Weaknesses of DTC Pharmacies:

The Hidden Costs Behind the Savings

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Weaknesses of DTC Pharmacies: The Hidden Costs Behind the Savings

Direct-to-consumer (DTC) pharmacies promote themselves as offering consumers transparent savings and simplified access to medications. Yet beneath the compelling marketing lies a more complex reality. Ten weaknesses — identified in the literature and reframed from information on DTC pharmacy websites — reveal the costs, risks, and limitations that erode their value propositions. These platforms create safety vulnerabilities and missed care-management opportunities by fragmenting medication oversight. They offer only modest savings for limited drug selections to narrow populations but may raise premiums for plan sponsors and consumers.

1. Safety Risks

DTC pharmacies, such as Amazon Pharmacy and Mark Cuban Cost Plus Drug Company (CPD), often operate outside traditional health plan and pharmacy benefit manager (PBM) systems. When prescriptions are paid outside drug plan systems, standard safety checks may not occur. As Berger noted regarding cash-price programs like Walmart's $4 generic program, bypassing insurance claims creates a significant hole in the medication safety net, as safety checks such as drug interactions and allergy checks are not completed.[1] This concern extends to other drug-related adverse events including contraindications and duplicate therapies. Without access to complete medication histories, prescribers and pharmacists cannot identify drugs previously shown to be ineffective or poorly tolerated, potentially leading to repeat prescribing of medications that have already failed or caused adverse reactions.

Fragmentation is worse when patients split prescriptions across multiple pharmacies; use of more than one pharmacy — a common practice among older adults — is linked to lower adherence and more potential drug-drug interactions.[2] Using DTC for some drugs and local pharmacies for others compounds these risks because no single party sees the full medication list.[3] For example, when patients use CPD for some medications while using other pharmacies for other medications, pharmacists lack a patient's full medication history, creating a potentially dangerous gap in drug-interaction monitoring.[4]

2. Limited Care Coordination and Disease Management

DTC pharmacies function primarily as dispensing services rather than comprehensive clinical care partners, lacking the systematic care coordination and disease management programs that characterize integrated pharmacy benefit management. Medication Therapy Management (MTM) services can lead to overall cost reductions and improved health outcomes through medication therapy review, adherence monitoring, and targeted interventions.

Traditional PBMs leverage integrated pharmacy and medical claims data to identify adherence gaps, communicate with prescribers, and operate structured disease-management programs targeting high-risk populations with chronic conditions (diabetes, cardiovascular disease, asthma) as well as patients with complex and costly conditions requiring specialty medications. DTC pharmacies, operating outside these integrated clinical frameworks, miss critical opportunities to identify and address adherence barriers, optimize medication regimens, and coordinate care transitions — services that have demonstrated clinical and economic value in improving patient outcomes.

3. Narrow Drug Selection

Amazon Pharmacy excludes several categories — compounded medications, Risk Evaluation and Mitigation Strategy (REMS) medications, Schedule II controlled substances, suspensions, vaccines, and specialty medications.[5] Among expensive generics sold, 85 (72%) were available at Amazon and 31 (26%) at CPD.[6] Amazon Pharmacy's RxPass covers only a limited set of generics (62 as of August 2025)[7] and typically exclude dermatology and specialty medications.

CPD offers only four brand-name products. Despite opening a 22,000-square-foot facility, CPD reports domestic production of only two generics to date (epinephrine and norepinephrine).[8] Since CPD offers a limited subset of medications, it can service only a subset of patients and conditions.[9]

BlinkRx focuses on a limited selection of 55+ branded medications but the platform's website does not identify which specific drugs are available.[10] BlinkRx highlights partnerships with several manufacturers including Bayer, Hikma Pharmaceuticals, Mayne Pharma, Lexicon Pharmaceuticals, Tarsus Pharmaceuticals, and Phathom Pharmaceuticals, and the platform's drug availability may be limited to these six manufacturers.

4. Access Barriers

Low-income[11] and rural[12] populations — the groups most in need of affordability — often lack reliable internet access or digital literacy. Adoption also skews younger: nearly half of Amazon customers are ages 25-44 and fewer than 10% are 65+[13], which may limit use among older adults despite their higher medication use.

Amazon RxPass is not available in California, Texas, or Washington — three of the most populous U.S. states. Cost Plus Drug Company imposes higher shipping costs for Alaska and Hawaii residents, creating geographic inequities in pricing.

5. Medicare Coverage Issues

Many DTC offerings — especially discount-card and other cash-pay models — do not qualify as creditable coverage under Medicare Part D. Those retiring after 65 who use DTC pharmacies instead of enrolling in a Part D plan may incur late-enrollment penalties and be left without comprehensive coverage if their health needs change. Some patients may mistakenly assume that purchasing prescriptions from a reputable online pharmacy satisfies Medicare requirements.[14]

6. Coupon Restrictions

Amazon Pharmacy offers manufacturer coupons, and these coupons are the basis of BlinkRx's offering. But these discounts face significant federal restrictions. Under the federal antikickback statute, Medicare beneficiaries cannot use manufacturer's copayment assistance for drugs covered under Part D.[15] As a result, DTC models have limited ability to discount brand-name drugs for Medicare patients — especially those facing high coinsurance. Cost Plus Drug Company does not accept manufacturer coupons, operating instead on its transparent pricing model.

