

United States Senate
WASHINGTON, DC 20510

April 27, 2020

Michael C. Kaufmann
Chief Executive Officer
Cardinal Health, Inc.
7000 Cardinal Place
Dublin, OH 43017

Dear Mr. Kaufmann:

We write to inquire about your company's interactions with the White House Coronavirus Task Force, the U.S. Federal Emergency Management Agency (FEMA), and other executive branch entities distributing medical supplies during the coronavirus disease 2019 (COVID-19) pandemic.

Last month, the Trump administration initiated what White House Senior Advisor, Jared Kushner, described as an "unprecedented public-private partnership"¹ with private sector medical supply companies, called "Project Air Bridge."² Through this program, the federal government pays for medical supplies—including masks, face shields, gowns, and gloves—to be shipped by air freight, expediting shipments that would otherwise be made by ocean freight.³ Upon landing in the United States, half of the supplies are "directed by the distributors to customers within hotspot areas," with the remaining half being fed into "distributors' normal supply chain and onto their customers across the U.S."⁴

We applaud and support efforts to quickly bring medical supplies to states, territories, and tribal nations who desperately need them, but we are concerned by the Trump Administration's

¹ Reuters, "White House-led airlift of urgently needed medical supplies arrives in New York," Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21GOLB>.

² Federal Emergency Management Agency, "FEMA COVID-19 Supply Chain Task Force: Supply Chain Stabilization," April 8, 2020, <https://www.fema.gov/news-release/2020/04/08/fema-covid-19-supply-chain-task-force-supply-chain-stabilization>; White House, "Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing," transcript, April 5, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-20/>.

³ NBC News, "Lawmakers demand answers on Kushner supply chain influence," April 8, 2020, <https://www.nbcnews.com/politics/white-house/lawmakers-demand-answers-kushner-supply-chain-influence-n1179071>.

⁴ Federal Emergency Management Agency, "Coronavirus (COVID-19) Pandemic Whole-of-America Response," April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

process for doing so, which appears to be—at least in part—driven by politics rather than public health, and delegates decisions about distribution to private companies with little to no transparency about how distribution and pricing decisions are made.⁵

The administration has not been clear about how it determines which areas of the country are COVID-19 “hotspots.” Briefing points indicate that the areas are “determined by HHS and FEMA based on CDC data,”⁶ but the administration has not answered requests for more detail from reporters, nor from members of Congress,⁷ and public statements by President Trump and others indicate that these decisions are partly influenced by politics and the whims of the President.

The administration has also provided little explanation of what happens to the half of supplies that are fed into the “normal supply chain.” In expediting shipments, the administration has reportedly saved medical supply companies more than \$25 million in shipping costs.⁸ The leader of the administration’s Supply Chain Task Force has stated that he is “not here to disrupt a supply chain.”⁹ But given the “unprecedented”¹⁰ nature of this partnership, and the numerous reported problems with states and hospital officials being unable to obtain personal protective equipment (PPE) and other medical supplies, or having shipments of these materials seized by federal officials and spirited to unknown destinations, the American people need an explanation for how these supplies are obtained, priced, and distributed through Project Air Bridge. Unfortunately, neither the administration nor your company has explained critical details, such as the content of any existing contracts or financial agreements.¹¹

Some states are reportedly bidding against each other on the open market for supplies, paying up to 10 times the normal prices for some goods.¹² This raises the question of how prices are being

⁵ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁶ Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic Whole-of-America Response,” April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

⁷ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>; Letter from Senator Gary C. Peters et al. to Vice President Michael R. Pence, April 10, 2020, https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf.

⁸ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁹ White House, “Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing,” transcript, April 2, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-17/>.

¹⁰ Reuters, “White House-led airlift of urgently needed medical supplies arrives in New York,” Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

¹¹ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹² Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020,

established and who exactly is profiting off of this unprecedented crisis that has claimed the lives of tens of thousands of Americans.¹³ One of the companies participating in Project Air Bridge told the LA Times that its agreement with the administration stipulates that it charge “reasonable” prices, but provided no detail beyond that.¹⁴ Even if your company is indeed charging “reasonable” prices, we are concerned that the supplies, once sold, may ultimately be making their way to third-party sellers that jack up the prices, as some state officials believe.¹⁵

Our concerns about states’ ability to acquire supplies quickly and at a reasonable cost are amplified by reports that federal agents appears to be seizing purchases of medical supplies for redistribution.¹⁶ The chief physician executive of a Massachusetts hospital system recently described the measures that he had to take in order to protect a shipment of face masks and respirators from being seized by the Federal Bureau of Investigations and the Department of Homeland Security (of which FEMA is a part), including transporting the supplies in trucks disguised as food-service vehicles.¹⁷ In explaining its actions, FEMA has issued a series of statements that fail to explain why it might be seizing supplies, the extent to which it is doing so, or what it is doing with them after seizure. After seizing supplies earmarked for first responders in Milford, MA, a FEMA spokesperson said that, “PPE being distributed internally within the United States is not being seized or re-routed by FEMA. Reports of FEMA commandeering or re-routing such supplies are false.” FEMA then provided a statement describing Project Air Bridge, adding that the agreement by which “companies are obligated to sell a predetermined percentage of their cargo to areas that HHS and FEMA identified as hot spots... may be misconstrued as FEMA ‘commandeering’ supplies from the company or their customers.”¹⁸

FEMA’s description of Project Air Bridge, as a response to explain where the order of supplies went, raises even more questions, raising the possibility that supplies—already ordered and paid for by a state—are being taken by FEMA, entrusted to a private medical supplier, sold to a third-party broker, and then auctioned back to that same state for an outrageous price after a delay of days or weeks.

https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹³ Johns Hopkins University, “COVID-19 United States Cases by County,” accessed April 21, 2020, <https://coronavirus.jhu.edu/us-map>.

¹⁴ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹⁵ Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020, https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹⁶ LA Times, “Hospitals say feds are seizing masks and other coronavirus supplies without a word,” Noam N. Levey, April 7, 2020, <https://www.latimes.com/politics/story/2020-04-07/hospitals-washington-seize-coronavirus-supplies>.

¹⁷ New England Journal of Medicine, “In Pursuit of PPE,” Andrew Artenstein, April 17, 2020, <https://www.nejm.org/doi/full/10.1056/NEJMc2010025>.

¹⁸ Boston 25 News, “Milford says FEMA took personal protective equipment meant for town, feds respond,” Evan White, April 11, 2020, <https://www.boston25news.com/news/milford-says-fema-took-personal-protective-equipment-meant-town-feds-respond/5F44IHCIMVB7XIW6PCLBX4WWRI/>.

Between reports of shortages across the country,¹⁹ seizures of supplies by the government, and outrageous prices, there is an extraordinary level of confusion and dismay about the current state of the medical supply chain. Given the critical need for supplies as the pandemic continues to unfold, the administration’s continued stonewalling about Project Air Bridge, and the fact that your company is in a position of knowledge about the supply chain, we request that you answer the following questions by May 8, 2020.

