

Seize The Day (and the PPE) -

An Overview of State and Local Rules Governing the Possession and/or Sale of Personal Protective Equipment ("PPE") during the COVID-19 Public Health Emergency

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As the Federal Government struggles to secure a sufficient volume of Personal Protective Equipment ("PPE") – i.e., gloves, masks, gowns, face shields, etc. – for the nation's health care workers and first responders, states and localities have begun taking it upon themselves to identify and protect the resources available within their geographic boundaries. These efforts have resulted in a growing number of state and local orders targeted at manufacturers, suppliers, and distributors of PPE and medical equipment.¹

So far, these orders have taken three basic forms:

- Orders to prepare and submit a comprehensive inventory of PPE and medical equipment to Government
 officials,
- Orders to limit the movement of PPE and medical equipment out of the jurisdiction,2 and
- Orders authorizing the seizure of PPE and medical equipment by state or local officials.

While some of these orders "encourage" action by individuals and businesses, several are mandatory and provide for civil and/or criminal penalties for non-compliance. Thus, entities (manufacturers, supplies, distributors, end users, and, in some cases, even individuals) possessing PPE and/or medical equipment in a jurisdiction covered by an order should pay them close attention.

The following discussion provides an overview of some of the states and localities that have issued orders as of April 8, 2020 relating to PPE and/or medical equipment. Of course, the COVID-19 landscape changes rapidly (in some cases, daily), and this informal list should not be used as a substitute for reviewing the actual pronouncements of the leaders in the states and localities in which you operate.

¹As has been widely reported in the press, the Federal Government also has issued orders relating to the COVID-19 Public Health Emergency, including Presidential Executive Orders, HHS and FEMA declarations, and even company-specific, "rated" production orders under the Defense Production Act. For more on the impact of these actions on federal contractors, see https://www.governmentcontractslawblog.com/2020/03/articles/business-systems/survival-guide-2-0/.

²On April 7, 2020, FEMA issued a "temporary final rule" restricting the export of PPE. *See* https://s3.amazonaws.com/public-inspection. federalregister.gov/2020-07659.pdf. While of critical important to businesses making, distributing, and/or selling PPE, the federal rules are beyond the scope of this blog.

Alaska

Jurisdiction	Anchorage; Alaska
Issuing Official	Anchorage Mayor Ethan Berkowitz; Alaska Governor Mike Dunleavy
Reference	Emergency Order EO-02; Health Mandate 012
Title	EO-02: "Proclamation of Additional Emergency Order EO- 02 in Response to COVID-19"; Health Mandate 012: "Intrastate Travel – Limiting travel between communities to critical infrastructure or critical personal needs"
Primary Purpose	Inventory Use Limitation ✓ Sales Restrictions Seizure Rights ✓ Procurement Rules
Effective Date	E0-02: March 19, 2020; Health Mandate 012: March 28, 2020
Termination Date	E0-02: April 14, 2020; Health Mandate 012: April 11, 2020



On March 19, 2020, Anchorage Mayor Ethan Berkowitz issued Emergency Order EO-02 to safeguard the supply of PPE in Anchorage, Alaska. The Order mandates that Anchorage businesses, including construction companies, funeral homes, hair and nail salons, janitorial companies, oil field services, power/energy companies, and universities must safeguard PPE in their existing stock, and use PPE only when absolutely necessary to protect their eyes, face, or hands in the performance of an essential function of their job. Further, the Order provides that Anchorage businesses must make the preserved supplies of PPE available to health care practitioners responding to COVID-19 when called upon to do so by the Mayor.

The Order does not apply to PPE that is not readily adaptable to the health care industry, e.g., hard hats, hearing protection, specialty boots, or welding shields. The Order took effect on the date it was issued, March 19, 2020, and will continue until April 14, 2020. The Order does not specify penalties for violations, but states that the Order has "the power of law."³

Subsequently, on March 27, 2020, Alaska Governor Mike Dunleavy issued Health Mandate 012, which has additional implications for businesses operating in the State. Specifically, businesses providing "essential services" within the meaning of the state public health emergency guidelines, including PPE manufacturers and suppliers, need to prepare and submit a "travel plan or protocol for maintaining critical infrastructure." According to the Mandate, "[t]he plan should outline how you will avoid the spread of COVID-19 and not endanger the lives of the communities in which you operate, of others who serve as a part of that infrastructure, or the ability of that critical infrastructure to function." The Mandate also builds upon an early Mandate that restricts interstate and intra-state travel.

