## United States Senate

## WASHINGTON, DC 20510

February 29, 2024

The Hon. Xavier Becerra Secretary U.S. Department of Health & Human Services 200 Independence Ave SW Washington, DC 20201

Dear Secretary Becerra:

We write to express our concern about the state of the United States's supply chains for personal protective equipment (PPE) and other critical medical supplies. Recent news investigations have revealed that American medical supply chains are as weak today as they were before the Covid-19 pandemic. Without swift action by this administration, our nation could find itself once again dependent on our adversaries for essential goods.

President Trump implemented policies to build up domestic PPE production capacity and onshore our nation's medical supply chains. He invoked the Defense Production Act to convert manufacturing facilities for PPE production.<sup>1</sup> He directed the International Development Finance Corporation to lend \$100 million to finance domestic PPE production and strengthen medical supply chains. He invested billions in projects to expand production facilities, expanded the national strategic stockpile (SNS), established a "supply chain control tower" to monitor production and sourcing of PPE throughout the private sector, and strengthened domestic procurement policies.

The Biden administration inherited these policies and programs. Rather than build on the foundation established by President Trump, this administration has attempted to start from scratch—and failed. President Biden failed to renew or replace President Trump's executive orders with similar authorizations when they expired in 2022. Your department published a 40-page assessment of the public health supply chain and industrial base<sup>2</sup>, yet it has failed to take adequate steps to ensure robust domestic PPE production.

Consider the supply chain for nitrile gloves—the basic rubber gloves used by everyday doctors and nurses. In July 2021 your department, along with the Pentagon, presented a "safety valve ecosystem" for nitrile gloves and related raw materials capable of producing 31 billion units (roughly 25 percent of the U.S. annual consumption) domestically.<sup>3</sup> Investments made to-date have brought us no closer to achieving this goal. Your department's Administration for Strategic Preparedness & Response (ASPR) has invested \$574 million across six companies to produce gloves<sup>4</sup> and \$267 million across

 <sup>&</sup>lt;sup>1</sup> Executive Order on Prioritizing and Allocating Health and Medical Resources to Respond to the Spread of Covid-19, <u>Trump White House</u> (March 18, 2020).
<sup>2</sup> "Public Health Supply Chain and Industrial Base: One-Year Report In Response to Executive Order 14017," <u>Department</u>

 <sup>&</sup>lt;sup>2</sup> "Public Health Supply Chain and Industrial Base: One-Year Report In Response to Executive Order 14017," <u>Department of Health and Human Services</u> (February 2022).
<sup>3</sup> "Health & Human Services (HHS) Expansion of U.S. Domestic Manufacturing of NBR Key Chemicals — Industry

<sup>&</sup>lt;sup>3</sup> "Health & Human Services (HHS) Expansion of U.S. Domestic Manufacturing of NBR Key Chemicals — Industry Day," Department of Defense (June 28, 2021).

<sup>&</sup>lt;sup>4</sup> Awards include \$136,750,000 to Health Supply US; \$22,400,000 to Renco; \$13,104,000 to Renco; \$35,000,000 to Renco; \$56,000,000 to Rhino; \$70,000,000 to Rhino; \$37,583,749 to Showa; \$43,701,247 to Showa; \$63,612,000 to U.S. Medical Glove Co.; and \$96,083,344 to United Safety Technology. See <u>ASPR Industrial Base Expansion Portfolio</u>, U.S. Department of Health and Human Services (accessed February 9, 2024).

two companies to supply a combined 180,000 metric tons of raw material.<sup>5</sup> None of these companies' facilities is operational, and none of the funded projects are complete.<sup>6</sup>

Today, under your watch, the domestic nitrile glove supply chain is as insecure as ever. The SNS acquired just four billion gloves for its inventory—a twelve-day supply—that are slated to expire this year.<sup>7</sup> Federal agencies cannot comply with domestic procurement requirements, citing inadequate supply.<sup>8</sup> The Made in America Office has issued a waiver for the purchase of 5.55 billion foreign made gloves.<sup>9</sup> Our healthcare system, meanwhile, has only grown more dependent on China. At the start of the pandemic, during the first quarter of 2020, China supplied just over five percent of the nitrile gloves purchased in the United States. By the end of the 2023, Chinese gloves accounted for 42.5 percent of the American market.<sup>10</sup>

All of the available evidence indicates that our critical medical supply chains are as weak today as they were before the pandemic. Despite billions in federal spending and investment to build out discreet production lines within the medical equipment supply chain, projects remain incomplete. The programs established the Trump administration now lie fallow under your watch. New initiatives have failed to bear fruit while China retains control of critical consumables markets.<sup>11</sup>