1. How was your company selected as a participant in Project Air Bridge?
2. What specific contracts or agreements are in place between you and federal government entities regarding Project Air Bridge? With what agencies has your company signed these agreements?
3. How do you receive medical supplies and PPE from Project Air Bridge? What costs do you pay for the federal government’s transport of these items, and how does it compare to your typical costs for obtaining items from suppliers?
4. How has your company distributed medical supplies and PPE?
 - a. How is your company or the government determining which half of supplies will be distributed to hotspots, and which half will instead be fed into the “normal supply chain”? For example, are medical supplies being divided into halves by number of unit? Cost? Is each category of medical product being divided separately?
 - b. Have you been provided with instructions to distribute supplies to COVID-19 “hotspots”? Please provide any lists of hotspots that have been provided to you, as well as any relevant dates for which those lists were current.
 - c. How is your company distributing the supplies that are fed into its “normal supply chain”? Are these supplies going to orders that were placed before the initiation of Project Air Bridge? Are they going to existing customers under renegotiated terms? Are they auctioned to the highest bidder? Please describe your company’s practices in as much detail as possible.
5. Please provide a full accounting of the distribution of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of all COVID-19-related supplies and PPE you have received, the quantity of each item, and information on where this quantity has been distributed, including a list of how much each recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties) has received.

¹⁹ New York Times, “FEMA’s ‘Air Bridge’ to Coronavirus Hot Spots Leaves Other Regions on Their Own,” Zolan Kanno-Youngs, April 16, 2020, <https://www.nytimes.com/2020/04/16/us/politics/coronavirus-fema-medical-supplies.html>; U.S. Department of Health and Human Services Office of Inspector General, “Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020,” April 3, 2020, <https://oig.hhs.gov/oei/reports/oei-06-20-00300.pdf>.

6. How do you determine selling prices for medical equipment and PPE that you have obtained via Project Air Bridge?
What restrictions, if any, dictate your ability to set prices on medical supplies distributed via Project Air Bridge? One report says that your company is required to charge “reasonable” prices.²⁰ Please describe any such requirements in detail. How is the government monitoring and enforcing compliance with such requirements?
7. Please provide a full accounting of the cost and pricing of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of (1) average cost to obtain each type of supply or equipment, (2) your average selling prices for each type of supply or equipment, and (3) your average selling price for each pieces of supply or equipment for each major recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties).
8. Is your company entrusted with distributing pre-existing orders of supplies that are seized by FEMA? Has it been given any directives on how to distribute these supplies?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

²⁰ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

United States Senate
WASHINGTON, DC 20510

April 27, 2020

Lisa Hohman
Chief Executive Officer
Concordance Healthcare Solutions, LLC
801 Adlai Stevenson Drive
Springfield, IL 62703

Dear Ms. Hohman:

We write to inquire about your company's interactions with the White House Coronavirus Task Force, the U.S. Federal Emergency Management Agency (FEMA), and other executive branch entities distributing medical supplies during the coronavirus disease 2019 (COVID-19) pandemic.

Last month, the Trump administration initiated what White House Senior Advisor, Jared Kushner, described as an "unprecedented public-private partnership"¹ with private sector medical supply companies, called "Project Air Bridge."² Through this program, the federal government pays for medical supplies—including masks, face shields, gowns, and gloves—to be shipped by air freight, expediting shipments that would otherwise be made by ocean freight.³ Upon landing in the United States, half of the supplies are "directed by the distributors to customers within hotspot areas," with the remaining half being fed into "distributors' normal supply chain and onto their customers across the U.S."⁴

We applaud and support efforts to quickly bring medical supplies to states, territories, and tribal nations who desperately need them, but we are concerned by the Trump Administration's

¹ Reuters, "White House-led airlift of urgently needed medical supplies arrives in New York," Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

² Federal Emergency Management Agency, "FEMA COVID-19 Supply Chain Task Force: Supply Chain Stabilization," April 8, 2020, <https://www.fema.gov/news-release/2020/04/08/fema-covid-19-supply-chain-task-force-supply-chain-stabilization>; White House, "Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing," transcript, April 5, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-20/>.

³ NBC News, "Lawmakers demand answers on Kushner supply chain influence," April 8, 2020, <https://www.nbcnews.com/politics/white-house/lawmakers-demand-answers-kushner-supply-chain-influence-n1179071>.

⁴ Federal Emergency Management Agency, "Coronavirus (COVID-19) Pandemic Whole-of-America Response," April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

process for doing so, which appears to be—at least in part—driven by politics rather than public health, and delegates decisions about distribution to private companies with little to no transparency about how distribution and pricing decisions are made.⁵

The administration has not been clear about how it determines which areas of the country are COVID-19 “hotspots.” Briefing points indicate that the areas are “determined by HHS and FEMA based on CDC data,”⁶ but the administration has not answered requests for more detail from reporters, nor from members of Congress,⁷ and public statements by President Trump and others indicate that these decisions are partly influenced by politics and the whims of the President.

The administration has also provided little explanation of what happens to the half of supplies that are fed into the “normal supply chain.” In expediting shipments, the administration has reportedly saved medical supply companies more than \$25 million in shipping costs.⁸ The leader of the administration’s Supply Chain Task Force has stated that he is “not here to disrupt a supply chain.”⁹ But given the “unprecedented”¹⁰ nature of this partnership, and the numerous reported problems with states and hospital officials being unable to obtain personal protective equipment (PPE) and other medical supplies, or having shipments of these materials seized by federal officials and spirited to unknown destinations, the American people need an explanation for how these supplies are obtained, priced, and distributed through Project Air Bridge. Unfortunately, neither the administration nor your company has explained critical details, such as the content of any existing contracts or financial agreements.¹¹

Some states are reportedly bidding against each other on the open market for supplies, paying up to 10 times the normal prices for some goods.¹² This raises the question of how prices are being

⁵ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁶ Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic Whole-of-America Response,” April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

⁷ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>; Letter from Senator Gary C. Peters et al. to Vice President Michael R. Pence, April 10, 2020, https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf.

⁸ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁹ White House, “Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing,” transcript, April 2, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-17/>.

¹⁰ Reuters, “White House-led airlift of urgently needed medical supplies arrives in New York,” Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

¹¹ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹² Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020,

established and who exactly is profiting off of this unprecedented crisis that has claimed the lives of tens of thousands of Americans.¹³ One of the companies participating in Project Air Bridge told the LA Times that its agreement with the administration stipulates that it charge “reasonable” prices, but provided no detail beyond that.¹⁴ Even if your company is indeed charging “reasonable” prices, we are concerned that the supplies, once sold, may ultimately be making their way to third-party sellers that jack up the prices, as some state officials believe.¹⁵

Our concerns about states’ ability to acquire supplies quickly and at a reasonable cost are amplified by reports that federal agents appears to be seizing purchases of medical supplies for redistribution.¹⁶ The chief physician executive of a Massachusetts hospital system recently described the measures that he had to take in order to protect a shipment of face masks and respirators from being seized by the Federal Bureau of Investigations and the Department of Homeland Security (of which FEMA is a part), including transporting the supplies in trucks disguised as food-service vehicles.¹⁷ In explaining its actions, FEMA has issued a series of statements that fail to explain why it might be seizing supplies, the extent to which it is doing so, or what it is doing with them after seizure. After seizing supplies earmarked for first responders in Milford, MA, a FEMA spokesperson said that, “PPE being distributed internally within the United States is not being seized or re-routed by FEMA. Reports of FEMA commandeering or re-routing such supplies are false.” FEMA then provided a statement describing Project Air Bridge, adding that the agreement by which “companies are obligated to sell a predetermined percentage of their cargo to areas that HHS and FEMA identified as hot spots... may be misconstrued as FEMA ‘commandeering’ supplies from the company or their customers.”¹⁸

FEMA’s description of Project Air Bridge, as a response to explain where the order of supplies went, raises even more questions, raising the possibility that supplies—already ordered and paid for by a state—are being taken by FEMA, entrusted to a private medical supplier, sold to a third-party broker, and then auctioned back to that same state for an outrageous price after a delay of days or weeks.

https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹³ Johns Hopkins University, “COVID-19 United States Cases by County,” accessed April 21, 2020, <https://coronavirus.jhu.edu/us-map>.

