly.

- The total cost of the medication to be delivered to my door would be 16\$ versus a retail price of 75\$ That monthly is a 59\$ savings, so here's how it works.
- So buying direct the cost of the actual medication was \$6.88. There was a markup of 15% which equates to \$1.04 to support the small but mighty team negotiating the race and working to get more medications added.
- There is also a \$3 charge for pharmacy labor to prepare the medication. Per FDA, medicine has to be packaged labeled with the scary side effects tucked in the box.
- So the total cost of the drugs is \$10.82 in transparency of cost of drug.
- It does have to be mailed to you and that cost is \$5 so at the time of this recording cost plus drug does not work with insurance companies, but they are working on new deals every day. So you can't pick up your medication at a Walgreens or CVS, but for \$5 it's shipped to you. So that \$10.82 + \$5 rounded is \$16 versus \$75. Well, that's, that's a great cost savings.

Still Wondering If It's Too Good To Be True?

When you look at the pricing, it can almost seem that way or that there may be some price catch. This is a beauty of healthcare disruptors...again where companies or individuals find a way to make healthcare better, creating efficiencies and cost savings.

1. They take out that middleman, allowing you to get the manufacturer's price.
2. The transparency in pricing with manufacturer costs clearly published and the 15% markup and other pricing details so you know exactly what you are paying for.
3. Cost Plus Drugs is charging just the basics so they can keep offering medications at a lower cost.

You may also be wondering about packaging and safety. Make sure and check out the article meet the Genius who convinced Mark Cuban to sell drugs. It covers the floating building and how they maintain safety and sterilization.

I hope this information has been helpful for you and providing you alternative options to get your prescription medications more affordably.

I've provided in the show notes some resources and the doctor's forms I mentioned earlier, so make sure and check those out as well.

The next episode, we're going to talk about healthcare disruptors in more detail.

You don't want to miss learning about ways you can access care more efficiently and affordably. Until next time, Get Savvy!