We would like answers about how the Department of Health and Human Services is managing the domestic supply chain for nitrile gloves and other critical medical goods. We ask for a response to the following questions by April 29, 2024:

- 1. Of the 7 contracts (6 for glove manufacturing and 1 for rubber production) issued for nitrile glove and rubber (specifically, AcryloNitrile Butadiene Rubber or NBR) manufacturing by the Department of Health and Human Services and the Pentagon in 2021, how many contracts are complete?
- 2. If any contracts are complete, are those companies currently making NBR or gloves with the equipment that was purchased?
  - a. How much NBR and how many gloves are being produced?
  - b. What percentage of the US needs does this represent?
  - c. If nothing is currently being produced, how long would it take for the "capacity" to become operational?

<sup>&</sup>lt;sup>5</sup> This includes a \$123,120,000 award to Blue Star NBR (see award information at <u>ASPR Industrial base Expansion</u> <u>Portfolio</u>) as well as a \$144,763,969 contract for Safesource Direct (see definitive contract in <u>Federal Procurement Data</u> <u>System</u>).

<sup>&</sup>lt;sup>6</sup> Independent research and analysis. News reports corroborate nonoperational facilities (see: Nell Greenfeldboyce, "More medical gloves are coming from China, as U.S. markers of protective gear struggle," <u>NPR</u> (November 3, 2023); and Laura Vozzella, "A Va. Plant promised PPE for health workers. \$123M later, it's mothballed." *Washington Post* (December 28, 2023)). Showa has issued a <u>WARN Act notice</u> of layoffs in May 2023 at its idle glove-manufacturing facility in Fayette, Alabama.

<sup>&</sup>lt;sup>7</sup> "Public Health Supply Chain and Industrial Base: One-Year Report In Response to Executive Order 14017," U.S. Department of Health and Human Services (February 2022), 6.

<sup>&</sup>lt;sup>8</sup> The U.S. Department of Homeland Security has noted that "agencies have largely been able to transition to wholly domestic personal protective equipment (PPE) for the PPE items identified in the Act with the exception of nitrile gloves" and that "NBR is not domestically manufactured or produced at a level to meet the nitrile glove demands of DHS, HHS, and VA." See "Special Notice to Industry on Developments per the Make PPE in American Act," U.S. Department of Homeland Security.

<sup>&</sup>lt;sup>9</sup> "Nitrile Butadiene Rubber (NBR) Waiver," <u>MadeinAmerica.gov</u> (accessed: February 9, 2024).

<sup>&</sup>lt;sup>10</sup> U.S. International Trade Commission data

<sup>&</sup>lt;sup>11</sup> Wanshan Wu et al., "Measuring the Market Power of China's Medical Product Exports," *<u>Front Public Health</u>* (2022).

- d. Have contracts been issued to make sure the "capacity" does not fall into disrepair?
- e. If contracts have not been issued to keep the "capacity" in good working order is HHS simply writing off these investments?
- 3. A recent waiver from the Made in America Office for the purchase of 5.5 billion gloves states that there is zero NBR production in the US and also not enough glove production to satisfy this purchase. How many gloves are currently being produced in the US?
- 4. A recent memo from DHS states that there is zero NBR production and not enough glove production to satisfy the Make PPE in America Act purchase requirements for DHS, the VA and HHS. How many gloves per year need to be purchased under the Make PPE in America act?
- 5. A November 2023 press release states that your department's Office of Industrial Base Management and Supply Chain has invested \$17B over 87 contracts to expand the domestic manufacturing industrial base.<sup>12</sup> How many full-time employees does the office have managing this extensive portfolio of investments?
  - a. How many of these colleagues work in your department's complex?
  - b. Are any of the colleagues are contractors? If so, how many?

The Covid-19 pandemic was responsible for some of the gravest injustices and humiliations for the United States in recent memory: from lockdowns and school closures to mask and vaccine mandates. Such policies undermined the public trust in America's leaders and institutions. Among the most humiliating was the fact that the communist nation responsible for unleashing this plague on the world was also profiting off supplying the tools to fight it. We must end our dependence on foreign supply chains and save ourselves from future humiliation.

Thank you for your service to the health and well-being of the American people.

Sincerely,

JD Vance Upited States Senator

Jøsh Hawley United States Senator

Rick Scott United States Senator

<sup>&</sup>lt;sup>12</sup> Press Release, "Biden-Harris Administration Announces Actions to Bolster Medical Supply Chain," <u>U.S. Department of</u> <u>Health and Human Services</u> (November 27, 2023).