¹⁴ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹⁵ Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020, https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹⁶ LA Times, “Hospitals say feds are seizing masks and other coronavirus supplies without a word,” Noam N. Levey, April 7, 2020, <https://www.latimes.com/politics/story/2020-04-07/hospitals-washington-seize-coronavirus-supplies>.

¹⁷ New England Journal of Medicine, “In Pursuit of PPE,” Andrew Artenstein, April 17, 2020, <https://www.nejm.org/doi/full/10.1056/NEJMc2010025>.

¹⁸ Boston 25 News, “Milford says FEMA took personal protective equipment meant for town, feds respond,” Evan White, April 11, 2020, <https://www.boston25news.com/news/milford-says-fema-took-personal-protective-equipment-meant-town-feds-respond/5F44IHCIMVB7XIW6PCLBX4WWRI/>.

Between reports of shortages across the country,¹⁹ seizures of supplies by the government, and outrageous prices, there is an extraordinary level of confusion and dismay about the current state of the medical supply chain. Given the critical need for supplies as the pandemic continues to unfold, the administration’s continued stonewalling about Project Air Bridge, and the fact that your company is in a position of knowledge about the supply chain, we request that you answer the following questions by May 8, 2020.

1. How was your company selected as a participant in Project Air Bridge?
2. What specific contracts or agreements are in place between you and federal government entities regarding Project Air Bridge? With what agencies has your company signed these agreements?
3. How do you receive medical supplies and PPE from Project Air Bridge? What costs do you pay for the federal government’s transport of these items, and how does it compare to your typical costs for obtaining items from suppliers?
4. How has your company distributed medical supplies and PPE?
 - a. How is your company or the government determining which half of supplies will be distributed to hotspots, and which half will instead be fed into the “normal supply chain”? For example, are medical supplies being divided into halves by number of unit? Cost? Is each category of medical product being divided separately?
 - b. Have you been provided with instructions to distribute supplies to COVID-19 “hotspots”? Please provide any lists of hotspots that have been provided to you, as well as any relevant dates for which those lists were current.
 - c. How is your company distributing the supplies that are fed into its “normal supply chain”? Are these supplies going to orders that were placed before the initiation of Project Air Bridge? Are they going to existing customers under renegotiated terms? Are they auctioned to the highest bidder? Please describe your company’s practices in as much detail as possible.
5. Please provide a full accounting of the distribution of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of all COVID-19-related supplies and PPE you have received, the quantity of each item, and information on where this quantity has been distributed, including a list of how much each recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties) has received.

¹⁹ New York Times, “FEMA’s ‘Air Bridge’ to Coronavirus Hot Spots Leaves Other Regions on Their Own,” Zolan Kanno-Youngs, April 16, 2020, <https://www.nytimes.com/2020/04/16/us/politics/coronavirus-fema-medical-supplies.html>; U.S. Department of Health and Human Services Office of Inspector General, “Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020,” April 3, 2020, <https://oig.hhs.gov/oei/reports/oei-06-20-00300.pdf>.

6. How do you determine selling prices for medical equipment and PPE that you have obtained via Project Air Bridge?

What restrictions, if any, dictate your ability to set prices on medical supplies distributed via Project Air Bridge? One report says that your company is required to charge “reasonable” prices.²⁰ Please describe any such requirements in detail. How is the government monitoring and enforcing compliance with such requirements?

7. Please provide a full accounting of the cost and pricing of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of (1) average cost to obtain each type of supply or equipment, (2) your average selling prices for each type of supply or equipment, and (3) your average selling price for each pieces of supply or equipment for each major recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties).
8. Is your company entrusted with distributing pre-existing orders of supplies that are seized by FEMA? Has it been given any directives on how to distribute these supplies?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

²⁰ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

United States Senate
WASHINGTON, DC 20510

April 27, 2020

Stanley M. Bergman
Chairman and Chief Executive Officer
Henry Schein, Inc.
135 Duryea Road
Melville, NY 11747

Dear Mr. Bergman:

We write to inquire about your company's interactions with the White House Coronavirus Task Force, the U.S. Federal Emergency Management Agency (FEMA), and other executive branch entities distributing medical supplies during the coronavirus disease 2019 (COVID-19) pandemic.

Last month, the Trump administration initiated what White House Senior Advisor, Jared Kushner, described as an "unprecedented public-private partnership"¹ with private sector medical supply companies, called "Project Air Bridge."² Through this program, the federal government pays for medical supplies—including masks, face shields, gowns, and gloves—to be shipped by air freight, expediting shipments that would otherwise be made by ocean freight.³ Upon landing in the United States, half of the supplies are "directed by the distributors to customers within hotspot areas," with the remaining half being fed into "distributors' normal supply chain and onto their customers across the U.S."⁴

We applaud and support efforts to quickly bring medical supplies to states, territories, and tribal nations who desperately need them, but we are concerned by the Trump Administration's

¹ Reuters, "White House-led airlift of urgently needed medical supplies arrives in New York," Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

² Federal Emergency Management Agency, "FEMA COVID-19 Supply Chain Task Force: Supply Chain Stabilization," April 8, 2020, <https://www.fema.gov/news-release/2020/04/08/fema-covid-19-supply-chain-task-force-supply-chain-stabilization>; White House, "Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing," transcript, April 5, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-20/>.

³ NBC News, "Lawmakers demand answers on Kushner supply chain influence," April 8, 2020, <https://www.nbcnews.com/politics/white-house/lawmakers-demand-answers-kushner-supply-chain-influence-n1179071>.

⁴ Federal Emergency Management Agency, "Coronavirus (COVID-19) Pandemic Whole-of-America Response," April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

process for doing so, which appears to be—at least in part—driven by politics rather than public health, and delegates decisions about distribution to private companies with little to no transparency about how distribution and pricing decisions are made.⁵

The administration has not been clear about how it determines which areas of the country are COVID-19 “hotspots.” Briefing points indicate that the areas are “determined by HHS and FEMA based on CDC data,”⁶ but the administration has not answered requests for more detail from reporters, nor from members of Congress,⁷ and public statements by President Trump and others indicate that these decisions are partly influenced by politics and the whims of the President.