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 $^{{\}it ^3See}\ https://www.muni.org/Departments/Mayor/PressReleases/Documents/EO-02\%20 Final.pdf$

⁴ See https://gov.alaska.gov/home/covid19-healthmandates/

California

Jurisdiction	Santa Clara County
Issuing Official	Santa Clara County Health Officer Sarah H. Cody, M.D.
Reference	N/A
Title	"Order of the Health Officer of Santa Clara County Directing All Entities and Individuals in the County to Disclose on a One- Time Basis to the Health Officer Inventories of Greater Than Minimum Amounts of Personal Protective Equipment and Ventilators"
Primary Purpose	Inventory ✓ Use Limitation ✓ Sales Restrictions Seizure Rights Procurement Rules
Effective Date	April 8, 2020
Termination Date	TBD



On April 8, 2020, Santa Clara County Health Officer Sarah H. Cody, M.D. issued an Order requiring all entities and individuals operating within the boundaries of Santa Clara County to disclose, on a one-time basis, inventories of greater than minimum amounts of PPE and ventilators (*e.g.*, more than 500 N95 masks or more than 10 gallons of hand sanitizer). The Order provides, in relevant part, as follows:

- "By April 15, 2020, each Entity with any physical presence in and any individual currently living in the County must disclose to the Health Officer all inventories greater than the minimum amounts [set forth in the Order] of PPE and Ventilators pursuant to the Disclosure Requirements" of the Order. The Order provides an online portal for the submission of the required inventory.
- The Order gives the County Health Officer the right to demand "additional disclosures regarding, for example, the specific type or location of PPE."
- The Order further "strongly encourages" entities and individuals "to conserve PPE and to use alternatives such as homemade face coverings in their place" "to the greatest extent possible "

The Order remains in effect "until it is rescinded, superseded, or amended in writing by the Health Officer." The Order does not provide for penalties for violations.⁵

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⁵ See https://www.sccgov.org/sites/phd/DiseaseInformation/novel-coronavirus/Documents/order-04-08-20-ppe-disclosure.pdf

Colorado

Jurisdiction	State of Colorado
Issuing Official	Gov. Jared Polis
Reference	Executive Order D 2020 009
Title	"Ordering the Temporary Cessation of All Elective and Non-Essential Surgeries and Procedures and Preserving Personal Protective Equipment and Ventilators in Colorado Due to the Presence of COVID-19"
Primary Purpose	Inventory ✓ Use Limitation Sales Restrictions Seizure Rights Procurement Rules
Effective Date	March 19, 2020
Termination Date	April 14, 2020



On March 19, 2020, Colorado Governor Jared Polis issued an Executive Order calling for the temporary cessation of all elective and non-essential surgeries and procedures, and the preservation of PPE and ventilators in Colorado due to the presence of COVID-19. In connection with his Order, the Governor further "requested" that any

Colorado business or non-hospital health care facility, whether veterinary, dental, construction, research, institution of higher learning, or other, in possession of PPE, ventilators, respirators and anesthesia machines that are not required for the provision of critical health care services *undertake an inventory of such supplies* by no later than March 26th, 2020 and prepare to send it to the State of Colorado. [emphasis added]

The Order further "directs" the Colorado Emergency Operations Center ("EOC") to "allocate any supplies received pursuant to this order to support activities related to the COVID-19 response." The Order, while not a model of clarity, does not appear to grant the EOC the right to directly seize PPE from Colorado businesses.

