

United States Senate  
WASHINGTON, DC 20510

June 8, 2020

The Honorable Michael E. Horowitz  
Acting Chair  
Pandemic Response Accountability Committee  
950 Pennsylvania Avenue NW  
Washington, D.C. 20530

Dear Mr. Horowitz:

We write to request that the Pandemic Response Accountability Committee (PRAC) open an investigation into Project Air Bridge, the Trump administration effort to obtain and distribute personal protective equipment (PPE) and other critical medical supplies to fight the coronavirus disease 2019 (COVID-19) pandemic. Project Air Bridge—like the broader Trump Administration response to the pandemic—has been marked by delays, incompetence, confusion, and secrecy involving multiple Federal agencies and actors.<sup>1</sup>

This April, we opened our own investigation into Project Air Bridge, seeking information from the six private sector medical supply companies (“medical suppliers”) that have partnered with the administration: Cardinal Health, Inc. (“Cardinal”); Concordance Healthcare Solutions, LLC (“Concordance”); Henry Schein, Inc. (“Henry Schein”); McKesson Corporation (“McKesson”); Medline Industries, Inc. (“Medline”); and Owens & Minor, Inc. (“Owens & Minor”).<sup>2</sup> The medical suppliers responded to our request, and provided us with much—but not all—of the information we requested. These responses are attached to this letter.

The information we received reveals several new insights into Project Air Bridge. However, it also leaves outstanding a number of key questions about the administration’s costly and ineffective efforts to distribute PPE. We therefore ask that the PRAC open a detailed investigation of Project Air Bridge, focusing on the creation of this program by White House and agency officials and the involvement in the implementation of this program by outside officials, and the success and cost-effectiveness of this program that attempted to provide much-needed PPE to hospitals and local officials in the early stages of the COVID-19 pandemic.

The issues raised by our investigation include:

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<sup>1</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html); LA Times, “Trump administration blocks public disclosure on coronavirus supplies,” Noam N. Levey, May 1, 2020, <https://www.latimes.com/politics/story/2020-05-01/trump-administration-refuses-release-information-coronavirus>.

<sup>2</sup> Letters from Senators Elizabeth Warren and Richard Blumenthal to medical suppliers, April 27, 2020, <https://www.warren.senate.gov/imo/media/doc/2020.04.27%20Letters%20re%20project%20airbridge.pdf>.

- The origin of, and chain of command involved in, Project Air Bridge.** Information provided to our staff by the medical suppliers provides some information about the origin of the project and confirms the involvement of several non-government officials. But it does not reveal the precise role they played, nor the role of the President, key White House officials such as Jared Kushner, or others involved in planning or implementing Project Air Bridge.<sup>3</sup> The suppliers report that their involvement began in mid-March. Concordance told our staff that it “participated in a call organized by the Healthcare Industry Distributor Association (HIDA) with Dr. Robert Kadlec, Assistant Secretary for Preparedness and Response at the U.S. Department of Health and Human Services (HHS) and Paul Mango, Deputy Chief of Staff to HHS Secretary Alex Azar. The purpose of the call was to assess how distribution could be supportive in the fight against COVID and if we could provide HHS data around current PPE levels/demands.”<sup>4</sup> In a phone briefing with our staff, Owens & Minor also reported being introduced by HIDA to HHS officials, including Mr. Mango.<sup>5</sup> Concordance told our staff that it participated “in a number of calls with distributors, manufacturers, wholesalers and government officials over several weeks. The concept of utilizing military planes to provide air freight to expedite PPE products to the US was discussed. It was not until after a meeting of distributors with the President, one that we were not included, that project Air Bridge became a reality.”<sup>6</sup>

Several of the suppliers wrote that they did not know why they were selected to be part of Project Air Bridge. Henry Schein told us that it was “not advised as to why the government included it among the companies participating in Project Airbridge.”<sup>7</sup> Concordance wrote that it was “not aware of the specific criteria used to determine [its] eligibility.”<sup>8</sup> Medline claimed “no knowledge of the government process that led to [its] selection for participation in Project Air Bridge.”<sup>9</sup>

