



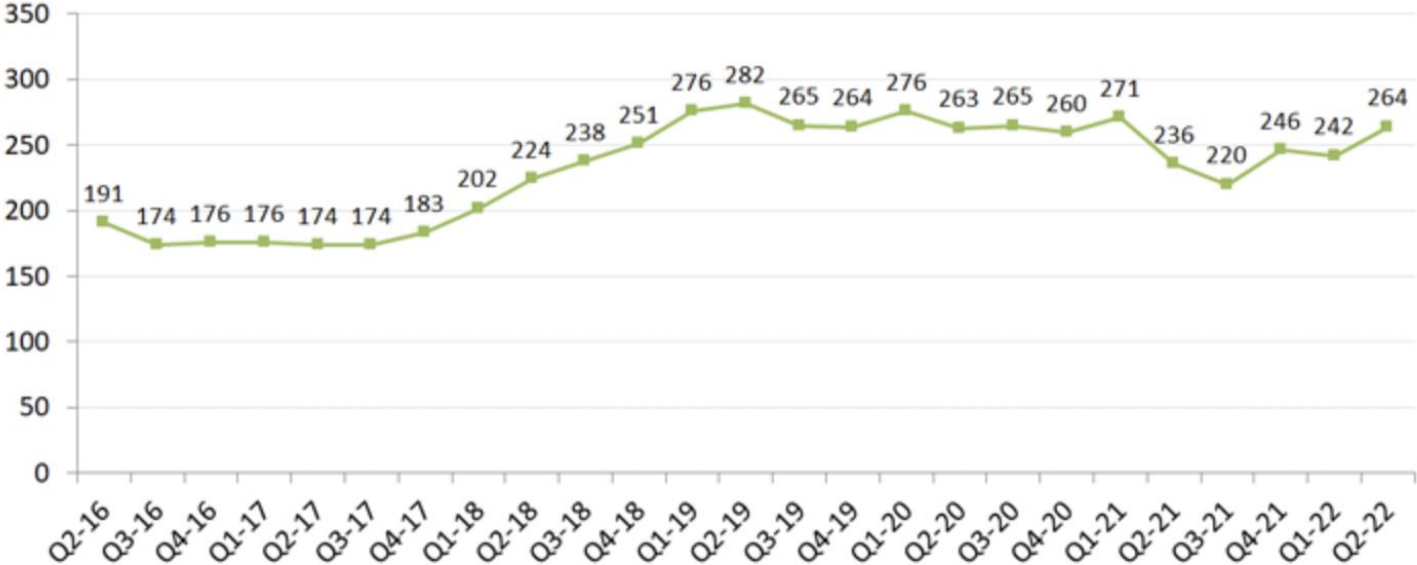
Mark Cuban Cost Plus Drug Company

*Alex Oshmyansky, MD, PhD
CEO, Mark Cuban Cost Plus Drug Company*

The Story

Drug Shortages

National Drug Shortages: Active Shortages by Quarter 5 Year Trend



Note: Each point represents the number of active shortages at the end of each quarter.

University of Utah Drug Information Service

Contact: Erin.Fox@hsc.utah.edu, [@foxerinr](https://twitter.com/foxerinr) for more information.