The administration has also provided little explanation of what happens to the half of supplies that are fed into the “normal supply chain.” In expediting shipments, the administration has reportedly saved medical supply companies more than \$25 million in shipping costs.⁸ The leader of the administration’s Supply Chain Task Force has stated that he is “not here to disrupt a supply chain.”⁹ But given the “unprecedented”¹⁰ nature of this partnership, and the numerous reported problems with states and hospital officials being unable to obtain personal protective equipment (PPE) and other medical supplies, or having shipments of these materials seized by federal officials and spirited to unknown destinations, the American people need an explanation for how these supplies are obtained, priced, and distributed through Project Air Bridge. Unfortunately, neither the administration nor your company has explained critical details, such as the content of any existing contracts or financial agreements.¹¹

Some states are reportedly bidding against each other on the open market for supplies, paying up to 10 times the normal prices for some goods.¹² This raises the question of how prices are being

⁵ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁶ Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic Whole-of-America Response,” April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

⁷ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>; Letter from Senator Gary C. Peters et al. to Vice President Michael R. Pence, April 10, 2020, https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf.

⁸ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁹ White House, “Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing,” transcript, April 2, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-17/>.

¹⁰ Reuters, “White House-led airlift of urgently needed medical supplies arrives in New York,” Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

¹¹ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹² Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020,

established and who exactly is profiting off of this unprecedented crisis that has claimed the lives of tens of thousands of Americans.¹³ One of the companies participating in Project Air Bridge told the LA Times that its agreement with the administration stipulates that it charge “reasonable” prices, but provided no detail beyond that.¹⁴ Even if your company is indeed charging “reasonable” prices, we are concerned that the supplies, once sold, may ultimately be making their way to third-party sellers that jack up the prices, as some state officials believe.¹⁵

Our concerns about states’ ability to acquire supplies quickly and at a reasonable cost are amplified by reports that federal agents appears to be seizing purchases of medical supplies for redistribution.¹⁶ The chief physician executive of a Massachusetts hospital system recently described the measures that he had to take in order to protect a shipment of face masks and respirators from being seized by the Federal Bureau of Investigations and the Department of Homeland Security (of which FEMA is a part), including transporting the supplies in trucks disguised as food-service vehicles.¹⁷ In explaining its actions, FEMA has issued a series of statements that fail to explain why it might be seizing supplies, the extent to which it is doing so, or what it is doing with them after seizure. After seizing supplies earmarked for first responders in Milford, MA, a FEMA spokesperson said that, “PPE being distributed internally within the United States is not being seized or re-routed by FEMA. Reports of FEMA commandeering or re-routing such supplies are false.” FEMA then provided a statement describing Project Air Bridge, adding that the agreement by which “companies are obligated to sell a predetermined percentage of their cargo to areas that HHS and FEMA identified as hot spots... may be misconstrued as FEMA ‘commandeering’ supplies from the company or their customers.”¹⁸

FEMA’s description of Project Air Bridge, as a response to explain where the order of supplies went, raises even more questions, raising the possibility that supplies—already ordered and paid for by a state—are being taken by FEMA, entrusted to a private medical supplier, sold to a third-party broker, and then auctioned back to that same state for an outrageous price after a delay of days or weeks.

https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹³ Johns Hopkins University, “COVID-19 United States Cases by County,” accessed April 21, 2020, <https://coronavirus.jhu.edu/us-map>.

¹⁴ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹⁵ Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020, https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹⁶ LA Times, “Hospitals say feds are seizing masks and other coronavirus supplies without a word,” Noam N. Levey, April 7, 2020, <https://www.latimes.com/politics/story/2020-04-07/hospitals-washington-seize-coronavirus-supplies>.

¹⁷ New England Journal of Medicine, “In Pursuit of PPE,” Andrew Artenstein, April 17, 2020, <https://www.nejm.org/doi/full/10.1056/NEJMc2010025>.

¹⁸ Boston 25 News, “Milford says FEMA took personal protective equipment meant for town, feds respond,” Evan White, April 11, 2020, <https://www.boston25news.com/news/milford-says-fema-took-personal-protective-equipment-meant-town-feds-respond/5F44IHCIMVB7XIW6PCLBX4WWRI/>.

Between reports of shortages across the country,¹⁹ seizures of supplies by the government, and outrageous prices, there is an extraordinary level of confusion and dismay about the current state of the medical supply chain. Given the critical need for supplies as the pandemic continues to unfold, the administration’s continued stonewalling about Project Air Bridge, and the fact that your company is in a position of knowledge about the supply chain, we request that you answer the following questions by May 8, 2020.

1. How was your company selected as a participant in Project Air Bridge?
2. What specific contracts or agreements are in place between you and federal government entities regarding Project Air Bridge? With what agencies has your company signed these agreements?
3. How do you receive medical supplies and PPE from Project Air Bridge? What costs do you pay for the federal government’s transport of these items, and how does it compare to your typical costs for obtaining items from suppliers?
4. How has your company distributed medical supplies and PPE?
 - a. How is your company or the government determining which half of supplies will be distributed to hotspots, and which half will instead be fed into the “normal supply chain”? For example, are medical supplies being divided into halves by number of unit? Cost? Is each category of medical product being divided separately?
 - b. Have you been provided with instructions to distribute supplies to COVID-19 “hotspots”? Please provide any lists of hotspots that have been provided to you, as well as any relevant dates for which those lists were current.
 - c. How is your company distributing the supplies that are fed into its “normal supply chain”? Are these supplies going to orders that were placed before the initiation of Project Air Bridge? Are they going to existing customers under renegotiated terms? Are they auctioned to the highest bidder? Please describe your company’s practices in as much detail as possible.
5. Please provide a full accounting of the distribution of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of all COVID-19-related supplies and PPE you have received, the quantity of each item, and information on where this quantity has been distributed, including a list of how much each recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties) has received.

¹⁹ New York Times, “FEMA’s ‘Air Bridge’ to Coronavirus Hot Spots Leaves Other Regions on Their Own,” Zolan Kanno-Youngs, April 16, 2020, <https://www.nytimes.com/2020/04/16/us/politics/coronavirus-fema-medical-supplies.html>; U.S. Department of Health and Human Services Office of Inspector General, “Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020,” April 3, 2020, <https://oig.hhs.gov/oei/reports/oei-06-20-00300.pdf>.

6. How do you determine selling prices for medical equipment and PPE that you have obtained via Project Air Bridge?

What restrictions, if any, dictate your ability to set prices on medical supplies distributed via Project Air Bridge? One report says that your company is required to charge “reasonable” prices.²⁰ Please describe any such requirements in detail. How is the government monitoring and enforcing compliance with such requirements?

7. Please provide a full accounting of the cost and pricing of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of (1) average cost to obtain each type of supply or equipment, (2) your average selling prices for each type of supply or equipment, and (3) your average selling price for each pieces of supply or equipment for each major recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties).

8. Is your company entrusted with distributing pre-existing orders of supplies that are seized by FEMA? Has it been given any directives on how to distribute these supplies?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

²⁰ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

United States Senate
WASHINGTON, DC 20510

April 27, 2020

Brian S. Tyler
Chief Executive Officer
McKesson Corporation
6535 N. State Highway 161
Irving, TX 75039

Dear Mr. Tyler:

We write to inquire about your company's interactions with the White House Coronavirus Task Force, the U.S. Federal Emergency Management Agency (FEMA), and other executive branch entities distributing medical supplies during the coronavirus disease 2019 (COVID-19) pandemic.