The Order expires April 14, 2020 unless extended further by Executive Order. The Order does not provide for penalties resulting from violations of the Order.⁶

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⁶ See http://ccionline.org/wp-content/uploads/2020/03/March-19th-Executive-Order-Ordering-the-Temporary-Cessation-of-All-Elective-and-Non-Essential-Surgeries.pdf

Michigan

Jurisdiction	State of Michigan
Issuing Official	Michigan Department of Health and Human Services Director Robert Gordon
Reference	N/A
Title	Emergency Order Pursuant to MCL 333.2253
Primary Purpose	Inventory ✓ Use Limitation Sales Restrictions Seizure Rights Procurement Rules
Effective Date	March 23, 2020
Termination Date	TBD



On March 23, 2020, Michigan Department of Health and Human Services Director Robert Gordon issued an Emergency Order providing instructions to hospitals, laboratories, and health professionals regarding how they should track healthcare resources during the COVID-19 pandemic. The Order requires the State Department of Health and Human Services to a "conduct daily bed capacity" check throughout the state. The Order further provides that the Michigan Department of Health and Human Services will monitor "to maintain situational awareness of hospital resource capacity and communicate amongst the various state agencies through the State Emergency Operation Center (SEOC)" and will "continue to use this information to direct resources." At this time, the Michigan Order imposed no obligations upon manufacturers, distributors, or suppliers. The Order will remain in effect until lifted, and does not provide for penalties for violations of the Order.⁷

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⁷ See https://www.michigan.gov/documents/coronavirus/MDHHS_epidemic_reporting_order_and_instructions_684709_7.pdf

Minnesota

Jurisdiction	State of Minnesota
Issuing Official	Governor Tim Walz
Reference	Emergency Executive Order No. 20-16
Title	"Directing Non-Hospital Entities to Inventory and Preserve Vital Medical Equipment During the COVID-19 Peacetime Emergency"
Primary Purpose	Inventory ✓ Use Limitation ✓ Sales Restrictions Seizure Rights Procurement Rules
Effective Date	March 23, 2020
Termination Date	TBD



On March 23, 2020, Minnesota Governor Tim Walz signed Emergency Executive Order No. 20-16. The order mandates the following:

- "Any Minnesota business . . . in possession of PPE, ventilators, respirators, or anesthesia machines (including any consumable accessories to these devices) that are not required for the provision of critical health care services or essential services and were not produced by the organization for the purpose of sale," must prepare and submit to the State an inventory of such supplies.
- "Any Minnesota business . . . must refrain from using any such consumable equipment other than for use in delivering critical health care services or essential services requiring such equipment, and must either donate it to a local coordinating entity or prepare for the possibility of being asked to donate or sell it for use by critical health care workers."

The Order took effect March 23, 2020, and will remain in effect "until the peacetime emergency declared in Executive Order 20-01 is terminated or until it is rescinded by proper authority." The Order does not set out penalties for violations of the Order.⁸

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⁸ See https://mn.gov/governor/assets/FINAL%20EO%2020-16%20PPE%20Inventory%20Filed%20032320_tcm1055-424510.pdf

Montana

Jurisdiction	State of Montana
Issuing Official	Governor Steve Bullock
Reference	N/A
Title	"Directive Implementing Executive Orders 2-2020 and 3-2020 and providing for measures to ease the procurement of medical supplies and hospital space and to ease the transfer of patients with COVID-19 to appropriate medical facilities"
Primary Purpose	Inventory Use Limitation Sales Restrictions Seizure Rights Procurement Rules ✓
Effective Date	March 23, 2023
Termination Date	TBD



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On March 23, 2020, Montana Governor Steve Bullock issued a Directive implementing Executive Orders 2-2020 and 3-2020, which declared that a state of emergency exists in Montana due to the global outbreak of COVID-19. The Directive temporarily waives compliance with procurement authorities to the extent necessary to respond to the COVID-19 emergency, citing "the procurement of necessary medical supplies" as an example. Under such circumstances, compliance with the following authorities is waived:

- The Montana Procurement Act, Title 18, Chapter 4 of the Montana Code Annotated.
- Section 18-6-101, MCA, related to agency power to sell or dispose of state property.
- Section 2-17-101, MCA, related to agency leasing of property.
- Any provision of Title 2, Chapter 5 of the Administrative Rules of Montana related to state agency procurement.
- Any other statute or administrative rule to the extent that it would frustrate this directive.

The Directive expires at the end of the declared state of emergency, which has not yet been announced.9

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New Jersey

Jurisdiction	State of New Jersey
Issuing Official	Governor Phil Murphy
Reference	Executive Orders 109 and 113
Title	N/A
Primary Purpose	Inventory ✓ Use Limitation Sales Restrictions Seizure Rights ✓ Procurement Rules
Effective Date	EO 109: March 23, 2020 EO 113: April 2, 2020
Termination Date	TBD



New Jersey Governor Phil Murphy has signed two Executive Orders ("EO") relevant to businesses possessing PPE in the State of New Jersey – EO 109 and EO 113.