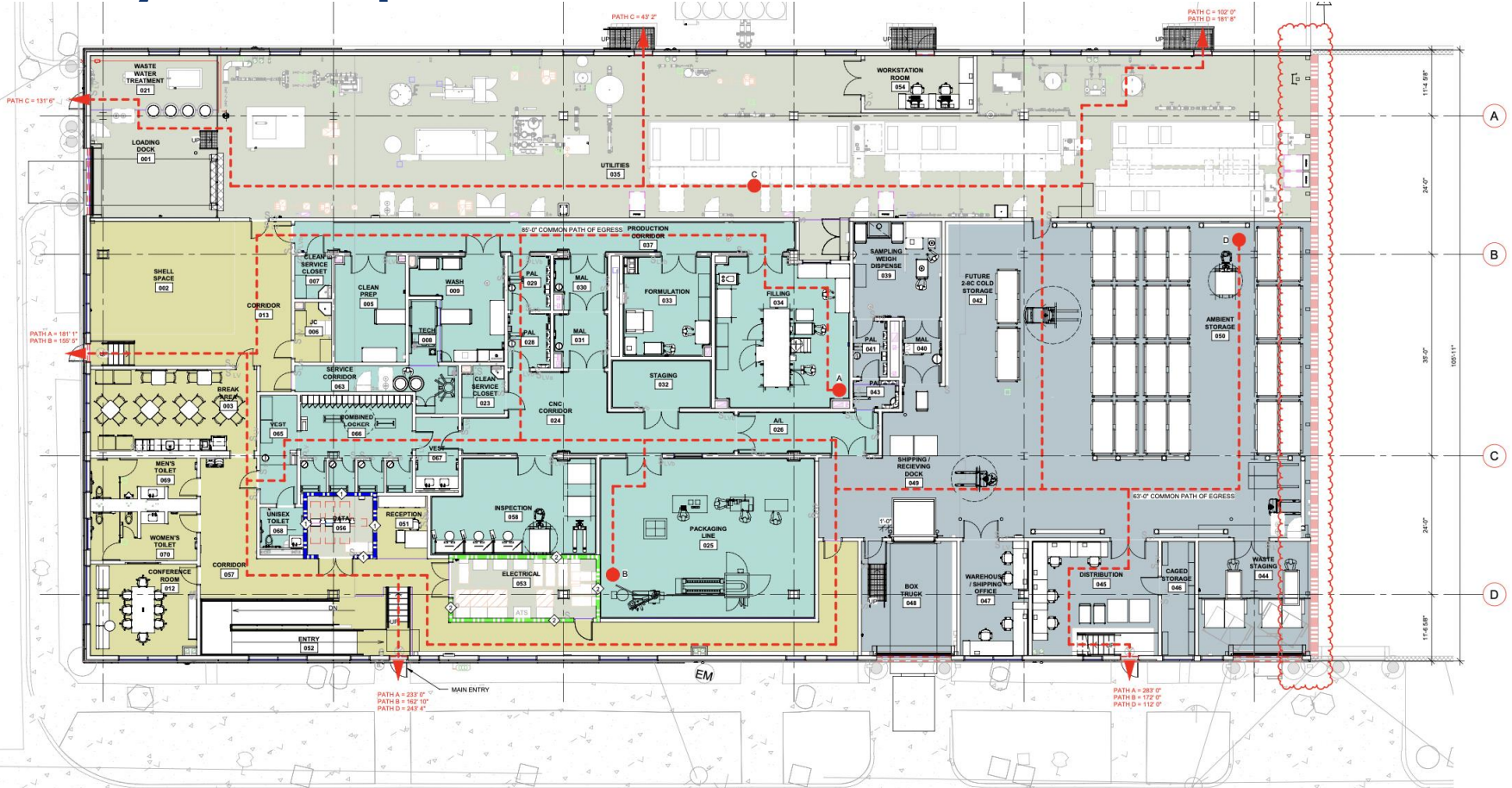
Our Addition to the Solution

- Hyperflexible facility
 - Uses robotic and single use components to be able to make a wide variety of different products in quick succession
- Licensing as 503(b) compounding facility
- Storage of multiple APIs and stability data for commonly in shortage products



Facility Blueprints

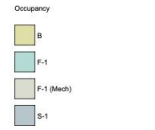
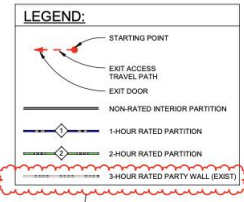
SOUTH WALTON STREET (50' ROW) VOLUME 3, PAGE 523



TAYLOR STREET (80' ROW)

