

SENATE FINANCE COMMITTEE: PROTECTING THE RELIABILITY OF THE U.S. MEDICAL SUPPLY CHAIN DURING THE COVID-19 PANDEMIC

EXECUTIVE SUMMARY

The Senate Finance Committee convened a two-part hearing on protecting the reliability of the medical supply chain during the COVID-19 pandemic. [Part I](#), on July 28, featured witnesses from the Customs and Border Protection, Immigration, Customs, and Enforcement (ICE), and the Department of Homeland Security. The Senators largely focused on the ongoing shortages of personal protective equipment (PPE) and the lack of a national procurement plan for these supplies. Senators were also concerned about the proliferation of the fraudulent and counterfeit COVID-19 products that endanger frontline workers. Due to these many vulnerabilities exposed during the pandemic, many senators were supportive of incentives to bring the medical supply chain back to the United States.

[Part II](#), on July 30, featured witnesses from members of the medical supply chain, including individuals responsible for the procurement of PPE, manufacturers of safety equipment, and frontline workers. Witnesses spoke to the challenges endured in procuring and distributing safe and effective PPE, and recommended solutions to improve the supply chain through transparency and innovation. Members of the Committee focused on actionable items to improve the supply chain, targeting supplies to vulnerable populations, and the strategic national stockpile (SNS).

PART I

Highlights from Part I of the hearing follow:

In his [opening statement](#), **Chairman Chuck Grassley (R-IA)** emphasized the need to ensure that the nation's healthcare workers receive safe and effective medical supplies. He detailed that the COVID-19 pandemic has exposed new vulnerabilities in the supply chain, while exacerbating old vulnerabilities. He also expressed concern about the supply of personal protective equipment (PPE) and the bad actors that have taken advantage of the situation by selling fraudulent products. He concluded by stating that the medical supply chain needs to come back to America, and rely less on China, which restricted the export of PPE during this critical time.

Ranking Member Ron Wyden (D-OR) [stated](#) that the lack of federal coordination during the COVID-19 pandemic led to inadequate supplies for healthcare providers. He further explained that the Administration's tactic to allow states to procure their own supplies resulted in competition between the states for scarce supplies and the sale of fraudulent products that endanger frontline workers.

The following witnesses testified in Part I:

- **Mr. Thomas Overacker**, Cargo and Conveyance Security at Customs and Border Protection ([testimony](#));
- **Mr. Steve Francis**, Assistant Director of the Homeland Security Investigations Global Trade Investigations Division at Immigration, Customs, and Enforcement ([testimony](#)); and
- **Ms. Soraya Correa**, Chief Procurement Officer at the Department of Homeland Security ([testimony](#)).

During the question and answer portion of the hearing, many of the Democrat Senators focused on the lack of national strategy to procure the necessary supplies for healthcare providers during the pandemic and expressed support for a strategy to bring the production of such supplies back to America. Democrats also expressed concern about the ongoing shortages of PPE and the need to invoke the Defense Production Act (DPA). Ms. Correa detailed that her office is not responsible for developing a procurement plan for shortages, but rather coordinates contracts within the supply chain when requirements are identified. As far as she was aware, there are no new demands for PPE currently.

Republican members focused on creating incentives to bring the supply chain to the United States through federal government demand signals such as long-term government contracts for domestic manufacturers. They also emphasized the roles China and Hong Kong play in the supply chain, from PPE to pharmaceutical ingredients, and the need to identify counterfeit goods coming out of the country. Mr. Francis explained ICE's efforts to combat counterfeiting and to increase consumer's education about these products. o

PART II

Highlights from the Part II of the hearing follow:

In **Chairman Chuck Grassley's (R-IA)** second [opening statement](#), he reasserted the challenges healthcare providers have faced in obtaining the necessary supplies and the unreliability of certain PPE products due to counterfeit products. Chairman Grassley recounted testimonies from Part I that detailed the government's efforts to eliminate these fraudulent vendors and provide safe and effective products. He was looking forward to hearing from today's witnesses on how members of the supply chains have coordinated with the federal government and what could be improved.

Ranking Member Ron Wyden (D-OR) [emphasized](#) that the counterfeit products are not the only concern when the Administration has failed to provide healthcare workers adequate supplies of PPE throughout the pandemic. He further explained that despite the Administration's claims that there is not a current shortage of PPE, many hospitals in hotspot areas report imminent shortages of supplies. He concluded that the current shortages are putting frontline workers in danger, and action needs to be taken to prevent further loss.