Owens & Minor reported that, within a short period of time, a volunteer named Dennis Robb stepped in to be lead facilitator for the FEMA task force, taking over day-to-day facilitation responsibilities from Mr. Mango.<sup>10</sup> Mr. Robb is a medical supply chain

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<sup>3</sup> New York Times, “Kushner Puts Himself in Middle of White House’s Chaotic Coronavirus Response,” Peter Baker, Maggie Haberman, Zolan Kanno-Youngs, and Noah Weiland, April 2, 2020, <https://www.nytimes.com/2020/04/02/us/politics/jared-kushner-coronavirus-trump.html>; New York Times, “How Kushner’s Volunteer Force Led a Fumbling Hunt for Medical Supplies,” Nicholas Confessore, Andrew Jacobs, Jodi Kantor, Zolan Kanno-Youngs, and Luis Ferré-Sadurní, May 5, 2020, <https://www.nytimes.com/2020/05/05/us/jared-kushner-fema-coronavirus.html>.

<sup>4</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 2.

<sup>5</sup> Phone briefing with Akin Gump, Owens & Minor, and staffs of Senators Elizabeth Warren and Richard Blumenthal, May 7, 2020.

<sup>6</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 2.

<sup>7</sup> Letter from King & Spalding on behalf of Henry Schein to Senators Elizabeth Warren and Richard Blumenthal, May 20, 2020, p. 3.

<sup>8</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 2.

<sup>9</sup> Letter from Medline to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 1.

<sup>10</sup> Phone briefing with Akin Gump, Owens & Minor, and staffs of Senators Elizabeth Warren and Richard Blumenthal, May 7, 2020.

executive currently serving as the CEO of HealthTrust Europe.<sup>11</sup> Henry Schein confirmed that Mr. Robb was a name that came up “repeatedly.”<sup>12</sup> Henry Schein also told us that Adam Boehler was at one point its primary contact; Boehler is “a friend of Kushner’s and former chief executive of Landmark Health who now leads the [independent agency] U.S. International Development Finance Corp.”<sup>13</sup> Owens & Minor and Henry Schein both reported, in their involvement with Project Air Bridge, interacting with individuals who did not have government emails, possibly including Mr. Robb.<sup>14</sup> Owens & Minor reported that it was concerned about being asked, early in the effort, to provide “pretty darn sensitive” information to individuals with private emails at the Boston Consulting Group, a private consulting firm.<sup>15</sup> This information obtained from the suppliers confirms reports that efforts to distribute PPE leaned heavily on the involvement of private sector volunteers (using personal email addresses), which caused a variety of problems.<sup>16</sup>

It remains unclear why the Trump Administration chose to use this new and unproven private sector approach rather than using procurement and logistics experts within FEMA and HHS,<sup>17</sup> which individuals from the White House or elsewhere in the Administration made the decision to implement this approach, and the role of outside officials in establishing and implementing Project Air Bridge. This arrangement raises a variety of ethical issues, according to a group of governmental ethics experts.<sup>18</sup> To the extent that outside officials were involved, it may raise questions about federal ethics law, conflicts of interest, federal records law, or adherence to federal guidance and rulemaking standards.

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<sup>11</sup> HealthTrust Europe, “Our Leadership,” accessed May 27, 2020, <https://www.healthtrusteurope.com/who-we-are/executive-leadership/>; LinkedIn, “Dennis Robb,” accessed May 27, 2020, <https://www.linkedin.com/in/dennisrobb/>.

<sup>12</sup> Phone briefing with King & Spalding on behalf of Henry Schein and staffs of Senators Elizabeth Warren and Richard Blumenthal, May 12, 2020.

<sup>13</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html).

<sup>14</sup> Phone briefing with Akin Gump, Owens & Minor, and staffs of Senators Elizabeth Warren and Richard Blumenthal, May 7, 2020; Phone briefing with King & Spalding on behalf of Henry Schein and staffs of Senators Elizabeth Warren and Richard Blumenthal, May 12, 2020.

<sup>15</sup> Phone briefing with Akin Gump, Owens & Minor and staffs of Senators Elizabeth Warren and Richard Blumenthal, May 7, 2020.