CODE SUMMARY TABLE - FIRST FLOOR								
FUNCTION	USE GROUP	CONSTRUCTION TYPE	AREA	BASE AREA ALLOWABLE	ACTUAL/ALLOWABLE RATIO	COMMON PATH OF TRAVEL (MAX)	EXIT ACCESS TRAVEL DISTANCE (MAX)	DEAD END CORRIDOR LENGTH (MAX)
B BUSINESS	B	II-B	3910.59 SF	92000	0.044	100' (FULLY SPRINKLERED)	300' (FULLY SPRINKLERED)	50' (FULLY SPRINKLERED)
F1 FACTORY: MODERATE-HAZARD	F1	II-B	Redundant Area	62000	0.092	100' (FULLY SPRINKLERED)	250' (FULLY SPRINKLERED)	50' (FULLY SPRINKLERED)
F1 FACTORY: MODERATE-HAZARD (MECH)	F1	II-B	6208.02 SF	62000	0.102	100' (FULLY SPRINKLERED)	250' (FULLY SPRINKLERED)	50' (FULLY SPRINKLERED)
F1 FACTORY: MODERATE-HAZARD (MECH)	F1	II-B	5858.66 SF	62000	0.092	100' (FULLY SPRINKLERED)	250' (FULLY SPRINKLERED)	50' (FULLY SPRINKLERED)
F1 FACTORY: MODERATE-HAZARD (MECH)	F1	II-B	281.65 SF	62000	0.005	100' (FULLY SPRINKLERED)	250' (FULLY SPRINKLERED)	50' (FULLY SPRINKLERED)
S1 STORAGE: MODERATE-HAZARD	S1	II-B	6181.31 SF	70000	0.089	100' (FULLY SPRINKLERED)	250' (FULLY SPRINKLERED)	50' (FULLY SPRINKLERED)

MINIMUM NUMBER OF REQUIRED PLUMBING FIXTURES PER IBC 2015 (TABLE 2902.1) vs. NUMBER OF FIXTURES PROPOSED



1 01/28/2021	ISSUED FOR CONSTRUCTION	GH ZD LLZ
0 01/22/2021	ISSUED FOR CONSTRUCTION	GH ZD LLZ
0 11/24/2020	ISSUED FOR BBS	GH ZD LLZ
A 07/24/2020	ISSUED FOR REVIEW	GH ZD LLZ
REV. DATE	DESCRIPTION	PROJ BY (DW/PT)

Jacobs
 STEWART
 63FFVL02 DALLAS, TEXAS
 MARK CUBAN
 COST PLUS DRUG COMPANY

Pharmacy Benefits Managers

The US pays **2.56 times** more for pharmaceuticals per capita than other comparable nations

<https://www.rand.org/news/press/2021/01/28.html>



Pharmacy Benefits Managers

“[PBM] spread equated to **31.4%** of gross generic spending in Ohio Medicaid managed care”

<https://www.axios.com/data-showing-pbm-medicaid-drug-price-manipulation-1533059892-c2a97bcd-8874-42c2-a161-503e89666678.html>
<https://www.bloomberg.com/graphics/2018-drug-spread-pricing/> <https://ohioauditor.gov/news/pressreleases/Details/5042>
<https://stories.usatodaynetwork.com/sideeffects/cost-cutting-middlemen-reap-millions-via-drug-pricing-data-show/>



Pharmacy Benefits Managers

InsideHealthPolicy
An Inside Washington news service

HOME NEWS TOPICS FDA WEEK INSIDE CMS INSIDE DRUG PRICING HEALTH EXCHANGE

Monday, November 30, 2020

Inside Drug Pricing

Maryland Bans Spread Pricing Following Report On The Practice's Cost

By John Wilkerson / January 17, 2020 at 5:08 PM

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The Maryland Health Department will ban spread pricing in its Medicaid program next year after an audit found the practice cost the state \$72 million in 2018, which at \$6.96 per claim appears to be the biggest spread margin per prescription spread reported to date, according to 3 Axis Advisors. The department will mandate that Medicaid managed care plans use a pass-through pay model that requires PBMs to charge the exact amount they pay for prescriptions and dispensing fees. There...