Last month, the Trump administration initiated what White House Senior Advisor, Jared Kushner, described as an "unprecedented public-private partnership"¹ with private sector medical supply companies, called "Project Air Bridge."² Through this program, the federal government pays for medical supplies—including masks, face shields, gowns, and gloves—to be shipped by air freight, expediting shipments that would otherwise be made by ocean freight.³ Upon landing in the United States, half of the supplies are "directed by the distributors to customers within hotspot areas," with the remaining half being fed into "distributors' normal supply chain and onto their customers across the U.S."⁴

We applaud and support efforts to quickly bring medical supplies to states, territories, and tribal nations who desperately need them, but we are concerned by the Trump Administration's

¹ Reuters, "White House-led airlift of urgently needed medical supplies arrives in New York," Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

² Federal Emergency Management Agency, "FEMA COVID-19 Supply Chain Task Force: Supply Chain Stabilization," April 8, 2020, <https://www.fema.gov/news-release/2020/04/08/fema-covid-19-supply-chain-task-force-supply-chain-stabilization>; White House, "Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing," transcript, April 5, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-20/>.

³ NBC News, "Lawmakers demand answers on Kushner supply chain influence," April 8, 2020, <https://www.nbcnews.com/politics/white-house/lawmakers-demand-answers-kushner-supply-chain-influence-n1179071>.

⁴ Federal Emergency Management Agency, "Coronavirus (COVID-19) Pandemic Whole-of-America Response," April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

process for doing so, which appears to be—at least in part—driven by politics rather than public health, and delegates decisions about distribution to private companies with little to no transparency about how distribution and pricing decisions are made.⁵

The administration has not been clear about how it determines which areas of the country are COVID-19 “hotspots.” Briefing points indicate that the areas are “determined by HHS and FEMA based on CDC data,”⁶ but the administration has not answered requests for more detail from reporters, nor from members of Congress,⁷ and public statements by President Trump and others indicate that these decisions are partly influenced by politics and the whims of the President.

The administration has also provided little explanation of what happens to the half of supplies that are fed into the “normal supply chain.” In expediting shipments, the administration has reportedly saved medical supply companies more than \$25 million in shipping costs.⁸ The leader of the administration’s Supply Chain Task Force has stated that he is “not here to disrupt a supply chain.”⁹ But given the “unprecedented”¹⁰ nature of this partnership, and the numerous reported problems with states and hospital officials being unable to obtain personal protective equipment (PPE) and other medical supplies, or having shipments of these materials seized by federal officials and spirited to unknown destinations, the American people need an explanation for how these supplies are obtained, priced, and distributed through Project Air Bridge. Unfortunately, neither the administration nor your company has explained critical details, such as the content of any existing contracts or financial agreements.¹¹

Some states are reportedly bidding against each other on the open market for supplies, paying up to 10 times the normal prices for some goods.¹² This raises the question of how prices are being

⁵ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁶ Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic Whole-of-America Response,” April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

⁷ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>; Letter from Senator Gary C. Peters et al. to Vice President Michael R. Pence, April 10, 2020, https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf.

⁸ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁹ White House, “Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing,” transcript, April 2, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-17/>.

¹⁰ Reuters, “White House-led airlift of urgently needed medical supplies arrives in New York,” Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

¹¹ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹² Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020,

established and who exactly is profiting off of this unprecedented crisis that has claimed the lives of tens of thousands of Americans.¹³ One of the companies participating in Project Air Bridge told the LA Times that its agreement with the administration stipulates that it charge “reasonable” prices, but provided no detail beyond that.¹⁴ Even if your company is indeed charging “reasonable” prices, we are concerned that the supplies, once sold, may ultimately be making their way to third-party sellers that jack up the prices, as some state officials believe.¹⁵

Our concerns about states’ ability to acquire supplies quickly and at a reasonable cost are amplified by reports that federal agents appears to be seizing purchases of medical supplies for redistribution.¹⁶ The chief physician executive of a Massachusetts hospital system recently described the measures that he had to take in order to protect a shipment of face masks and respirators from being seized by the Federal Bureau of Investigations and the Department of Homeland Security (of which FEMA is a part), including transporting the supplies in trucks disguised as food-service vehicles.¹⁷ In explaining its actions, FEMA has issued a series of statements that fail to explain why it might be seizing supplies, the extent to which it is doing so, or what it is doing with them after seizure. After seizing supplies earmarked for first responders in Milford, MA, a FEMA spokesperson said that, “PPE being distributed internally within the United States is not being seized or re-routed by FEMA. Reports of FEMA commandeering or re-routing such supplies are false.” FEMA then provided a statement describing Project Air Bridge, adding that the agreement by which “companies are obligated to sell a predetermined percentage of their cargo to areas that HHS and FEMA identified as hot spots... may be misconstrued as FEMA ‘commandeering’ supplies from the company or their customers.”¹⁸

FEMA’s description of Project Air Bridge, as a response to explain where the order of supplies went, raises even more questions, raising the possibility that supplies—already ordered and paid for by a state—are being taken by FEMA, entrusted to a private medical supplier, sold to a third-party broker, and then auctioned back to that same state for an outrageous price after a delay of days or weeks.

https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹³ Johns Hopkins University, “COVID-19 United States Cases by County,” accessed April 21, 2020, <https://coronavirus.jhu.edu/us-map>.

¹⁴ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹⁵ Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020, https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹⁶ LA Times, “Hospitals say feds are seizing masks and other coronavirus supplies without a word,” Noam N. Levey, April 7, 2020, <https://www.latimes.com/politics/story/2020-04-07/hospitals-washington-seize-coronavirus-supplies>.

¹⁷ New England Journal of Medicine, “In Pursuit of PPE,” Andrew Artenstein, April 17, 2020, <https://www.nejm.org/doi/full/10.1056/NEJMc2010025>.

¹⁸ Boston 25 News, “Milford says FEMA took personal protective equipment meant for town, feds respond,” Evan White, April 11, 2020, <https://www.boston25news.com/news/milford-says-fema-took-personal-protective-equipment-meant-town-feds-respond/5F44IHCIMVB7XIW6PCLBX4WWRI/>.

Between reports of shortages across the country,¹⁹ seizures of supplies by the government, and outrageous prices, there is an extraordinary level of confusion and dismay about the current state of the medical supply chain. Given the critical need for supplies as the pandemic continues to unfold, the administration’s continued stonewalling about Project Air Bridge, and the fact that your company is in a position of knowledge about the supply chain, we request that you answer the following questions by May 8, 2020.

1. How was your company selected as a participant in Project Air Bridge?
2. What specific contracts or agreements are in place between you and federal government entities regarding Project Air Bridge? With what agencies has your company signed these agreements?
3. How do you receive medical supplies and PPE from Project Air Bridge? What costs do you pay for the federal government’s transport of these items, and how does it compare to your typical costs for obtaining items from suppliers?
4. How has your company distributed medical supplies and PPE?
 - a. How is your company or the government determining which half of supplies will be distributed to hotspots, and which half will instead be fed into the “normal supply chain”? For example, are medical supplies being divided into halves by number of unit? Cost? Is each category of medical product being divided separately?
 - b. Have you been provided with instructions to distribute supplies to COVID-19 “hotspots”? Please provide any lists of hotspots that have been provided to you, as well as any relevant dates for which those lists were current.
 - c. How is your company distributing the supplies that are fed into its “normal supply chain”? Are these supplies going to orders that were placed before the initiation of Project Air Bridge? Are they going to existing customers under renegotiated terms? Are they auctioned to the highest bidder? Please describe your company’s practices in as much detail as possible.
5. Please provide a full accounting of the distribution of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of all COVID-19-related supplies and PPE you have received, the quantity of each item, and information on where this quantity has been distributed, including a list of how much each recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties) has received.