Executive Order No. 109

On March 23, 2020, Governor Murphy signed EO No. 109. The order mandates that

Any business or non-hospital health care facility, including but not limited to dental facilities, construction facilities, research facilities, office-based healthcare or veterinary practices, and institutions of higher learning, in possession of PPE, ventilators, respirators, or anesthesia machines that are not required for the provision of critical health care services should undertake an inventory of such supplies and send that information to the State by no later than 5:00 p.m. on Friday, March 27, 2020.

The March 23, 2020 Order specified that it would take effect immediately, and it did not specify when it would end. The Order further provided that "Penalties for violations of this Executive Order may be imposed under, among other statutes, N.J.S.A. App. A:9-49 and -50," which in turn provide that any person who violates an order adopted by the Governor and promulgated under the New Jersey Civilian Defense and Disaster Control Act "shall be adjudged a disorderly person and shall be subject to imprisonment for a term not to exceed 6 months or shall pay a fine not to exceed \$1,000.00 or to both a fine and imprisonment, in the discretion of the court." 10

Executive Order No. 113

On April 2, 2020, Governor Murphy signed Executive Order No. 113, which authorizes the Superintendent of the State Police "to exercise the full authority afforded to the Governor under the Disaster Control Act to take or use personal services and/or real or personal property, including medical resources, for the purpose of protecting or promoting the public health, safety, or welfare." The Order goes on to provide that "[c]ompensation shall be provided following the procedures established by the Disaster Control Act, N.J.S.A. App. A:9-51."

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¹⁰ See https://nj.gov/infobank/eo/056murphy/pdf/EO-109.pdf

Governor Murphy's order requires cooperation by all persons and entities in the State:

It shall be the duty of every person or entity in this State or doing business in this State and of the members of the governing body and every official, employee, or agent of every political subdivision in this State and of each member of all other governmental bodies, agencies, and authorities in this State of any nature whatsoever, to cooperate fully in all matters concerning this Executive Order, and to cooperate fully with Administrative Orders issued pursuant to this Executive Order.

This Order will remain in effect until revoked or modified by Governor Murphy.¹¹

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 $^{^{11}} See \ http://d31hzlhk6di2h5.cloudfront.net/20200402/68/c6/ab/34/ca2c0ad1ce4493522bc86804/EO-113.pdf$

New Mexico

Jurisdiction	State of New Mexico
Issuing Official	Governor Michelle Lujan Grisham
Reference	N/A
Titles	"Public Health Emergency Order Temporarily Regulating the Sale and Distribution of Personal Protective Equipment Due to Shortages Caused by COVID-19"
Primary Purpose	Inventory ✓ Use Limitation ✓
	Sales Restrictions ✓ Seizure Rights Procurement Rules
Effective Date	Sales Restrictions ✓ Seizure Rights
Effective Date Termination Date	Sales Restrictions ✓ Seizure Rights Procurement Rules



On March 24, 2020, New Mexico Governor Michelle Lujan Grisham announced the "Public Health Emergency Order Temporarily Regulating the Sale and Distribution of Personal Protective Equipment Due to Shortages Caused by COVID-19." This Order mandates that:

- "No health care provider or wholesale medical supplier in New Mexico with an inventory of PPE may reduce its inventory of PPE by selling, allocating, or otherwise distributing it without prior approval from the New Mexico Department of Health."
- "No health care provider or wholesale medical supplier in New Mexico may sell, allocate, or otherwise distribute PPE outside of New Mexico without prior approval from the New Mexico Department of Health."
- "Within 3 business days of the Order, each healthcare provider and wholesale medical supplier in New Mexico with an inventory of PPE shall make a report to the New Mexico Department of Health describing its inventory of PPE."¹²

The Order is in effect "for the duration of Executive Order 2020-004," which declared a public health emergency in New Mexico. The Order further provides that "a person who willfully violates the Order is subject to civil administrative penalties, including fines of up to \$5,000 per violation, in addition to other civil or criminal penalties that may be available."