CMS.gov Centers for Medicare & Medicaid Services

Newsroom Press Kit Data Contact Blog Podcast

Press release

CMS Issues New Guidance Addressing Spread Pricing in Medicaid, Ensures Pharmacy Benefit Managers are not Up-Charging Taxpayers

May 15, 2019 | Medicaid & CHIP, Pharmacies

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CMS Issues New Guidance Addressing Spread Pricing in Medicaid, Ensures Pharmacy Benefit Managers are not Up-Charging Taxpayers
Agency issues guidance for Medicaid Managed Care and CHIP health plans that clarifies how current regulations require "spread pricing" to be accounted in the calculation of Medical Loss Ratios (MLRs)

As part of President Trump's efforts to lower prescription drug costs in Medicaid, CMS today issued guidance for Medicaid and CHIP managed care plans regarding the calculation of a plan's Medical Loss Ratio (MLR), which represents the percent of premium revenue that goes toward actual claims and activities that improve healthcare quality, as opposed to administrative costs and profits.

UNITED STATES SENATE
COMMITTEE ON FINANCE

SEPTEMBER 23, 2019

Grassley op-ed: Let's prescribe a dose of common sense: End spread-pricing in Medicaid

[Let's prescribe a dose of common sense: End spread-pricing in Medicaid](#)

By Senate Finance Committee Chairman Chuck Grassley

Americans from coast to coast disagree about plenty of issues. As a U.S. senator, I know at least one issue that unites all Americans: Drug prices are too high.

The soaring cost of prescription medicine has struck a nonpartisan nerve. Sticker shock is hitting consumers at the pharmacy counter and socking it to taxpayers who foot the bill for government health programs. While most Americans agree the U.S. healthcare system provides the most innovative cures and quality care available in the world, they also know the delivery system is too complex, too secretive, too confusing and too expensive.

Complicated formulas along the pharmaceutical supply chain let drug manufacturers, wholesalers, retailers and pharmacy benefit managers hide behind a thicket of obscure payment arrangements to bilk public health insurance programs, including Medicaid.



The Major Rebate Aggregators

- CVS - Zinc
- ESI - Ascent
- Optum - Emisar



The Major Rebate Aggregators

- CVS declined to comment for this story, but the goal of the GPO in the near-term may be to shift discounts to less transparent fee structures that are more difficult for its PBM customers to audit, allowing CVS to retain a greater share of rebate profits, according to the report.

<https://www.healthcaredive.com/news/cvs-reportedly-creating-group-purchasing-organization-for-pbm-business/580889/#:~:text=CVS%20declined%20to%20comment%20for,profits%2C%20according%20to%20the%20report.>



PBM Fees

Pharmacy Benefits Managers

PHARMALOT

STAT+

Never mind the rebates. Maybe behind-the-scenes fees are boosting drug prices

By ED SILVERMAN @Pharmalot / AUGUST 16, 2018

[Reprints](#)