¹⁹ New York Times, “FEMA’s ‘Air Bridge’ to Coronavirus Hot Spots Leaves Other Regions on Their Own,” Zolan Kanno-Youngs, April 16, 2020, <https://www.nytimes.com/2020/04/16/us/politics/coronavirus-fema-medical-supplies.html>; U.S. Department of Health and Human Services Office of Inspector General, “Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020,” April 3, 2020, <https://oig.hhs.gov/oei/reports/oei-06-20-00300.pdf>.

6. How do you determine selling prices for medical equipment and PPE that you have obtained via Project Air Bridge?

What restrictions, if any, dictate your ability to set prices on medical supplies distributed via Project Air Bridge? One report says that your company is required to charge “reasonable” prices.²⁰ Please describe any such requirements in detail. How is the government monitoring and enforcing compliance with such requirements?

7. Please provide a full accounting of the cost and pricing of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of (1) average cost to obtain each type of supply or equipment, (2) your average selling prices for each type of supply or equipment, and (3) your average selling price for each pieces of supply or equipment for each major recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties).

8. Is your company entrusted with distributing pre-existing orders of supplies that are seized by FEMA? Has it been given any directives on how to distribute these supplies?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

²⁰ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

United States Senate
WASHINGTON, DC 20510

April 27, 2020

Charles N. Mills
Chief Executive Officer
Medline Industries, Inc.
Three Lakes Drive
Northfield, IL 60093

Dear Mr. Mills:

We write to inquire about your company's interactions with the White House Coronavirus Task Force, the U.S. Federal Emergency Management Agency (FEMA), and other executive branch entities distributing medical supplies during the coronavirus disease 2019 (COVID-19) pandemic.

Last month, the Trump administration initiated what White House Senior Advisor, Jared Kushner, described as an "unprecedented public-private partnership"¹ with private sector medical supply companies, called "Project Air Bridge."² Through this program, the federal government pays for medical supplies—including masks, face shields, gowns, and gloves—to be shipped by air freight, expediting shipments that would otherwise be made by ocean freight.³ Upon landing in the United States, half of the supplies are "directed by the distributors to customers within hotspot areas," with the remaining half being fed into "distributors' normal supply chain and onto their customers across the U.S."⁴

We applaud and support efforts to quickly bring medical supplies to states, territories, and tribal nations who desperately need them, but we are concerned by the Trump Administration's

¹ Reuters, "White House-led airlift of urgently needed medical supplies arrives in New York," Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

² Federal Emergency Management Agency, "FEMA COVID-19 Supply Chain Task Force: Supply Chain Stabilization," April 8, 2020, <https://www.fema.gov/news-release/2020/04/08/fema-covid-19-supply-chain-task-force-supply-chain-stabilization>; White House, "Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing," transcript, April 5, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-20/>.

³ NBC News, "Lawmakers demand answers on Kushner supply chain influence," April 8, 2020, <https://www.nbcnews.com/politics/white-house/lawmakers-demand-answers-kushner-supply-chain-influence-n1179071>.

⁴ Federal Emergency Management Agency, "Coronavirus (COVID-19) Pandemic Whole-of-America Response," April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

process for doing so, which appears to be—at least in part—driven by politics rather than public health, and delegates decisions about distribution to private companies with little to no transparency about how distribution and pricing decisions are made.⁵

The administration has not been clear about how it determines which areas of the country are COVID-19 “hotspots.” Briefing points indicate that the areas are “determined by HHS and FEMA based on CDC data,”⁶ but the administration has not answered requests for more detail from reporters, nor from members of Congress,⁷ and public statements by President Trump and others indicate that these decisions are partly influenced by politics and the whims of the President.

The administration has also provided little explanation of what happens to the half of supplies that are fed into the “normal supply chain.” In expediting shipments, the administration has reportedly saved medical supply companies more than \$25 million in shipping costs.⁸ The leader of the administration’s Supply Chain Task Force has stated that he is “not here to disrupt a supply chain.”⁹ But given the “unprecedented”¹⁰ nature of this partnership, and the numerous reported problems with states and hospital officials being unable to obtain personal protective equipment (PPE) and other medical supplies, or having shipments of these materials seized by federal officials and spirited to unknown destinations, the American people need an explanation for how these supplies are obtained, priced, and distributed through Project Air Bridge. Unfortunately, neither the administration nor your company has explained critical details, such as the content of any existing contracts or financial agreements.¹¹

Some states are reportedly bidding against each other on the open market for supplies, paying up to 10 times the normal prices for some goods.¹² This raises the question of how prices are being

⁵ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁶ Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic Whole-of-America Response,” April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

⁷ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>; Letter from Senator Gary C. Peters et al. to Vice President Michael R. Pence, April 10, 2020, https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf.

⁸ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁹ White House, “Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing,” transcript, April 2, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-17/>.

¹⁰ Reuters, “White House-led airlift of urgently needed medical supplies arrives in New York,” Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

¹¹ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹² Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020,

established and who exactly is profiting off of this unprecedented crisis that has claimed the lives of tens of thousands of Americans.¹³ Your company told the LA Times that its agreement with the administration stipulates that it charge “reasonable” prices, but provided no detail beyond that.¹⁴ Even if your company is indeed charging “reasonable” prices, we are concerned that the supplies, once sold, may ultimately be making their way to third-party sellers that jack up the prices, as some state officials believe.¹⁵

Our concerns about states’ ability to acquire supplies quickly and at a reasonable cost are amplified by reports that federal agents appears to be seizing purchases of medical supplies for redistribution.¹⁶ The chief physician executive of a Massachusetts hospital system recently described the measures that he had to take in order to protect a shipment of face masks and respirators from being seized by the Federal Bureau of Investigations and the Department of Homeland Security (of which FEMA is a part), including transporting the supplies in trucks disguised as food-service vehicles.¹⁷ In explaining its actions, FEMA has issued a series of statements that fail to explain why it might be seizing supplies, the extent to which it is doing so, or what it is doing with them after seizure. After seizing supplies earmarked for first responders in Milford, MA, a FEMA spokesperson said that, “PPE being distributed internally within the United States is not being seized or re-routed by FEMA. Reports of FEMA commandeering or re-routing such supplies are false.” FEMA then provided a statement describing Project Air Bridge, adding that the agreement by which “companies are obligated to sell a predetermined percentage of their cargo to areas that HHS and FEMA identified as hot spots... may be misconstrued as FEMA ‘commandeering’ supplies from the company or their customers.”¹⁸

FEMA’s description of Project Air Bridge, as a response to explain where the order of supplies went, raises even more questions, raising the possibility that supplies—already ordered and paid for by a state—are being taken by FEMA, entrusted to a private medical supplier, sold to a third-party broker, and then auctioned back to that same state for an outrageous price after a delay of days or weeks.

https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹³ Johns Hopkins University, “COVID-19 United States Cases by County,” accessed April 21, 2020, <https://coronavirus.jhu.edu/us-map>.

¹⁴ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹⁵ Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020, https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹⁶ LA Times, “Hospitals say feds are seizing masks and other coronavirus supplies without a word,” Noam N. Levey, April 7, 2020, <https://www.latimes.com/politics/story/2020-04-07/hospitals-washington-seize-coronavirus-supplies>.