<sup>16</sup> Washington Post, “Kushner coronavirus effort said to be hampered by inexperienced volunteers,” Yasmeen Abutaleb and Ashley Parker, May 5, 2020, [https://www.washingtonpost.com/politics/kushner-coronavirus-effort-said-to-be-hampered-by-inexperienced-volunteers/2020/05/05/6166ef0c-8e1c-11ea-9e23-6914ee410a5f\\_story.html](https://www.washingtonpost.com/politics/kushner-coronavirus-effort-said-to-be-hampered-by-inexperienced-volunteers/2020/05/05/6166ef0c-8e1c-11ea-9e23-6914ee410a5f_story.html). New York Times, “How Kushner’s Volunteer Force Led a Fumbling Hunt for Medical Supplies,” Nicholas Confessore, Andrew Jacobs, Jodi Kantor, Zolan Kanno-Youngs, and Luis Ferré-Sadurní, May 5, 2020, <https://www.nytimes.com/2020/05/05/us/jared-kushner-fema-coronavirus.html>.

<sup>17</sup> *Id.*

<sup>18</sup> Washington Post, “Kushner coronavirus effort said to be hampered by inexperienced volunteers,” Yasmeen Abutaleb and Ashley Parker, May 5, 2020, [https://www.washingtonpost.com/politics/kushner-coronavirus-effort-said-to-be-hampered-by-inexperienced-volunteers/2020/05/05/6166ef0c-8e1c-11ea-9e23-6914ee410a5f\\_story.html](https://www.washingtonpost.com/politics/kushner-coronavirus-effort-said-to-be-hampered-by-inexperienced-volunteers/2020/05/05/6166ef0c-8e1c-11ea-9e23-6914ee410a5f_story.html).

- **The effectiveness of Project Air Bridge in getting supplies to the areas most in need.** Several of the medical suppliers (Cardinal, McKesson, and Medline) provided copies of key, but previously non-public, Memorandums of Agreement (MOAs) that they signed with the U.S. Department of Homeland Security and the Federal Emergency Management Agency regarding the distribution of medical supplies shipped via Project Airbridge.<sup>19</sup> Under these MOAs, which we have also attached to this letter, the suppliers agreed to “distribute PPE comprised of the same or equivalent products as, and equal to at least 50% of, the Transported PPE (the ‘FEMA-Directed PPE’) to Company existing customers in the locations specified...which DHS/FEMA and HHS have determined have the most pressing need.”<sup>20</sup> Medline provided an explanation of how it interpreted this directive: “At least 50 percent of each type of PPE from each flight is distributed to FEMA-designated hot spots by number of unit. For instance, if a flight transports 1,000,000 units of a type of product, no less than 500,000 units are distributed to providers within FEMA-designated hot spots.”<sup>21</sup> This explanation was consistent with information we received from other suppliers.

Medline also told us that “FEMA provides an updated hot spot list every 96 hours.”<sup>22</sup> McKesson and Concordance also provided our staff with examples of lists of hotspot counties they were given by FEMA. These lists appear to be consistent with areas considered to have serious outbreaks at the time. For example, each list provided by Concordance, which cover the dates 4/24–5/14, ranks some combination of three New York City counties (Kings County, N.Y.; Queens County, N.Y.; Bronx County, N.Y.) and Cook County, Ill. (which contains Chicago) in the top three spots;<sup>23</sup> indeed, those four counties currently rank as having the highest number of COVID-19-related deaths.<sup>24</sup> But there are still open questions about how the administration determined which counties to designate as hotspots. FEMA has provided some detail on how it identifies areas in need of medical supplies,<sup>25</sup> but the administration has not answered requests for more detail from reporters, nor from members of Congress,<sup>26</sup> and the suppliers did not

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<sup>19</sup> Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and Cardinal; Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and McKesson; Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and Medline.

<sup>20</sup> Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and Cardinal, p. 2.

<sup>21</sup> Letter from Medline to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 2.

<sup>22</sup> *Id.*

<sup>23</sup> FEMA-designated hot spot lists, provided by Concordance, May 18, 2020.

<sup>24</sup> Johns Hopkins University, “COVID-19 United States Cases by County,” accessed May 26, 2020, <https://coronavirus.jhu.edu/us-map>.