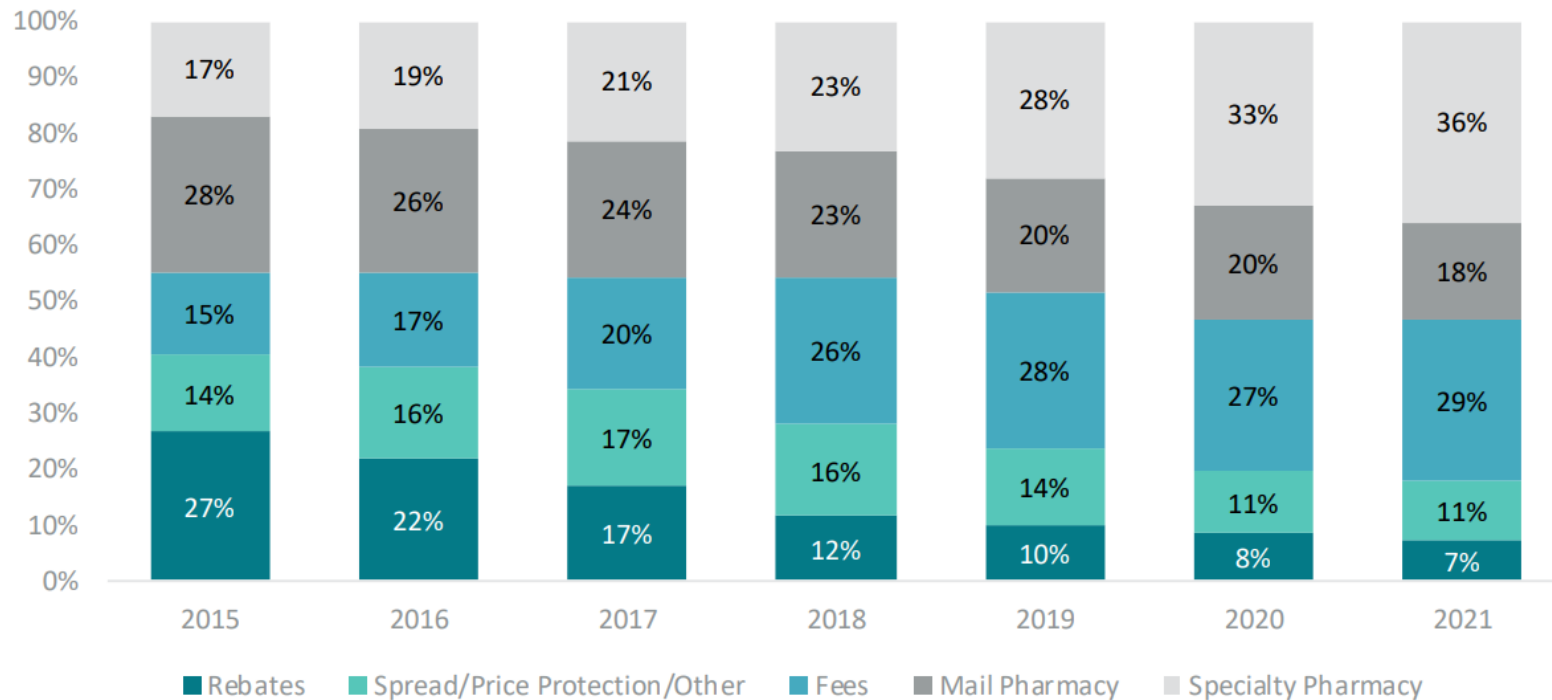
ADOBE

<https://www.statnews.com/pharmalot/2018/08/16/rebates-fees-drug-prices/>



As “spread” and “rebate” scrutiny grows, PBM focus turns to fees and specialty

Fig. 4: PBM Gross Profit by Profit Pool (CVS, CI/ESI, OptumRx): PBM Profits Have Shifted from Rebates & Spread to Fees & Fullfillment



Source: Nephron Research

Potential Hidden Fees

Pharma Revenue Category

Standard Rebate Definition
Incentive rebates categorized as mail-order purchase discounts
Credits
Market Share Incentives
Promotional Allowances
Commissions
Market Share Utilization
Drug pull-through programs
Implementation Allowances
Rebate Submission Fees
Formulary Placement Fees
Administrative Fees
Inflation Caps/Pricing Protection
Price Concessions
Performance-based Incentives
Data Fees
Volume-based Incentives
Health Management Fees
Educational Fee

PBM Owned Pharmacies

PBMs and Health Plans nearly all have affiliated specialty pharmacies

- Specialty drugs represent <1% of all claims, but make up 33% of drug spend
 - Based on 2018 Medicare Part D drug spending*
- Nearly all PBMs and health plans own their own specialty pharmacies
- PBMs use contracts to drive drug fills to their affiliated pharmacies
- Again, no standard definition for a specialty drug, so PBMs can define as they see fit

