

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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July 9, 2020

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Comptroller General Dodaro:

We write to request that the Government Accountability Office (GAO) conduct a study on methods to stabilize the supply chain of personal protective equipment (PPE) in the United States, including strategies to harness and promote America's own domestic manufacturing capabilities, as the nation continues to fight the coronavirus pandemic and prepare for future pandemics.

PPE shortages remain a critical challenge in fighting the coronavirus pandemic. On June 9, 2020, a document from FEMA's Supply Chain Stabilization Task Force projected a shortage of approximately 100 million gowns and 40 million N95 respirators in July.¹ The document also indicated that the Task Force planned to address this shortage by recommending reusing masks and gowns, despite guidelines from the Centers for Disease Control and Prevention that reusing masks be reserved only as a method of last resort.²

In addition, last week Chairwoman Carolyn B. Maloney issued a memo summarizing information collected from representatives of six large medical equipment distribution companies that are playing a role in the Trump Administration's response to the coronavirus crisis. One company explained that the Administration's failure to coordinate PPE procurement and distribution forced states into "working through brokers in China, which has led to a series of problems," and cautioned that there is "way too much reliance on these Chinese brokers rather than a public-private partnership to procure necessary PPE."³

¹ White House COVID-19 Supply Chain Task Force, Rear Admiral John P. Polowczyk, *Presentation on Personal Protective Equipment Demand Estimates* (online at www.hassan.senate.gov/imo/media/doc/SCTF%20Demand%20PPE%20Chart.pdf).

² *Warnings Surface About New System to Disinfect N95 Masks*, Wall Street Journal (June 1, 2020) (online at www.wsj.com/articles/warnings-surface-about-new-system-to-disinfect-n95-masks-11591026809).

³ Memorandum from Chairwoman Carolyn B. Maloney, Committee on Oversight and Reform, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis, *Information Provided by Medical Distribution Companies on Challenges with White House Supply Chain Task Force and Project Airbridge* (July 2, 2020) (online at

Other companies revealed that the Administration pressed them to purchase PPE from BYD, a company heavily subsidized by the Chinese government, at a “high price for a very uncertain supply chain market.” The companies also noted that “raw material for PPE is now in a really bad position worldwide” and that “raw material for gowns is unavailable at any price, at least in the quantities we need to make gowns.” They confirmed that relying on PPE supply chains under these conditions is “not sustainable,” demonstrating the urgency of this study.⁴

Without sufficient PPE, healthcare workers are forced to put their lives, and those of their patients, at risk. More than 400 healthcare workers have died from coronavirus, and shortages of PPE have played a significant role in this crisis.⁵

Since the outbreak of coronavirus, the global PPE supply chain has failed to meet increases in demand due to constraints in production and logistics, and the United States is still largely dependent on a fragile global supply chain for its acquisition of PPE. At the outset of the pandemic, 95% of surgical masks and 70% of respirators in the US were produced overseas.⁶ In March, prices of PPE products rose dramatically, with a six-fold increase for surgical masks, three-fold increase for respirators, and a doubling in the price of gowns.⁷

In a recent hearing of the Select Subcommittee on the Coronavirus Crisis, Rear Admiral John Polowczyk of the Supply Chain Stabilization Task Force said that although he expects domestic production of N95 masks to meet demand fully by the end of 2020, the timeline for scaling up production of other essential supplies will vary dramatically. He stated that as of July 2, the United States “essentially make[s] zero nitrile gloves.”⁸

During that hearing, there was bipartisan support for efforts to enhance domestic manufacturing capacity of PPE. For example, Minority Whip Steve Scalise suggested that it was “in the national security interest of the United States of America to bring more of that

<https://oversight.house.gov/sites/democrats.oversight.house.gov/files/documents/Project%20Airbridge%20Memo%2007-02-20.pdf>).

⁴ *Id.*

⁵ *Fallen on the Front Lines: Hundreds of Health-care Workers Lost Their Lives Battling the Coronavirus*, Washington Post (June 17, 2020) (online at www.washingtonpost.com/graphics/2020/health/healthcare-workersdeath-coronavirus/). See also *Worker at NYC Hospital Where Nurses Wear Trash Bags as Protection Dies from Coronavirus*, New York Post (Mar. 25, 2020) (online at nypost.com/2020/03/25/worker-at-nyc-hospital-where-nurses-wear-trash-bags-as-protection-dies-from-coronavirus/).

⁶ *Industry News: Amid Coronavirus Fears, a Mask Shortage Could Spread Globally*, Urgent Care Association (Feb. 4, 2020) (online at www.ucaa.org/About-UCA/Industry-News/ArtMID/10309/ArticleID/1448/INDUSTRYNEWS-Amid-Coronavirus-Fears-a-Mask-Shortage-CouldSpread-Globally).

⁷ World Health Organization, *Shortage of Personal Protective Equipment Endangering Health Workers Worldwide* (Mar. 3, 2020) (online at www.who.int/news-room/detail/03-03-2020-shortage-of-personal-protectiveequipment-endangering-health-workers-worldwide).