<sup>25</sup> Federal Emergency Management Agency, “Coronavirus (COVID-19) Pandemic: National Resource Prioritization Cell,” fact sheet, April 18, 2020, <https://www.fema.gov/news-release/2020/04/18/coronavirus-covid-19-pandemic-national-resource-prioritization-cell>.

<sup>26</sup> Letter from Rep. Bennie G. Thompson to Chad Wolf, May 28, 2020, <https://homeland.house.gov/imo/media/doc/Unanswered%20DHS%20Requests.pdf>.

provide additional insight.<sup>27</sup> PRAC should investigate how these lists were created, including the types of indices and metrics that were used by HHS and FEMA.

Moreover, it appears from the MOAs obtained by our staff that suppliers had complete discretion about how to distribute supplies across the hotspots; for example, nothing in the MOAs appears to prevent a supplier from sending all of its supplies designated for hotspots to just a single customer in one of the 100 hotspot counties specified by DHS and FEMA. Concordance confirmed this: “Under our [MOA], Concordance agreed that 50% of the product received via Air Bridge would be sold to a healthcare customer located in a COVID-19 hot spot FIPS code. For example, our first shipment using Project Air Bridge, the product was going to [a hospital in] New York City. Therefore, 100 percent of our product went to a hot spot.”<sup>28</sup> The MOAs also apparently allow distribution only to suppliers’ existing customers, meaning that if a hospital or health care provider was not already a customer of one of the six Project Air Bridge participants, they would not have access to the PPE obtained via Project Air Bridge.<sup>29</sup>

Neither the administration nor the medical suppliers have broken down in detail (for example, by state or by county), the amount of PPE delivered via Project Air Bridge. Public FEMA releases have only included total numbers of PPE broken down by category, which does not enable an analysis of whether Project Air Bridge has successfully moved supplies to those areas most in need.<sup>30</sup> State officials, who may have more detailed data, have reportedly been told by FEMA that they could not share information about supplies received through Project Air Bridge.<sup>31</sup>

Despite our request to the suppliers for “a full accounting of the distribution of all medical supplies and equipment” shipped via Project Air Bridge, only Concordance provided details on where product was ultimately shipped.<sup>32</sup> Cardinal told us that, “as part of [its] compliance with Project Airbridge requirements, Cardinal Health provides FEMA a record of [its] participatory flights and product deliveries. We respectfully request that you seek any additional information directly from FEMA.”<sup>33</sup> Even federal officials have not been aware of which supplies have been provided through Project Air Bridge; at one news conference, a FEMA administrator credited Project Air Bridge for

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<sup>27</sup> 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](https://www.hsgac.senate.gov/imo/media/doc/200403_Letter_VPPence_SupplyDistribution.pdf).

<sup>28</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 3.

<sup>29</sup> Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and Cardinal, (IV)(B)(3).

<sup>30</sup> Federal Emergency Management Agency, “Photos of Whole-of-America COVID-19 Response,” May 27, 2020, <https://www.fema.gov/news-release/2020/05/27/photos-whole-america-covid-19-response>.

<sup>31</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html).

<sup>32</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 3.

<sup>33</sup> Letter from Cardinal to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 4.

the delivery of 240,000 N95 masks to an Illinois county—only learning later that the masks were instead donated by the U.S. Department of Defense.<sup>34</sup>

- **Limited amount of supplies delivered.** Public reports indicate that Project Air Bridge had a limited effect on mitigating PPE shortages. Inventories of PPE, and especially N95 respirator masks, remain extremely low: “[f]ront-line health-care workers still experienced shortages of critical equipment needed for protection from the coronavirus into early May.”<sup>35</sup> Nearly two-thirds of polled health-care workers reporting shortages of N95 masks, making N95 masks the most needed of the eight PPE categories in the poll.<sup>36</sup> According to FEMA, from March 29 through May 27, Project Air Bridge delivered nearly 1.4 million N95 masks.<sup>37</sup> But this is just four hundredths of one percent (0.04%) of the number of N95 masks that HHS said in March the U.S. would need in the case of a “severe” pandemic.<sup>38</sup> A *Washington Post* investigation showed that, between March 29 and May 6, Air Bridge deliveries accounted for less than one percent of all N95 masks distributed by FEMA, HHS, and the private sector.<sup>39</sup> And N95 masks have only accounted for about a tenth of one percent (0.13%) of all supplies delivered through Project Air Bridge.<sup>40</sup> In contrast, 87% of supplies transported have been gloves.<sup>41</sup>

Limited information provided by the suppliers appear to confirm that shipments from Project Air Bridge did not constitute a significant portion of their PPE deliveries. Owens & Minor told our staff that “Project Airbridge flights have transported approximately 320 million units of PPE for Owens & Minor, which the Company in turn distributed to its U.S. customers. To put this in perspective, since February 1, 2020, Owens & Minor has delivered over *three billion* units of PPE to U.S. health care providers.”<sup>42</sup>

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<sup>34</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html).