¹⁷ New England Journal of Medicine, “In Pursuit of PPE,” Andrew Artenstein, April 17, 2020, <https://www.nejm.org/doi/full/10.1056/NEJMc2010025>.

¹⁸ Boston 25 News, “Milford says FEMA took personal protective equipment meant for town, feds respond,” Evan White, April 11, 2020, <https://www.boston25news.com/news/milford-says-fema-took-personal-protective-equipment-meant-town-feds-respond/5F44IHCIMVB7XIW6PCLBX4WWRI/>.

Between reports of shortages across the country,¹⁹ seizures of supplies by the government, and outrageous prices, there is an extraordinary level of confusion and dismay about the current state of the medical supply chain. Given the critical need for supplies as the pandemic continues to unfold, the administration’s continued stonewalling about Project Air Bridge, and the fact that your company is in a position of knowledge about the supply chain, we request that you answer the following questions by May 8, 2020.

1. How was your company selected as a participant in Project Air Bridge?
2. What specific contracts or agreements are in place between you and federal government entities regarding Project Air Bridge? With what agencies has your company signed these agreements?
3. How do you receive medical supplies and PPE from Project Air Bridge? What costs do you pay for the federal government’s transport of these items, and how does it compare to your typical costs for obtaining items from suppliers?
4. How has your company distributed medical supplies and PPE?
 - a. How is your company or the government determining which half of supplies will be distributed to hotspots, and which half will instead be fed into the “normal supply chain”? For example, are medical supplies being divided into halves by number of unit? Cost? Is each category of medical product being divided separately?
 - b. Have you been provided with instructions to distribute supplies to COVID-19 “hotspots”? Please provide any lists of hotspots that have been provided to you, as well as any relevant dates for which those lists were current.
 - c. How is your company distributing the supplies that are fed into its “normal supply chain”? Are these supplies going to orders that were placed before the initiation of Project Air Bridge? Are they going to existing customers under renegotiated terms? Are they auctioned to the highest bidder? Please describe your company’s practices in as much detail as possible.
5. Please provide a full accounting of the distribution of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of all COVID-19-related supplies and PPE you have received, the quantity of each item, and information on where this quantity has been distributed, including a list of how much each recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties) has received.

¹⁹ New York Times, “FEMA’s ‘Air Bridge’ to Coronavirus Hot Spots Leaves Other Regions on Their Own,” Zolan Kanno-Youngs, April 16, 2020, <https://www.nytimes.com/2020/04/16/us/politics/coronavirus-fema-medical-supplies.html>; U.S. Department of Health and Human Services Office of Inspector General, “Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020,” April 3, 2020, <https://oig.hhs.gov/oei/reports/oei-06-20-00300.pdf>.

6. How do you determine selling prices for medical equipment and PPE that you have obtained via Project Air Bridge?

What restrictions, if any, dictate your ability to set prices on medical supplies distributed via Project Air Bridge? One report says that your company is required to charge “reasonable” prices.²⁰ Please describe any such requirements in detail. How is the government monitoring and enforcing compliance with such requirements?

7. Please provide a full accounting of the cost and pricing of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of (1) average cost to obtain each type of supply or equipment, (2) your average selling prices for each type of supply or equipment, and (3) your average selling price for each pieces of supply or equipment for each major recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties).

8. Is your company entrusted with distributing pre-existing orders of supplies that are seized by FEMA? Has it been given any directives on how to distribute these supplies?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

²⁰ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

United States Senate
WASHINGTON, DC 20510

April 27, 2020

Edward A. Pesicka
President and Chief Executive Officer
Owens & Minor, Inc.
9120 Lockwood Boulevard
Mechanicsville, VA 23116

Dear Mr. Pesicka:

We write to inquire about your company's interactions with the White House Coronavirus Task Force, the U.S. Federal Emergency Management Agency (FEMA), and other executive branch entities distributing medical supplies during the coronavirus disease 2019 (COVID-19) pandemic.

Last month, the Trump administration initiated what White House Senior Advisor, Jared Kushner, described as an "unprecedented public-private partnership"¹ with private sector medical supply companies, called "Project Air Bridge."² Through this program, the federal government pays for medical supplies—including masks, face shields, gowns, and gloves—to be shipped by air freight, expediting shipments that would otherwise be made by ocean freight.³ Upon landing in the United States, half of the supplies are "directed by the distributors to customers within hotspot areas," with the remaining half being fed into "distributors' normal supply chain and onto their customers across the U.S."⁴

We applaud and support efforts to quickly bring medical supplies to states, territories, and tribal nations who desperately need them, but we are concerned by the Trump Administration's

¹ Reuters, "White House-led airlift of urgently needed medical supplies arrives in New York," Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

² Federal Emergency Management Agency, "FEMA COVID-19 Supply Chain Task Force: Supply Chain Stabilization," April 8, 2020, <https://www.fema.gov/news-release/2020/04/08/fema-covid-19-supply-chain-task-force-supply-chain-stabilization>; White House, "Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing," transcript, April 5, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-20/>.

³ NBC News, "Lawmakers demand answers on Kushner supply chain influence," April 8, 2020, <https://www.nbcnews.com/politics/white-house/lawmakers-demand-answers-kushner-supply-chain-influence-n1179071>.

⁴ Federal Emergency Management Agency, "Coronavirus (COVID-19) Pandemic Whole-of-America Response," April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

process for doing so, which appears to be—at least in part—driven by politics rather than public health, and delegates decisions about distribution to private companies with little to no transparency about how distribution and pricing decisions are made.⁵

The administration has not been clear about how it determines which areas of the country are COVID-19 “hotspots.” Briefing points indicate that the areas are “determined by HHS and FEMA based on CDC data,”⁶ but the administration has not answered requests for more detail from reporters, nor from members of Congress,⁷ and public statements by President Trump and others indicate that these decisions are partly influenced by politics and the whims of the President.

The administration has also provided little explanation of what happens to the half of supplies that are fed into the “normal supply chain.” In expediting shipments, the administration has reportedly saved medical supply companies more than \$25 million in shipping costs.⁸ The leader of the administration’s Supply Chain Task Force has stated that he is “not here to disrupt a supply chain.”⁹ But given the “unprecedented”¹⁰ nature of this partnership, and the numerous reported problems with states and hospital officials being unable to obtain personal protective equipment (PPE) and other medical supplies, or having shipments of these materials seized by federal officials and spirited to unknown destinations, the American people need an explanation for how these supplies are obtained, priced, and distributed through Project Air Bridge. Unfortunately, neither the administration nor your company has explained critical details, such as the content of any existing contracts or financial agreements.¹¹

Some states are reportedly bidding against each other on the open market for supplies, paying up to 10 times the normal prices for some goods.¹² This raises the question of how prices are being

⁵ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁶ Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic Whole-of-America Response,” April 23, 2020, https://www.nelsonmullins.com/files/files/ESF15_DailyBriefingPoints_20200423_FINAL.pdf.

⁷ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>; Letter from Senator Gary C. Peters et al. to Vice President Michael R. Pence, April 10, 2020, https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf.