PBM / Health Plan	Affiliated Specialty Pharmacy
CVS / Caremark / Aetna	CVS Specialty
Cigna / Express Scripts	Accredo
UnitedHealth / Optum	BriovaRx
Centene	AcariaHealth
WellCare (acquired by Centene in 2019)	Exactus
Humana	Humana Specialty

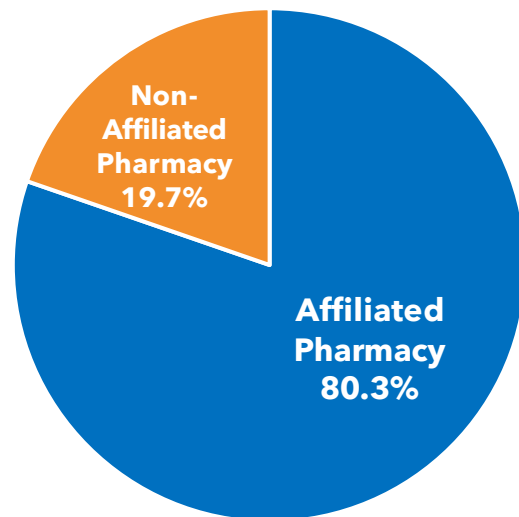
PBMs are steering specialty drugs, and then overpaying themselves on them

- “cheap” generic drugs were filled at pharmacies affiliated with a PBM/Health Plan only 11% of the time, with a \$26 profit to the pharmacy
- Meanwhile, “expensive” generic drugs were filled at pharmacies affiliated with a PBM/Health Plan 51% of the time, with a \$3,448 profit to the affiliated pharmacy
- Employers have no way of knowing if they are getting fair prices for specialty drugs as the PBM is removing all pharmacy competition

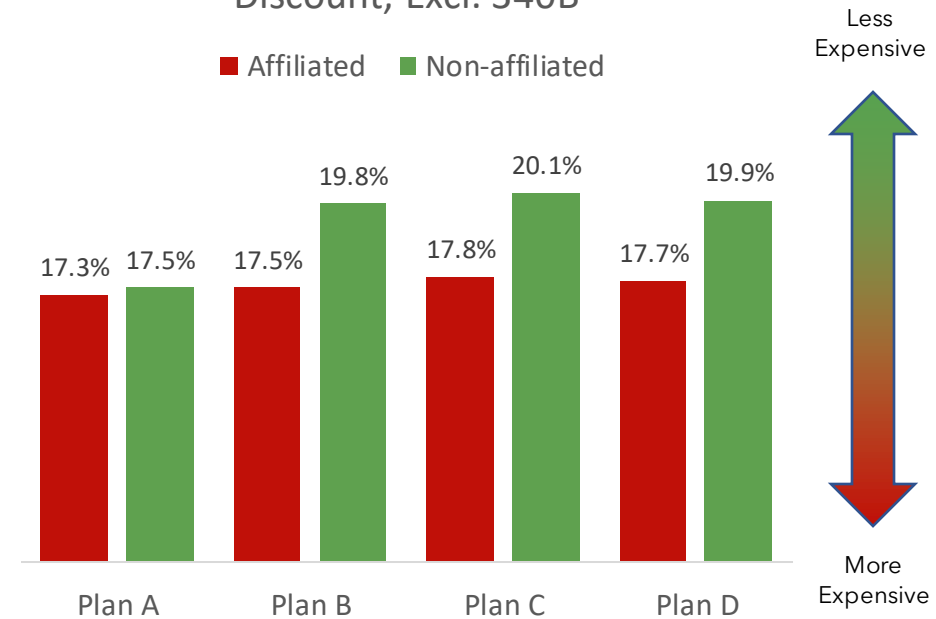
Small Commercial Payer Analysis		
	<\$1,000 per claim	>\$1,000 per claim
Percent of generic drug claims filled at affiliated pharmacy	11%	51%
Gross profit per generic drug claim	\$26	\$3,448