<sup>35</sup> Washington Post, “Mask shortage for most health-care workers extended into May, Post-Ipsos poll shows,” Lenny Bernstein and Alauna Safarpour, May 20, 2020, [https://www.washingtonpost.com/health/mask-shortage-for-most-health-care-workers-extended-into-may-post-ipsos-poll-shows/2020/05/20/1ddb588-9a21-11ea-ac72-3841fcc9b35f\\_story.html](https://www.washingtonpost.com/health/mask-shortage-for-most-health-care-workers-extended-into-may-post-ipsos-poll-shows/2020/05/20/1ddb588-9a21-11ea-ac72-3841fcc9b35f_story.html).

<sup>36</sup> *Id.*

<sup>37</sup> Federal Emergency Management Agency, “Photos of Whole-of-America COVID-19 Response,” May 27, 2020, <https://www.fema.gov/news-release/2020/05/27/photos-whole-america-covid-19-response>.

<sup>38</sup> CNBC, “HHS clarifies US has about 1% of face masks needed for ‘full-blown’ coronavirus pandemic,” Berkeley Lovelace, Jr., March 4, 2020, <https://www.cnbc.com/2020/03/04/hhs-clarifies-us-has-about-1percent-of-face-masks-needed-for-full-blown-pandemic.html>.

<sup>39</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html).

<sup>40</sup> Federal Emergency Management Agency, “Photos of Whole-of-America COVID-19 Response,” May 27, 2020, <https://www.fema.gov/news-release/2020/05/27/photos-whole-america-covid-19-response>.

<sup>41</sup> *Id.*

<sup>42</sup> Letter from Akin Gump on behalf of Owens & Minor to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, pp. 4–5. Emphasis original.

The *Washington Post* investigation suggests that Project Air Bridge has failed even in its mission to specifically provide the hardest-hit counties with supplies, finding that “officials in three of the 10 [hardest-hit] counties said they believed they had not received any supplies through Project Airbridge. In seven counties, officials said they had no way to know.”<sup>43</sup> A spokesman for the Delaware Emergency Management Agency said, “We really cannot say with certainty what, if anything, has been received with the support of this initiative.”<sup>44</sup> The White House has posed additional difficulties to determine Project Air Bridge’s effectiveness by repeatedly overstating the amount of PPE delivered by Project Air Bridge.<sup>45</sup>

- **Seized orders of supplies.** We also sought information from the medical suppliers about reports from state officials and healthcare providers that federal agents have been seizing or otherwise redirecting purchases of medical supplies for redistribution to other jurisdictions.<sup>46</sup> The medical suppliers claimed that they have not, to their knowledge, distributed any seized medical supplies, leaving questions about the nature and extent of these seizures. McKesson told us that, while it was “aware of press reports regarding alleged seizures of product by FEMA or others[, i]f FEMA has engaged in such seizures, [McKesson] is not aware of having been directed to distribute any seized supplies.”<sup>47</sup> Medline told us that it was “not aware of any seizures of medical supplies by FEMA. Medline was not asked to distribute any medical supplies in FEMA’s possession.”<sup>48</sup> Owens & Minor wrote that it was “not aware of its product being seized by any federal, state, or local entity.”<sup>49</sup> Cardinal wrote that it was “not aware of orders that have been seized by FEMA, nor has it knowingly distributed any product seized by FEMA.”<sup>50</sup> Henry Schein wrote that it “has not had issues with the U.S. government seizing or redirecting its shipments and is not aware of FEMA seizing or redirecting shipments generally other than reports in the media.”<sup>51</sup> Concordance wrote that it was “not aware of FEMA seizing product and asking Concordance to distribute product through Project Air

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<sup>43</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html).