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¹² See https://www.governor.state.nm.us/wp-content/uploads/2020/03/3_24_PHO_2.pdf

New York

Jurisdiction	State of New York
Issuing Official	Governor Andrew Cuomo
Reference	Executive Order No. 202-14
Title	"Continuing Temporary Suspension and Modification of Laws Related to the Disaster Emergency"
Primary Purpose	Inventory ✓ Use Limitation Sales Restrictions Seizure Rights ✓ Procurement Rules
Effective Date	April 8, 2020
Termination Date	May 7, 2020



On April 8, 2020, New York Governor Andrew Cuomo issued his widely-publicized Executive Order No. 202-14. The Order extends all "suspensions and modifications of law, and any directives, not superseded by a subsequent directive, made by Executive Order 202, and each successor Executive Order to 202, for thirty days until May 7, 2020." It further provides that any medical equipment held in inventory by any entity in New York must be reported to the New York Department of Health ("DOH"), and included this seizure right:

DOH may shift any such items not currently needed, or needed in the short term future by a health care facility, to be transferred to a facility in urgent need of such inventory, for purposes of ensuring New York hospitals, facilities and health care workers have the resources necessary to respond to the COVID-19 pandemic, and distribute them where there is an immediate need. The DOH will either return the inventory as soon as no longer urgently needed and/or, in consultation with the Division of the Budget, ensure compensation is paid for any goods or materials acquired at the rates prevailing in the market at the time of acquisition, and shall promulgate guidance for businesses and individuals seeking payment.

The Order provides that the enforcement of any violation of its directives on and after April 7, 2020 "shall be a violation punishable as a violation of public health law section 12-b(2) and the Commissioner of Health is directed and authorized to issue emergency regulations."¹³

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 $^{^{13} \}textit{See} \ \text{https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/EO_202.14_final.pdf}$

Ohio

Jurisdiction	State of Ohio
Issuing Official	Director of Health Amy Acton
Reference	N/A
Title	"Director's Order to Require an Inventory of All Ventilators in Ohio"
Primary Purpose	Inventory ✓ Use Limitation Sales Restrictions Seizure Rights Procurement Rules
Effective Date	March 30, 2020
Termination Date	TBD



On March 30, 2020, Ohio Director of Health Amy Acton issued an order requiring an inventory of all ventilators in Ohio. The order requires that "[a]II manufacturers, producers, wholesalers, transporters, distributors, retailers, physicians, clinics, hospitals, medical facilities and any other entity in the supply chain, from creation through end use, for ventilators shall report and disclose their inventory" to the State. The Order exempts any ventilator in transit across Ohio with an origin and a destination outside of Ohio, as well as any ventilator in the possession of an individual for personal use. The Order will remain in effect until the State of Emergency in Ohio declared by Governor Mike DeWine no longer exists, or until Director Acton rescinds of modifies the Order. The Order does not address penalties for violation of the Order.¹⁴

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¹⁴ See https://content.govdelivery.com/attachments/OHOOD/2020/03/31/file_attachments/1415857/Ventilator%20Order-033120.pdf

Oregon

Jurisdiction	State of Oregon
Issuing Official	Governor Kate Brown
Reference	Executive Order 20:10
Title	"Conserving Personal Protective Equipment and Hospital Beds, Protecting Health Care Workers, Postponing Non-Urgent Health Care Procedures, and Restricting Visitation in Response to Coronavirus (COVID-19) Outbreaks"
Primary Purpose	Inventory ✓ Use Limitation ✓ Sales Restrictions Seizure Rights Procurement Rules
Effective Date	March 19, 2020
Termination Date	June 17, 2020



On March 19, 2020, Oregon Governor Kate Brown issued Executive Order 20:10: "Conserving Personal Protective Equipment and Hospital Beds, Protecting Health Care Workers, Postponing Non-Urgent Health Care Procedures, and Restricting Visitation in Response to Coronavirus (COVID-19) Outbreaks." The Order provides that:

Individuals and entities in other industries that utilize PPE, including but not limited to the commercial, construction, farming, and manufacturing sectors, are strongly encouraged to cancel or postpone non-essential uses of PPE during the ongoing state of emergency, so that equipment can be conserved and redirected to the state's COVID-19 response.