The fallout of fake prices: Humira differential pricing

2018-19 Humira Claim Capture, Excl. 340B



2018-19 Humira Brand-drug AWP Discount, Excl. 340B

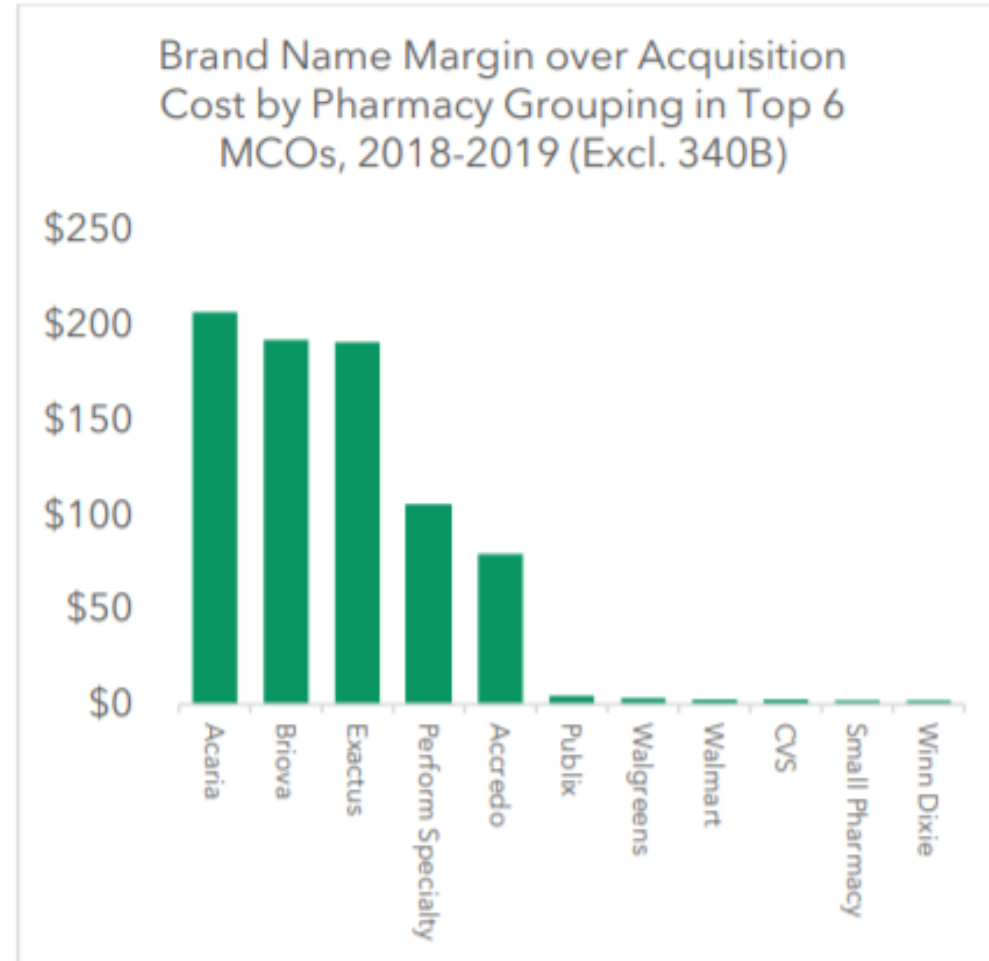


If Florida Medicaid would have recognized the non-affiliated pharmacy cost on the claims within the affiliated pharmacies, over \$1.5 billion in savings would have been realized on Humira alone.