7. No Credit Towards Deductibles

Because many DTC purchases occur outside the drug plan claims system, they typically do not accrue toward deductibles or out-of-pocket maximums. As a result, even when patients pay lower cash prices, they may delay reaching cost-sharing thresholds that unlock richer insurance benefits. For Medicare Part D beneficiaries, only costs for covered drugs processed through the Part D plan count toward the $2,000 annual out-of-pocket cap. Off-plan cash purchases (e.g., via DTC pharmacies) generally do not count toward this cap.

When patients use cash-pay channels through DTC pharmacies, they delay meeting the deductible. They may then end up paying the full cost of prescriptions or medical services longer and later into the year, precisely when budgets are tight. A 2023 Vanguard report found troubling financial vulnerabilities: median emergency savings of $5,000, one-third of working-age households with less than three weeks of take-home pay, and that 36% unable to afford an unexpected $400 expense without borrowing or selling something.[16] These constraints, combined with cost-sharing requirements, create barriers to adherence and may lead to delayed care or skipped medications — especially among low-income or medically complex patients.

8. Modest Patient Savings

Despite compelling marketing around transparent pricing, patient savings from DTC pharmacies are often smaller than advertised. For most insured patients, Tier 1 generics already carry minimal copayments, making DTC cash prices largely irrelevant. According to an editorial by Rome in the Journal of the American Medical Association, most insured patients are better off paying out-of-pocket costs charged by their drug plan rather than purchasing drugs at discounted cash prices.[17]

Studies show significant variation in actual savings. Among common generics, median absolute savings hover around $19 per fill, while expensive generics show larger but still modest savings of approximately $231 per fill (generally 30 tablets), with significant variation across drugs and outlets.[6]

Multiple studies specifically examining CPD confirm modest and inconsistent savings. A 2024 analysis estimated patients could have saved money on only 11.8% of prescriptions filled for 124 generic drugs in 2019 if they had used CPD instead of insurance, with estimated savings of approximately $5 per prescription, including shipping.[18] KFF Health News (KHN) found that 67% (141 of 211) of analyzed generic drugs were priced higher at CPD than at other local retail pharmacies.[19] One study showed that CPD offered the lowest price for only 27% of oncology drugs assessed.[20] A dermatology analysis found GoodRx identified better prices in 67.3% of cases versus CPD; the median savings was approximately $6.31 when CPD was cheaper, compared with a median savings of $8.34 when GoodRx was cheaper.[21]

Short-term savings can also lead to long-term costs. One analysis found that 62% of prescription drug coupons in 2013 were for brand-name medications despite available lower-cost alternatives.[22] The authors argued that these time-limited coupons create long-term cost burdens when they expire, leaving patients with higher copayments but reluctant to switch due to brand loyalty or perceived effectiveness.

Fees can erode savings: Cost Plus Drug Company's shipping ranges from $5-$55 per prescription, often exceeding drug costs for inexpensive generics. Amazon RxPass requires a Prime membership ($139 annually) plus the $60 subscription fee. In contrast, BlinkRx offers free home delivery.

9. Systemwide Costs Increases

While DTC pharmacies may lower individual purchase costs, they can increase overall health care spending by shifting, rather than eliminating, costs. If DTC pharmacy utilization increases, then PBMs and MCOs will have less leverage to negotiate, resulting in smaller rebates and higher spending.[17] The more that patients use drug coupons to obtain brand-name medications when lower-cost alternatives are available, the more expenses will rise for their drug plans.[22] Over time, this erosion of plan leverage and higher costs can contribute to higher premiums for all beneficiaries.

DTC pharmacies may automatically apply manufacturers coupons to claims that are submitted to drug plans. For example, Amazon Pharmacy automatically applies eligible coupons.[23,24] But because these transactions occur outside normal claims processing, plans must implement verification systems to prevent improper Medicare coupon usage and maintain accurate deductible tracking.[25,26] These compliance requirements increase administrative costs that can offset retail-level savings.

10. Limited Customer Support

This weakness applies to many DTC models. When a customer experiences a problem (e.g., a delayed refill), it may be difficult to get in touch with a customer service representative. Some CPD customers have complained that their medications take too long to arrive, or that customer service is slow.[27] KHN reports that Mark Cuban acknowledged, “we won’t be the fastest or highest-touch source. … That’s just a reality that comes with being the low-cost provider.”[19]

Summary

DTC pharmacies present a compelling narrative of transparent savings and simplified access. But behind that story are costs, risks, and limitations. The 10 weaknesses described here suggest that these platforms may create more problems than they solve. In the end, what appears cheaper may prove more costly, and what seems transparent may be anything but.

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