

# GAO Highlights

Highlights of [GAO-21-108](#), a report to congressional committees

## Why GAO Did This Study

COVID-19 has put the U.S. health care system under severe strain, including affecting the federal government's ability to buy and maintain critical medical supplies to treat patients and protect health care workers.

In March 2020 agencies began using DPA authorities to rapidly obtain and expand domestic production of medical supplies for COVID-19. The CARES Act provided the Department of Defense (DOD) \$1 billion for DPA purchases related to COVID-19. HHS also reported using some of the \$8.4 billion it obligated to buy supplies and replenish the Strategic National Stockpile to increase domestic production of medical supplies, which GAO refers to as similar actions.

The CARES Act includes a provision for GAO to monitor funds provided for the COVID-19 pandemic. This report examines (1) federal agencies' use of these actions to address COVID-19, and (2) the federal approach for using DPA and similar actions for medical supplies, among other issues. GAO analyzed agency announcements, federal procurement data, contracts, project data, and planning documents from March 18 through September 30, 2020, and interviewed HHS, DOD, and FEMA officials.

## What GAO Recommends

GAO is making two recommendations, including that HHS identify how DPA and similar actions will be used to increase domestic production of essential medical supplies as part of efforts to reduce reliance on foreign manufacturers. HHS concurred with the recommendation.

View [GAO-21-108](#). For more information, contact W. William Russell at (202) 512-4841 or [RussellW@gao.gov](mailto:RussellW@gao.gov).

November 2020

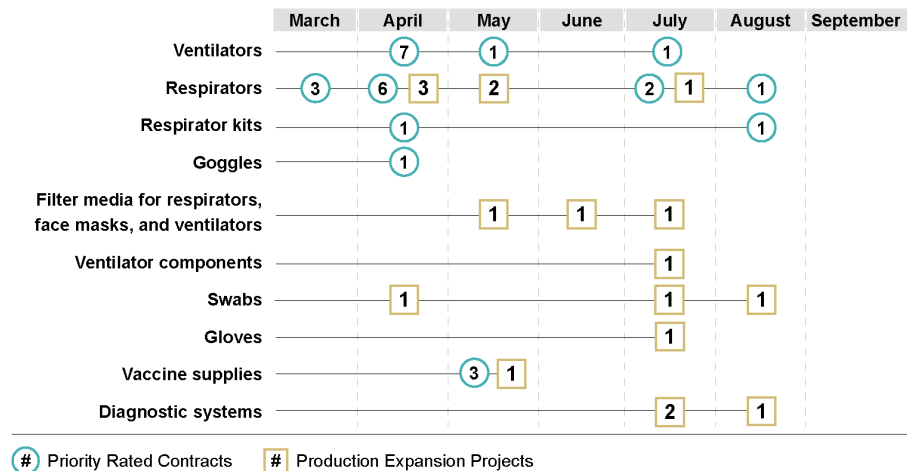
# DEFENSE PRODUCTION ACT

## Opportunities Exist to Increase Transparency and Identify Future Actions to Mitigate Medical Supply Chain Issues

### What GAO Found

Federal agencies used the Defense Production Act (DPA) to help address medical supply shortages from COVID-19. The DPA gives agencies the authority to (1) prioritize contracts for medical supplies so those orders get preference over others, and (2) expand domestic production of medical supplies. GAO identified 43 contracts and agreements—initially valued at about \$3.9 billion—where agencies placed priority ratings on or funded domestic production expansion projects for COVID-19 medical supplies (see figure). Department of Health and Human Services (HHS) and Federal Emergency Management Agency (FEMA) officials stated that nearly all the approximately 181,000 ventilators and 166.5 million of the respirators they placed on priority rated contracts, respectively, have been delivered as of September 2020.

**Federal Agencies' Use of Defense Production Act and Similar Actions for Medical, Testing, and Vaccine Supplies, March 2020-September 2020**



Source: GAO analysis of Departments of Defense and Health and Human Services data. | GAO-21-108

Note: One respirator contract included orders for powered air purifying respirator kits and goggles. We show these as three separate actions.

Federal agencies initially used a targeted DPA approach to address early COVID-19 medical supply issues, such as for ventilators and N95 respirators. By September 2020, agencies increased use of DPA and similar actions to a total of 10 types of medical supplies, and additional DPA actions are likely for masks, pharmaceuticals, screening and diagnostics, and personal protective equipment. In light of COVID-19 supply issues, an August 2020 executive order also directed that agencies take steps to reduce U.S. reliance on foreign manufacturers of medical supplies and other items. To support this order, HHS is leading an effort to identify and mitigate risks for increasing domestic production of medical supplies, but the agency has not yet identified its plans. As HHS completes this effort, an opportunity exists to identify how the DPA and similar actions may be needed to support the effort. Specifically, identifying further use of the DPA and similar actions to increase domestic production of key medical supplies can help alleviate national security risks from continued reliance on foreign manufacturers.