<https://www.3axisadvisors.com/projects/2020/1/29/sunshine-in-the-black-box-of-pharmacy-benefits-management>

Florida Medicaid MCO specialty pharmacy experience highlights the distortions

- ▶ When comparing margins over NADAC in our Florida Medicaid analysis, it was overwhelmingly apparent that PBM-owned pharmacies received significantly more margin per prescription than traditional community pharmacies
 - Example: For Sunshine/Centene, 95% of all generic Gleevec 400 mg claims were filled at Acaria, Centene's wholly owned specialty pharmacy, at a Margin over NADAC of \$4,399 per claim



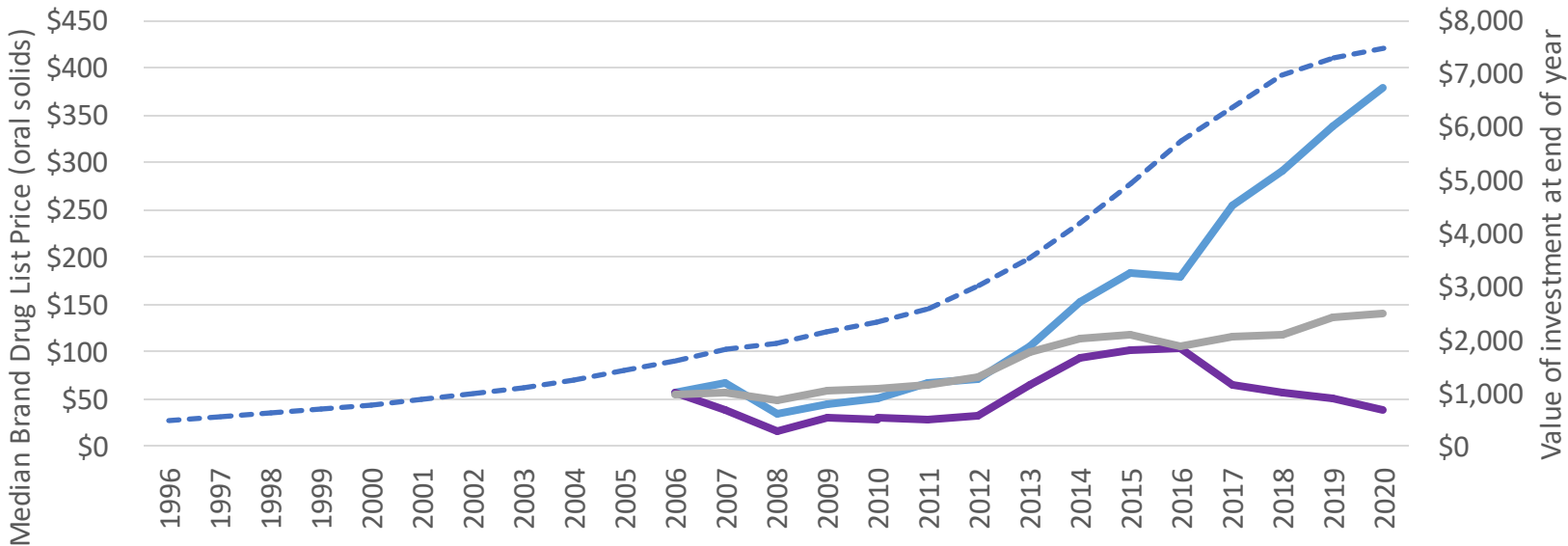
Pharmacy Benefits Managers



Pharmacy Benefits Managers

Median List Price Per 30-count Brand-Name Prescription vs. Stock Market Performance

- Median List Price Per 30-count Brand-Name Prescription
- Managed Care + PBMs
- Pharmacy
- Pharma



The median brand drug list price is up 313% between 2007 and 2020

If you would have invested \$1,000 in an equal-weighted basket of stocks on 1/3/2007, its value on 12/10/2020 would be:

Managed Care / PBMs = \$6,728 (+573%)

Pharma = \$2,481 (+148%)

Pharmacy = \$703 (-30%)





MARK CUBAN

CostPlus

DRUG COMPANY