<sup>44</sup> *Id.*

<sup>45</sup> *Id.*

<sup>46</sup> 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>.

<sup>47</sup> Letter from Covington & Burling on behalf of McKesson to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 4.

<sup>48</sup> Letter from Medline to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 5.

<sup>49</sup> Letter from Akin Gump on behalf of Owens & Minor to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 5.

<sup>50</sup> Letter from Cardinal to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 5.

<sup>51</sup> Letter from King & Spalding on behalf of Henry Schein to Senators Elizabeth Warren and Richard Blumenthal, May 20, 2020, p. 6.

Bridge.”<sup>52</sup> Henry Schein and Concordance did indicate that they were asked by the government to provide assistance in the distribution of product that the companies understood to be donated by the U.S. Department of Defense.<sup>53</sup>

- **High prices.** There have been ongoing reports that states have been bidding against each other on the open market for supplies, paying up to ten times the normal prices for some key medical equipment.<sup>54</sup> To determine if Project Air Bridge had any effect on prices for desperate buyers amidst the pandemic, we sought information on pricing from the suppliers. They did not provide the requested information, so it is not clear what effect Project Air Bridge had on pricing of PPE. The federal government assumed, on behalf of the medical suppliers, the cost of shipping products to the United States. But we were not able to determine if the suppliers passed these savings on to hospitals and other medical providers, or what prices these suppliers charged for these products.

In their responses and in verbal briefings with our staff, the medical suppliers largely disclaimed responsibility for increased prices. Henry Schein, Concordance, Owens & Minor, Medline, and Cardinal specifically informed us that they do not sell products via auction. Moreover, the suppliers generally attributed higher costs in the PPE market to elevated costs from the manufacturers, including for raw material. McKesson said that, “to give an extreme example, reports indicate that the cost of the raw material used to make N95 and 3-ply ear loop masks has increased to nearly forty times (40x) pre-crisis costs.”<sup>55</sup> Medline wrote that, “because of the worldwide shortage of PPE, Medline’s acquisition costs for most PPE from manufacturers increased 200-1,500%.”<sup>56</sup>

The suppliers wrote, in general terms, that, despite elevated costs, they had endeavored to keep prices low for customers, in line with the MOA requirement that suppliers “distribute the FEMA-Directed PPE to its customers at a reasonable price (i.e., the price that a prudent and competent buyer would be willing to pay given available data on market conditions).”<sup>57</sup> Concordance wrote that its “margins have remained within historical averages while the prices [it is] charged have increased.”<sup>58</sup> Medline wrote that the products it sold before the pandemic continue to be sold, “in the vast majority of transactions, at pre-pandemic prices, notwithstanding Medline’s much higher acquisition

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<sup>52</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 5.

<sup>53</sup> Letter from King & Spalding on behalf of Henry Schein to Senators Elizabeth Warren and Richard Blumenthal, May 20, 2020, p. 6; Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 5.

<sup>54</sup> 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](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).

<sup>55</sup> Letter from Covington & Burling on behalf of McKesson to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 4.

<sup>56</sup> Letter from Medline to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 2.

<sup>57</sup> Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and Cardinal, (IV)(B)(6).

<sup>58</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 5.

costs for many of these products.” McKesson wrote that, “if the cost for [McKesson] to acquire the product subsequently increases, [McKesson] will only adjust prices to account for the cost increase and will not increase its gross profit.”<sup>59</sup> However, the medical suppliers did not provide our staff with detailed pricing information or customer contracts that would allow verification of their claims or an analysis of pricing information. Cardinal told us that its “pricing data is confidential business information.”<sup>60</sup>

We are especially concerned by the fact that, although the MOA imposes the requirement that prices be kept “reasonable,”<sup>61</sup> it appears that the government has no mechanism of explicitly defining or enforcing this requirement, and that it has not received or even requested pricing information from the suppliers. McKesson wrote that it was “not aware of how FEMA is monitoring and enforcing compliance with that requirement.”<sup>62</sup> Medline wrote that it “has no knowledge of how DHS/FEMA is monitoring and enforcing compliance with this requirement. DHS/FEMA has not asked Medline for information about its pricing of PPE transported via Project Air Bridge.”<sup>63</sup> Henry Schein wrote that it “is not aware of how the government monitors or enforces compliance with the reasonable price requirement.”<sup>64</sup> Concordance wrote that it has “not had experience in government monitoring or enforcement of specific prices.”<sup>65</sup>