The Order further states that all hospitals, ambulatory surgery centers, outpatient clinics, dental clinics, and veterinary clinics with surplus PPE supplies shall notify the state's PPE Coordinator to arrange for delivery of those surplus supplies to the PPE Coordinator by March 27, 2020. The Order does <u>not</u> require such notification of surplus PPE supplies from other businesses that utilize PPE.

The Order constitutes a "public health law" that is enforced under State Code ORS 43 IA.010. Any person found in violation of the Order is subject to the penalties described in ORS 401.990. ORS 401.990 states that "any person knowingly violating any provision of this chapter, or any of the rules, regulations or orders adopted and promulgated under this chapter, shall, upon conviction thereof, be guilty of a Class C misdemeanor." The Order is in effect for 90 days. ¹⁵

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¹⁵ See http://ccionline.org/wp-content/uploads/2020/03/March-19th-Executive-Order-Ordering-the-Temporary-Cessation-of-All-Elective-and-Non-Essential-Surgeries.pdf

Pennsylvania

Jurisdiction	Commonwealth of Pennsylvania
Issuing Official	Governor Tom Wolf
Reference	N/A
Title	"Order of the Governor of the Commonwealth of Pennsylvania to Ensure the Efficient Allocation and Effective Use of Critical Medical Resources"
Primary Purpose	Inventory ✓ Use Limitation ✓ Sales Restrictions ✓ Seizure Rights ✓ Procurement Rules
Effective Date	April 8, 2020
Termination Date	TBD



On April 8, 2020, Pennsylvania Governor Tom Wolf issued an order "to ensure the efficient allocation and effective use of critical medical resources." The Order mandates that:

Private, public, and quasi-public healthcare providers and facilities, as well as manufacturers, distributors, and suppliers of PPE, pharmaceuticals, and other medical resources located within the Commonwealth, are required to submit current inventory quantities of PPE, pharmaceuticals, and other medical resources as directed by the Pennsylvania Management Agency within 5 days of this Order and to provide updates subsequently as directed by the Pennsylvania Emergency Management Agency.

The Order further provides that the Pennsylvania Emergency Management Agency is authorized "to commandeer and utilize all PPE, pharmaceuticals, and other medical resources required to respond to, provide care for those afflicted by, or otherwise prevent the spread of COVID19 from all private, public, and quasi-public health care providers and facilities, as well as manufacturers and suppliers of PPE, pharmaceuticals, and other medical resources." In the event that such supplies are commandeered, payment will be provided to the entities, and the compensation price of PPE "shall be the average price at which the same or similar consumer goods or services were obtainable in the affected areas during the last seven days immediately prior to March 6, 2020."

The Order will remain in effect for the "duration of the disaster emergency," and it does not specify whether violators of the Order will be penalized.¹⁶

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¹⁶ See https://www.governor.pa.gov/wp-content/uploads/2020/04/20200408-GOV-Critical-Medical-Resources-Order.pdf

Ensuring Compliance With State & Local Orders

Businesses with operations in states and localities governed by an emergency public health order – whether a simple conservation recommendation or a more robust Executive Order that authorizes the seizure of PPE – must pay close attention to the details of the particular order(s) in play. To help ensure compliances, businesses should consider undertaking the following actions:

- Review and understand the nature and scope of the order.
- Engage with state or local officials in an effort to understand and agree upon the logistics for any potential state action (e.g., a seizure).
- Attempt to work with state or local officials to develop a proactive order/sales process to reduce the likelihood of a seizure.
- Implement internal controls (e.g., written directives, internal monitoring, etc.) to ensure compliance with the terms of any state or local order.
- Prepare and submit current, complete, and accurate PPE inventories as required by the rules in a timely fashion.
- Educate personnel working in facilities subject to an order (e.g., sales branch, factory, warehouse, distribution center) about the order and their responsibilities pursuant thereto.
- Educate personnel on what to do in the event of a seizure, including not interfering, politely asking to see credentials, notifying the company's law department, taking inventory (and pictures) of what is seized, etc.
- If you are a business deemed "essential" for purposes of maintaining operations during the COVID-19 public health emergency, consider segregating PPE sales inventory from personal-use inventory to ensure essential personnel will remain protected following any seizure.
- Instruct personnel to bring any seizure or other state/local government action to the attention of the company's law department immediately.

These steps should help minimize the disruption caused by the various state and local orders impacting businesses in possession of PPE and medical equipment.

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Alexander