⁸ Committee on Oversight and Reform, Select Subcommittee on the Coronavirus, Testimony of Rear Admiral John Polowczyk, Department of Defense, *Hearing on The Administration’s Efforts to Procure, Stockpile, and Distribute Critical Supplies* (July 2, 2020) (online at coronavirus.house.gov/subcommittee-activity/hearings/administration-s-efforts-procure-stockpile-and-distribute-critical).

manufacturing of things like PPE back into this country so we are not reliant on China in the future.” Rear Admiral Polowczyk affirmed that industrial base expansion efforts are “the lynchpin of what we need to do.” He added: “We need to make more here, need to have a larger stockpile, and then write contracts to have ready reserve ... from a U.S. manufacturer. That’s essentially what we’re trying to do going forward.”⁹

The Administration’s lack of a coordinated response to these shortages has led to confusion and failed to address states’ needs. Several governors have expressed frustration with the Administration’s efforts to procure and distribute critical supplies and coordinate the supply chain. In March, Governor Charlie Baker of Massachusetts stated that “one of the biggest challenges” of the pandemic is that the Trump Administration is competing with states for supplies in the private market.¹⁰ A few days later, Governors Larry Hogan of Maryland and Gretchen Whitmer of Michigan wrote in a joint op-ed:

The Federal Emergency Management Agency (FEMA) needs to better coordinate the distribution of supplies based on need. Right now, there is no single authority tracking where every spare ventilator is or where there are shortages.¹¹

In the face of federal inaction, seven Northeastern states began collaborating in May to create their own regional supply chain for PPE and develop coordinated policies for protective gear across their health care systems.¹²

This challenge also must be analyzed in the context of the broader unemployment crisis wrought by the pandemic. Approximately 1.3 million people applied for unemployment for the first time last week, totaling approximately 48 million claims filed in the past sixteen weeks.¹³

Manufacturing PPE presents a unique opportunity to create jobs while helping to stabilize the country’s PPE supply. For example, in New York City, Chairwoman Maloney’s office worked with Fashion for the Frontlines, Fashion Girls for Humanity, Care+Wear, and the Manufacturers Coalition to transition garment workers into manufacturing PPE, producing more

⁹ *Id.*

¹⁰ *Charlie Baker Vents About Getting Outbid by the Trump Administration for Medical Supplies*, Boston Globe (Mar. 26, 2020) (online at www.boston.com/news/politics/2020/03/26/charlie-baker-trumpadministration-medical-supplies).

¹¹ *Larry Hogan and Gretchen Whitmer: What Governors Need from Washington During This Health Emergency*, Washington Post (Mar. 30, 2020) (online at www.washingtonpost.com/opinions/2020/03/30/larryhogan-gretchen-whitmer-what-governors-need-washington-during-this-health-emergency/).

¹² *Northeast States Form PPE Supply Chain in Hopes of Gaining Supplies, Saving Taxpayer Money*, USA Today (May 3, 2020) (online at www.usatoday.com/story/news/2020/05/03/nj-ny-de-pa-ct-northeast-states-form-regional-supply-chain-ppe/3074527001/).

¹³ *Around 1.3 Million People Filed for First-Time Unemployment Benefits Last Week*, NBC News (July 9, 2020) (online at www.nbcnews.com/business/economy/around-1-3-million-people-filed-first-time-unemployment-benefits-n1233280).

than one million non-surgical PPE isolation gowns to distribute to hospitals and governments across the country.¹⁴ This effort can serve as a model for similar initiatives nationwide.

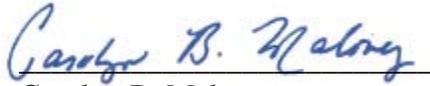
For these reasons, we request that GAO conduct a study on methods to develop and expand the domestic supply chain for producing PPE. In particular, we ask that GAO conduct a review and issue a report that:

1. Identifies all planned and existing Federal initiatives to stabilize the PPE supply chain, including those by the White House Coronavirus Task Force, Supply Chain Stabilization Task Force, and the HEROES Act Supply Chain Flexibility Manufacturing Pilot;
2. Identifies the current PPE stock of the Strategic National Stockpile (SNS), determines the proportion of that stock that is domestically produced, and assesses its sufficiency;
3. Identifies critical points of failure and potential failure in the current PPE supply chain, including procurement of raw materials and production machines, transportation, and shipping;
4. Identifies and evaluates existing federal and state efforts to coordinate and prioritize federal and state purchases and distribution of PPE;
5. Evaluates the potential impact of developing and expanding the domestic PPE supply chain, including any potential job creation or protection benefits;
6. Identifies and evaluates potential mechanisms to expand and develop the domestic supply chain for PPE, including tax credits, purchase guarantees, public-private partnerships, and modified facility licensing procedures;
7. Evaluates other mechanisms for stabilizing the PPE supply chain, such as modified guidance on distribution prioritization; the development of a nationwide system to monitor supply, use, and distribution; and increased coordination with key multinational allies; and
8. Identifies key long-term metrics to track the maintenance of adequate PPE stockpiles and surge capacity.

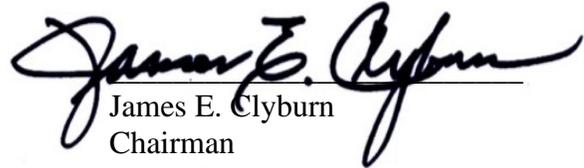
If you have any questions regarding this request, please contact Committee staff at (202) 225-5051. Thank you for your attention to this request.

¹⁴ Rep. Carolyn B. Maloney, *Press Release: Rep. Maloney Thanks NYC Fashion Industry for Producing Fashion for the Front Lines/PPE and Announces Two Initiatives to Save Lives and to Save Jobs* (May 28, 2020) (online at <https://maloney.house.gov/media-center/press-releases/rep-maloney-thanks-nyc-fashion-industry-for-producing-fashion-for-the>).

Sincerely,



Carolyn B. Maloney
Chairwoman



James E. Clyburn
Chairman
Select Subcommittee on the
Coronavirus Crisis

cc: The Honorable James R. Comer, Ranking Member

The Honorable Steve Scalise, Ranking Member
Select Subcommittee on the Coronavirus Crisis