

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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September 14, 2020

The Honorable Alex M. Azar II
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Azar:

The Subcommittee on Economic and Consumer Policy requests documents and information relating to the ventilator contracts recently terminated by the Department of Health and Human Services (HHS).

On July 31, 2020, the Subcommittee issued a staff report detailing the failures of President Trump's assistant, Peter Navarro, in negotiating a \$646.7 million ventilator contract on HHS's behalf with Philips Respironics.¹ Shortly after the staff report was released, HHS terminated that contract with Philips, saving taxpayers more than \$400 million.² In the same timeframe, HHS also terminated two smaller ventilator contracts with Hamilton Medical and Vyaire Medical.³

In terminating the contracts, HHS took an important step by publicly acknowledging and remedying hundreds of millions of taxpayer dollars-worth of waste, fraud, and abuse. I am pleased that the Subcommittee's work could lead you to this result.

However, I now need to ensure that the waste of taxpayer dollars on these ventilator contracts is truly addressed. When a federal agency terminates a contract, it sometimes negotiates a termination settlement. Those termination settlements can involve

¹ Subcommittee on Economic and Consumer Policy, *Staff Report: The Trump Administration's Failure in Contract Management and Inept Negotiations by Senior White House Officials Denied Americans Ventilators During the Coronavirus Pandemic and Squandered Up to \$504 Million in Taxpayer Funds* (July 29, 2020) (online at <https://oversight.house.gov/sites/democrats.oversight.house.gov/files/Economic%20and%20Consumer%20Policy%20Subcommittee%20Staff%20Report%20on%20Ventilators%20Contract.pdf>).

² *U.S. Scraps Philips Ventilator Order in 2020 Earnings Blow*, Reuters (Aug. 31, 2020) (online at www.reuters.com/article/us-philips-us-ventilators/united-states-halts-order-of-philips-ventilators-earnings-to-be-hit-idUSKBN25R0P6?il=0).

³ *HHS Terminates Hamilton, Vyaire Contracts*, Med Tech Dive (Sept. 2, 2020) (online at www.medtechdive.com/news/hhs-terminates-hamilton-vyaire-ventilator-contracts/584579/).

payouts to the companies whose contracts were terminated. American taxpayers need to know that the termination of wasteful contracts with Philips, Hamilton, and Vyaire will not be undercut by generous termination settlements that involve payoffs to these companies.

To assist the Subcommittee in its evaluation of this matter, please produce the following documents and information by September 24, 2020:

1. The total amounts paid to Philips, Hamilton, and Vyaire under their now-terminated contracts, including any amounts that reflect a termination settlement;
2. All documents and communications referring or relating to termination settlements with Philips, Hamilton, and Vyaire; and
3. The complete and unredacted contract files ultimately awarded in 2020 to Philips, Hamilton, and Vyaire, and all documents referring or relating to the contract award processes.

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. An attachment to this letter provides additional instructions for responding to the Committee’s request. If you have any questions regarding this request, please contact Subcommittee staff at (202) 225-5051.

Sincerely,



Raja Krishnamoorthi
Chairman

Subcommittee on Economic and Consumer Policy

Enclosure

cc: The Honorable Michael Cloud, Ranking Member