WITNESS TESTIMONY

Ms. Cathy Denning, Group Senior Vice President of Sourcing Operations at Vizient, [testified](#) on how her company has helped its members procure the necessary PPE during the pandemic. Ms. Denning detailed that Vizient is the nation's largest member owned, health care performance improvement company, and its member include more than half of all acute-care health care systems, and 95 percent of the country's academic medical centers. During the pandemic, Vizient leveraged its group-purchasing expertise to coordinate member needs with available PPE. Ms. Denning noted that many bad actors were encountered during this process, making it difficult to procure reliable equipment. To improve the supply chain, Ms. Denning suggested enhanced transparency, redundancy, and diversification, and improved processes for the SNS.

In his [testimony](#), **Mr. Rob Wiehe**, Senior Vice President and Chief Supply Chain Office at UC Health, recounted the challenges faced in procuring supplies for his health system. He detailed that due to a lack of supply, he was forced to go through non-traditional, and unverified vendors, in which he encountered many scammers. He also spoke to the limited ability of the SNS and the price gouging that occurred due to states having to compete for limited supplies. To address these challenges, Mr. Wiehe supported innovating stockpiles locally and nationally, prioritizing a regional approach the manufacturing of raw materials, and greater transparency.

Mr. Charles Johnson, President of the International Safety Equipment Association, [spoke](#) about his members ability to manufacture and distribute protective equipment during the pandemic. Mr. Johnson emphasized that the two major challenges encountered were the safety and effectiveness of products being compromised by counterfeits and the ability to meet the demand. He further explained that the prevalence of counterfeit products has undermined the trust and increased the need to verify the safety of all products. He also noted that the current production lines were not built to meet such a high demand in a small amount of time. Mr. Johnson recommended legislation to remove fraudulent suppliers from the internet, reforms to the SNS to meet demands in the future, and investment in domestic production.

Dr. Ernest Grant, President of the American Nurses Association, [provided](#) the frontline experience of nurses who have been forced to reuse single use masks or decontaminated masks. In a survey conducted two months ago, Mr. Grant detailed that 59 percent of nurses reported that reusing masks makes them feel unsafe and preliminary results from a more recent survey reveal the same findings. He explained that the ANA does not support the decontamination and reuse of single use masks and more federal and state collaboration is needed to provide all hospitals adequate supplies.

MEMBER DISCUSSION

Supply Chain Improvements

Sen. Tom Carper (D-DE) asked what steps should be taken to improve the supply chain. Dr. Grant responded that transparency needs to be increased in order to reduce the competition between states and the federal government for scarce supplies. Ms. Denning agreed that transparency is needed, as well as redundancy to ensure that the country is not reliant on a sole provider for certain products. Mr. Wiehe also supported transparency from the supply side and the demand side. Mr. Johnson agreed that transparency on the demand side is critical to ensure that production meets demand. Sen. Carper followed up by asking what is needed to prevent delays on the distribution side. Mr. Johnson detailed greater coordination is needed between the federal regulatory agencies that oversee the safety of such products.

Sen. Catherine Cortez Masto (D-NV) referenced the DPA and the need to ramp up production in the supply chain to meet the urgent need. Ms. Denning agreed that any method to increase production would be helpful throughout the supply chain. Mr. Johnson responded that the DPA is being used effectively, but it is not “magic” and does not have the ability to utilize production lines to do not exist.

Sen. Bob Casey (D-PA) asked the panel about the next generation of PPE and innovation in the space. Mr. Johnson detailed that innovation occurred throughout the pandemic with new solutions coming to market and redirected products from other industries. He continued to explain that members of the association are working with regulatory bodies to develop the next generation of respirators and are looking for support for these efforts. Sen. Casey then asked about the skin irritations experienced by nurses who wear masks for prolonged periods. Dr. Grant agreed that this is a problem and nurses are interested in engaging on mask improvements.

Strategic National Stockpile

Sen. Pat Roberts (R-KS) noted that there was an unprecedented demand for the SNS and how it was not designed to meet the need of every community at once. He then asked how should the SNS plan to meet this type of demand in the future. Ms. Denning recommended that the SNS hold a 90-day supply of critical products, such as PPE and ventilators, and should improve its distribution abilities. Mr. Wiehe also supported a 90-day supply, but also suggested reporting requirements for manufacturers who produce PPE supplies and are in critical shortage. Mr. Johnson recommended better planning processes to forecast expected needs and ensure that products do not expire. Dr. Johnson also agreed that planning is needed for a rotational supply of critical products.

Health Disparities

Ranking Member Wyden and **Sen. Ben Cardin (D-MD)** referenced the disproportionate impact the pandemic has had on communities of color and asked how the lack of supplies has contributed to this. Dr. Grant noted that it is more difficult for smaller hospitals to procure PPE, which results in lack of care for the communities served by these hospitals. Ms. Denning added that Vizient tries to ensure that hospitals of all sizes receive supplies. Sen. Cardin then asked how we can better target supplies to underserved areas. Dr. Grant responded that a stronger investment in public health is needed and community nurses need to be involved in the process to identify vulnerable, high-risk communities.