⁸ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

⁹ White House, “Remarks by President Trump, Vice President Pence, and Members of the Coronavirus Task Force in Press Briefing,” transcript, April 2, 2020, <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-vice-president-pence-members-coronavirus-task-force-press-briefing-17/>.

¹⁰ Reuters, “White House-led airlift of urgently needed medical supplies arrives in New York,” Steve Holland, March 29, 2020, <https://www.reuters.com/article/us-health-coronavirus-trump-airlift/white-house-led-airlift-of-urgently-needed-medical-supplies-arrives-in-new-york-idUSKBN21G0LB>.

¹¹ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹² Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020,

established and who exactly is profiting off of this unprecedented crisis that has claimed the lives of tens of thousands of Americans.¹³ One of the companies participating in Project Air Bridge told the LA Times that its agreement with the administration stipulates that it charge “reasonable” prices, but provided no detail beyond that.¹⁴ Even if your company is indeed charging “reasonable” prices, we are concerned that the supplies, once sold, may ultimately be making their way to third-party sellers that jack up the prices, as some state officials believe.¹⁵

Our concerns about states’ ability to acquire supplies quickly and at a reasonable cost are amplified by reports that federal agents appears to be seizing purchases of medical supplies for redistribution.¹⁶ The chief physician executive of a Massachusetts hospital system recently described the measures that he had to take in order to protect a shipment of face masks and respirators from being seized by the Federal Bureau of Investigations and the Department of Homeland Security (of which FEMA is a part), including transporting the supplies in trucks disguised as food-service vehicles.¹⁷ In explaining its actions, FEMA has issued a series of statements that fail to explain why it might be seizing supplies, the extent to which it is doing so, or what it is doing with them after seizure. After seizing supplies earmarked for first responders in Milford, MA, a FEMA spokesperson said that, “PPE being distributed internally within the United States is not being seized or re-routed by FEMA. Reports of FEMA commandeering or re-routing such supplies are false.” FEMA then provided a statement describing Project Air Bridge, adding that the agreement by which “companies are obligated to sell a predetermined percentage of their cargo to areas that HHS and FEMA identified as hot spots... may be misconstrued as FEMA ‘commandeering’ supplies from the company or their customers.”¹⁸

FEMA’s description of Project Air Bridge, as a response to explain where the order of supplies went, raises even more questions, raising the possibility that supplies—already ordered and paid for by a state—are being taken by FEMA, entrusted to a private medical supplier, sold to a third-party broker, and then auctioned back to that same state for an outrageous price after a delay of days or weeks.

https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹³ Johns Hopkins University, “COVID-19 United States Cases by County,” accessed April 21, 2020, <https://coronavirus.jhu.edu/us-map>.

¹⁴ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.

¹⁵ Washington Post, “As feds play ‘backup,’ states take unorthodox steps to compete in cutthroat global market for coronavirus supplies,” Annie Linskey, Josh Dawsey, Isaac Stanley-Becker, and Chelsea Janes, April 11, 2020, https://www.washingtonpost.com/politics/as-feds-play-backup-states-take-unorthodox-steps-to-compete-in-cutthroat-global-market-for-coronavirus-supplies/2020/04/11/609b5d84-7a70-11ea-a130-df573469f094_story.html

¹⁶ LA Times, “Hospitals say feds are seizing masks and other coronavirus supplies without a word,” Noam N. Levey, April 7, 2020, <https://www.latimes.com/politics/story/2020-04-07/hospitals-washington-seize-coronavirus-supplies>.

¹⁷ New England Journal of Medicine, “In Pursuit of PPE,” Andrew Artenstein, April 17, 2020, <https://www.nejm.org/doi/full/10.1056/NEJMc2010025>.

¹⁸ Boston 25 News, “Milford says FEMA took personal protective equipment meant for town, feds respond,” Evan White, April 11, 2020, <https://www.boston25news.com/news/milford-says-fema-took-personal-protective-equipment-meant-town-feds-respond/5F44IHCIMVB7XIW6PCLBX4WWRI/>.

Between reports of shortages across the country,¹⁹ seizures of supplies by the government, and outrageous prices, there is an extraordinary level of confusion and dismay about the current state of the medical supply chain. Given the critical need for supplies as the pandemic continues to unfold, the administration’s continued stonewalling about Project Air Bridge, and the fact that your company is in a position of knowledge about the supply chain, we request that you answer the following questions by May 8, 2020.

1. How was your company selected as a participant in Project Air Bridge?
2. What specific contracts or agreements are in place between you and federal government entities regarding Project Air Bridge? With what agencies has your company signed these agreements?
3. How do you receive medical supplies and PPE from Project Air Bridge? What costs do you pay for the federal government’s transport of these items, and how does it compare to your typical costs for obtaining items from suppliers?
4. How has your company distributed medical supplies and PPE?
 - a. How is your company or the government determining which half of supplies will be distributed to hotspots, and which half will instead be fed into the “normal supply chain”? For example, are medical supplies being divided into halves by number of unit? Cost? Is each category of medical product being divided separately?
 - b. Have you been provided with instructions to distribute supplies to COVID-19 “hotspots”? Please provide any lists of hotspots that have been provided to you, as well as any relevant dates for which those lists were current.
 - c. How is your company distributing the supplies that are fed into its “normal supply chain”? Are these supplies going to orders that were placed before the initiation of Project Air Bridge? Are they going to existing customers under renegotiated terms? Are they auctioned to the highest bidder? Please describe your company’s practices in as much detail as possible.
5. Please provide a full accounting of the distribution of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of all COVID-19-related supplies and PPE you have received, the quantity of each item, and information on where this quantity has been distributed, including a list of how much each recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties) has received.

¹⁹ New York Times, “FEMA’s ‘Air Bridge’ to Coronavirus Hot Spots Leaves Other Regions on Their Own,” Zolan Kanno-Youngs, April 16, 2020, <https://www.nytimes.com/2020/04/16/us/politics/coronavirus-fema-medical-supplies.html>; U.S. Department of Health and Human Services Office of Inspector General, “Hospital Experiences Responding to the COVID-19 Pandemic: Results of a National Pulse Survey March 23–27, 2020,” April 3, 2020, <https://oig.hhs.gov/oei/reports/oei-06-20-00300.pdf>.

6. How do you determine selling prices for medical equipment and PPE that you have obtained via Project Air Bridge?

What restrictions, if any, dictate your ability to set prices on medical supplies distributed via Project Air Bridge? One report says that your company is required to charge “reasonable” prices.²⁰ Please describe any such requirements in detail. How is the government monitoring and enforcing compliance with such requirements?

7. Please provide a full accounting of the cost and pricing of all medical supplies and equipment that you have been provided via Project Air Bridge, including a list of (1) average cost to obtain each type of supply or equipment, (2) your average selling prices for each type of supply or equipment, and (3) your average selling price for each pieces of supply or equipment for each major recipient (states, localities, and tribal governments, hospitals or medical systems, or other third-parties).

8. Is your company entrusted with distributing pre-existing orders of supplies that are seized by FEMA? Has it been given any directives on how to distribute these supplies?

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator

²⁰ LA Times, “Trump plan for coronavirus supplies yields payoff for favored companies,” Noam N. Levey and Anna M. Phillips, April 16, 2020, <https://www.latimes.com/politics/story/2020-04-16/trump-plan-coronavirus-supplies-big-payoffs>.