

## **Statement for the Record**

**Submitted by**

**The Premier Inc. healthcare alliance**

***Investing in American Jobs: Legislation to Strengthen Manufacturing and Competitiveness***

**House Energy and Commerce Subcommittee on Consumer Protection and Commerce**

**October 14, 2021**

The Premier healthcare alliance appreciates the opportunity to submit a statement for the record on the House Energy and Commerce Consumer Protection and Commerce Subcommittee's hearing titled, "*Investing in American Jobs: Legislation to Strengthen Manufacturing and Competitiveness*," scheduled for October 14, 2021. We applaud the leadership of Chairs Pallone and Schakowsky, Republican Leaders Rodgers and Bilirakis and members of the Subcommittee for holding this hearing on legislative efforts to ensure a more robust U.S. manufacturing base and to increase America's competitiveness.

Premier has been a longstanding advocate for boosting domestic manufacturing, diversity and resiliency in the healthcare field, partnering with domestic manufacturers to fill gaps in production of critical drugs and creating an investment vehicle to help the nation enhance domestic and geographically diverse manufacturing capacity for crucial medical supplies. Premier has worked with its members and collaborated with manufacturers to expand the domestic production of [N95 masks](#), [nitrile exam gloves](#), [isolation gowns](#), and [pharmaceuticals](#) and features American-made products on its online marketplace, [stockd](#). Furthermore, Premier and many of its members have committed to buy product domestically through our partnerships with Prestige Ameritech, DeRoyal and Honeywell to help create sustainable onshore manufacturing for the future.

To sustain this progress and to boost the nation's domestic manufacturing capabilities, however, manufacturers need assurances of longer-term purchasing and the recognition of the capital requirements needed to expand domestic capacity in order to offer long-term, competitive prices.

There are five major barriers to domestic manufacturing that policy proposals must address. These barriers include: 1) capacity; 2) environmental regulations; 3) labor costs; 4) availability of raw materials; and 5) historical policy decisions that advantaged offshoring.

While Premier recognizes a need to incentivize domestic manufacturing, we also recognize a need to ensure global diversity in manufacturing. For example, moving all manufacturing onshore would create a similar overreliance on a single geographical region. Therefore, Premier recommends that there be at least three global suppliers of the final form, ancillary products and raw materials for critical medical supplies and drugs. Global suppliers should be from geographically diverse regions including at least one domestic supplier.

Premier has thought critically about how to incentivize manufacturers to invest in domestic manufacturing while also ensuring that domestically manufactured goods are price competitive with globally sourced

products. To that end, Premier recommends a two-part approach that leverages tax credits as a mechanism for achieving these goals.

#### Part I: A 30 percent Tax Incentive for Manufacturers

- A 30 percent tax incentive for investments to support the domestic manufacturing of critical medical supplies and drugs, including their raw materials. Examples of how the tax incentive could be applied (not intended to be all inclusive – examples only):
  - Investments in advanced manufacturing equipment or machinery
  - Investments to repurpose existing abandoned facilities
  - Investments to build new facilities
  - Investments to expand existing facilities
  - Investments to relocate foreign facilities back to the U.S.
  - Investments to upgrade facilities to meet EPA requirements
  - Regulatory filing fees for new domestic entrants to the market (e.g. FDA, NIOSH, etc.)
- The tax incentive should be reevaluated in five years to determine its ongoing necessity and whether the incentive level can be lowered or eliminated.

#### Part II: A 10 Percent Tax Credit & Guardrails

- A 10 percent tax credit on the income generated from the sale of domestically manufactured goods. This would also help lower the cost of goods manufactured domestically and make them price competitive with globally sourced products.
- To be prudent, companies found to be price gouging or selling counterfeit products by the Department of Justice, Federal Trade Commission, or other agency should not be eligible for the tax credit. Guardrails would help ensure companies aren't artificially increasing their prices to take advantage of the tax credit from higher sales prices and support the integrity of the supply chain.

Creating tax incentives would drive prices down and create a more sustainable and competitive U.S. market, while also ensuring that healthcare providers have reliable access to these products for their patients even during periods of skyrocketing global demand.

To truly create a long-term domestic manufacturing infrastructure that is sustainable, incentives for onshoring manufacturing must be coupled to committed purchasing volumes so new entrants to the market have a guaranteed sales channel. To accomplish this goal while cultivating global diversity, Premier recommends that government purchasers be required to contract for critical medical supplies and pharmaceuticals from a mixture of onshore, near-shore (such as Central and South American countries) and off-shore countries. Purchase thresholds based upon a geographical region can help prioritize domestic manufacturers while ensuring global diversity and sustainability of the supply chain.

Finally, Premier recommends that Congress and the Administration consider incentives for healthcare providers to purchase domestic manufactured critical medical supplies and drugs through programs such as tax incentives, CMS bonus payments, etc. to create committed purchasing volume for domestic suppliers and offset higher acquisition costs.

#### **Conclusion**

In closing, the Premier healthcare alliance appreciates the opportunity to submit a statement for the record on the House Energy and Commerce Consumer Protection and Commerce Subcommittee's hearing on strengthening America's manufacturing and competitiveness. Premier is available as a resource and looks

forward to working with Congress as it considers policy options to continue to address this very important issue.

If you have any questions regarding our comments or need more information, please contact Soumi Saha, Vice President of Advocacy, at [soumi\\_saha@premierinc.com](mailto:soumi_saha@premierinc.com) or 732-266-5472.