On April 4, 2020, the U.S. Department of Justice Antitrust Division issued a letter to the suppliers indicating that it did not “intend to challenge the [suppliers’] efforts to expedite and increase manufacturing, sourcing, and distribution of PPE and medications.”<sup>66</sup> The letter cites the suppliers’ proposals to, among other things, “help FEMA and HHS understand competitive prices for these supplies and medications [and] help FEMA and HHS negotiate competitive prices, through bilateral communication with FEMA [and] provide FEMA and HHS with data necessary to do the above.”<sup>67</sup> It also cites the suppliers’ commitments to “not using any collaboration to increase prices, reduce output, reduce quality, or otherwise engage in COVID-19 profiteering.”<sup>68</sup> It is not possible for

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<sup>59</sup> Letter from Covington & Burling on behalf of McKesson to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 4.

<sup>60</sup> Letter from Cardinal to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 5.

<sup>61</sup> Memorandum of Agreement between the Department of Homeland Security Federal Emergency Management Agency and Cardinal, (IV)(B)(6).

<sup>62</sup> Letter from Covington & Burling on behalf of McKesson to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 4.

<sup>63</sup> Letter from Medline to Senators Elizabeth Warren and Richard Blumenthal, May 13, 2020, p. 4.

<sup>64</sup> Letter from King & Spalding on behalf of Henry Schein to Senators Elizabeth Warren and Richard Blumenthal, May 20, 2020, p. 5.

<sup>65</sup> Letter from Concordance to Senators Elizabeth Warren and Richard Blumenthal, May 18, 2020, p. 5.

<sup>66</sup> U.S. Department of Justice, “Department of Justice Issues Business Review Letter to Medical Supplies Distributors Supporting Project Airbridge Under Expedited Procedure for COVID-19 Pandemic Response,” press release, April 4, 2020, <https://www.justice.gov/opa/pr/department-justice-issues-business-review-letter-medical-supplies-distributors-supporting>; Letter from Assistant Attorney General Makan Delrahim to medical suppliers, April 4, 2020, p. 2, <https://www.justice.gov/opa/press-release/file/1266541/download>.

<sup>67</sup> Letter from Assistant Attorney General Makan Delrahim to medical suppliers, April 4, 2020, p. 5, <https://www.justice.gov/opa/press-release/file/1266541/download>.

<sup>68</sup> *Id.*, p. 6.

the government to enforce the commitments laid out in this letter and in the MOAs if it is not receiving or requesting pricing data from the suppliers.

### Conclusion

Through Project Air Bridge, taxpayers have paid at least \$91 million for flights for medical supplies to be shipped by air freight, expediting shipments that otherwise would have been made by ocean freight.<sup>69</sup> Our investigation provided a number of important new facts about Project Air Bridge, but raised numerous important questions about its implementation and its effect on the availability of critical medical supplies and their pricing in the early days of the COVID-19 pandemic. Given these questions, it is not clear if the project was effective or cost-efficient, or if other alternatives—such as the early invocation and use of the *Defense Production Act* to produce medical supplies—would have better alleviated the PPE shortage, saved money, and saved lives. We therefore ask that you conduct a detailed investigation of this program, using authority granted to you under the *Coronavirus Aid, Relief, and Economic Security Act*.

Sincerely,



Elizabeth Warren  
United States Senator



Richard Blumenthal  
United States Senator



Charles E. Schumer  
United States Senator

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<sup>69</sup> Washington Post, “White House’s pandemic relief effort Project Airbridge is swathed in secrecy and exaggerations,” Amy Brittain, Isaac Stanley-Becker, and Nick Miroff, May 8, 2020, [https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691\\_story.html](https://www.washingtonpost.com/investigations/white-house-pandemic-supply-project-swathed-in-secrecy-and-exaggerations/2020/05/08/9c77efb2-8d52-11ea-a9c0-73b93422d691_story.html).