United States Senate

WASHINGTON, DC 20510

May 5, 2025

The Honorable Doug Collins
Secretary of Veterans Affairs
810 Vermont Avenue, NW
Washington, DC 20420

Dear Secretary Collins,

We have significant concerns with President Trump's tariff plan and trade war, and write today to request information regarding your involvement in shaping and responding to this plan, as well as the steps you have taken to mitigate its impact on the Department of Veterans Affairs (VA). Specifically, we seek to understand what actions the Department is undertaking to secure exemptions and ensure continued access to critical medications, medical supplies, equipment, and other goods necessary to support operations at VA's more than 1,380 health facilities serving 9.3 million veterans.

While many of us in Congress have long supported efforts to strengthen and expand domestic manufacturing, create jobs, and promote veteran-owned businesses, as well as enact "Buy America" and related pro-worker and pro-veteran procurement requirements, the Administration's current trade policy is reckless and destabilizing. And its tariffs risk increasing costs and diminishing access to essential services for our nation's veterans.

As any introductory economics student would recognize, tariffs on imported goods are typically passed along to the consumer. As one of the largest consumers of goods and services in the federal government, President Trump's decision to start a trade war will undoubtingly impact the VA's operations and likely its expenditures in the current Fiscal Year (FY) and FY 2026. Actions must be taken now to avoid or mitigate the foreseeable significant rise in operational costs across the enterprise.

According to the Government Accountability Office (GAO), in FY 2024, VA spent $66.1 billion in purchases and contracting for goods and services. Among the top expenditures were $16.6 billion for medical services and $15 billion for drugs and biologics, medical and surgical instruments, equipment, supplies, information technology, and laboratory equipment. During the COVID-19 pandemic, all Americans became acutely aware of how many goods or components of goods are produced abroad, especially in healthcare delivery. One of the most significant costs that impact healthcare is medications. Many active pharmaceutical ingredients and finished medications are produced abroad. Of the latter, 45 percent are manufactured in India, 13 percent in China, and seven percent across Europe. Another example is personal protective equipment (PPE). Less than one percent of surgical gloves, one of the most commonly used pieces of PPE, are made in the United States. Malaysia currently produces 60 percent of the world's nitrile gloves. Other goods, such as intravenous catheters and medical devices like ventilators, CT and MRI scanners, x-ray equipment, and the computers needed to process the images generated, are partly or wholly manufactured outside the US. In addition, the cost of items like dental implants and prosthetics will also be negatively impacted, given that many of the raw materials for both come from overseas.

Even before the President's trade war, many private sector healthcare systems were already under financial strain. For example, Mass General Brigham—the largest private employer in Massachusetts—recently announced approximately 1,500 layoffs following a $72 million operating loss in FY 2024. Across the country, healthcare systems are downsizing services as a cost-saving measure. A February report from Chartis, a leading healthcare consulting firm in the US, revealed that 38 of the 48 states with rural hospitals have at least one hospital at risk of closure, identifying 432 hospitals nationwide that may close in 2025. Tariffs will only exacerbate this fragile situation, prompting further closures, workforce reductions, or diminished service offerings. Since 2019, VA has experienced a double-digit annual growth in community care spending. In FY 2023, almost 40 percent of the total VA healthcare workload was delivered in the private sector. If the private sector continues to experience reductions and closures as described above, just as VA is reducing its own workforce by up to 83,000 staff by the end of this fiscal year, serious questions arise: How and where will veterans receive the care they have earned in a timely manner? How is VA accounting for these economic and capacity challenges as it develops and implements its "fire first, plan later" reduction-in-force effort? This is on top of chaotic cancelling of contracts at the Department that provide direct services to veterans and support VA operations, an attempt to freeze the use of purchase cards for medical supplies and new barriers put in place requiring additional levels of sign off before VA medical facilities are allowed to contract for emergency medical supplies and services.

In addition to these pressing concerns, the trade war is also anticipated to present significant challenges to the construction industry – an industry VA heavily relies on to build, modernize, and maintain its medical facilities, office space, and regional offices, and 155 cemeteries. How will the costs of VA's thousands of ongoing major, minor, non-recurring maintenance and leasing construction projects underway across VA's system be impacted, and will these expected cost increases cause projects to slow their schedules, be deferred, delayed, or removed from VA's FY 2026 budget plan? How will this disrupt Congress's direction to VA to expand access to health care and other services and modernize its facilities?

While Congress has enacted critically important laws such as the *Make PPE in America Act*, and previous Administrations have taken action to onshore these capabilities and bring manufacturing back to the United States, it is clear those efforts cannot happen overnight and there will be a continued need to procure items and materials from other countries for years to come. Services to America's veterans must not be impacted by the Trump Administration's failure to plan for this obvious outcome and become collateral damage in the President's trade war and tariff tax on goods. We look forward to understanding how the Department intends to address the concerns raised in this letter.

Sincerely,

Richard Blumenthal
United States Senator

Jeanne Shaheen
United States Senator

Amy Klobuchar
United States Senator

Richard J. Durbin
United States Senator

Alex Padilla
United States Senator

Jacky Rosen
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