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Congress of the United States
House of Representatives
Washington, DC 20515–3222

House Committee on Ways and Means
Subcommittee on Health
Subcommittee on Trade
House Committee on Science, Space, and Technology
Subcommittee on Energy
House Permanent Select Committee on Intelligence
Subcommittee on Defense Intelligence and Overhead Architecture
Subcommittee on National Intelligence Enterprise

September 10, 2026

The Honorable Robert F. Kennedy, Jr.
Secretary of Health and Human Services
U.S. Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare and Medicaid Services
200 Independence Avenue, SW
Washington, DC 20201

RE: Establishing a Domestic Medicine Incentive

Dear Secretary Kennedy and Administrator Oz,

We write today to commend the Administration for its efforts to strengthen our nation's pharmaceutical supply chain and urge you to ensure the health security of America's patients and reduce our dangerous over-reliance on foreign manufacturing through a Medicare payment incentive for hospitals and clinics that use domestically manufactured essential medicines.

Under President Trump's leadership, the Centers for Medicare & Medicaid Services (CMS) recently released the FY27 Medicare Hospital Outpatient Prospective Payment System (OPPS) Notice of Proposed Rulemaking. It included a portion "Consideration of Potential Approaches for Separate Inpatient Prospective Payment System (IPPS) Payment for Domestic Procurement of Personal Protective Equipment and Essential Medicines" that asked for comment on approaches to reward hospitals for use of domestic essential medicines. We encourage you to build on this initiative through a meaningful and predictable Medicare payment incentive.

The vulnerability of our medical supply chain is no longer a theoretical risk. Shortages of life-saving generics and critical acute-care drugs frequently force providers into difficult clinical decisions. Not only that, but numerous reports have highlighted the vulnerability of the supply chain's reliance on India and China for many medicines. By leveraging the significant manufacturing capacity that already exists in the US through a predictable and meaningful reimbursement incentive for hospitals and clinics, HHS has a powerful opportunity to signal to the market that domestic production is a national priority.

To ensure this program is effective and sustainable, we recommend the following structural pillars:

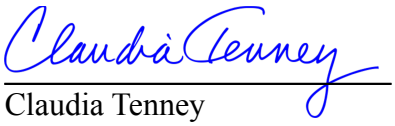
- **Predictable, Timely, and Adequate Payments:** To encourage providers to shift their procurement strategies, we encourage CMS to provide financial incentives that go beyond simple cost recovery. Furthermore, the payment mechanism should be streamlined to ensure providers receive these funds in a predictable manner that aligns with their purchasing cycles.
- **Establishment of a "CMS Essential Medicines List":** While the proposal included in OPPS discusses a pilot program of just 18 medicines, CMS should develop a list of all 86 domestic essential medicines, evaluate a preferred definition of US-origin, and distribute it publicly so that participation is straightforward for hospitals and manufacturers..
- **U.S.-Finished Dose and U.S. Active Pharmaceutical Ingredients (API)**: Bolstering both U.S. made finished doses and U.S. made API is vitally important to the resiliency of American supply chains. Therefore, we support a payment incentive that uses a practical approach, including the two-tier domestic manufacturing framework for API and finished doses.

We strongly support CMS's proposal as a meaningful step toward strengthening domestic pharmaceutical manufacturing and supply chain resilience. This will improve our nation’s health care system and reduce reliance on foreign medicines. We encourage CMS to maintain the core framework, use voluntary incentives that are sufficient to drive hospital adoption, and expand the program over time to cover a broader range of essential medicines.

HHS has an opportunity to strengthen the American medical supply chain. Establishing a clear and meaningful reimbursement incentive for the use of domestic essential medicines will create a powerful demand signal supporting the use of current but unused domestic manufacturing capacity. Further, it could support new investments in U.S. manufacturing. And it would ultimately protect patients from the volatility of drug shortages and the risk of geopolitical supply disruptions.

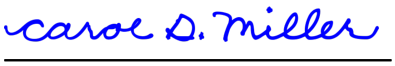
We look forward to your response and to working with your agency to bolster the resilience of the American healthcare system.

Sincerely,



Claudia Tenney
Member of Congress

David Schweikert
Member of Congress



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