

WEEKLY CURRENT

February 8-12, 2021

Issues Making a Splash This Week

Telehealth Renewed for Another Season: The acting head of the Department of Health and Human Services (HHS) has written to governors to say that the public health emergency under which telehealth reimbursement has grown will likely continue throughout 2021, meaning that the increased parity payments for telehealth providers will also continue. At the same time, Congress is begging to weigh in on the issue, but a compromise that benefits patients while also reducing reimbursement from parity could easily become a permanent legislative solution.

Taking the Long View to a Five nm-sized Problem: Semiconductors, among other advanced technologies, have become a particular point of focus for Congress and President Biden in addressing supply chain vulnerabilities. The problem? There are no immediate fixes for the current shortage, only the ability to improve future positioning.

Democrats Want FCC Majority ASAP: For Democrats in Congress and the Biden administration, breaking the current two-two deadlock at the Federal Communications Commission (FCC) and securing a Democratic majority will be key to rolling out important policy priorities, such as restoring net neutrality rules and expanding broadband access during the pandemic.

TELEHEALTH GRAVY TRAIN CONTINUES (FOR NOW): The federal reimbursement bonanza that has positively impacted nascent telehealth companies as a result of the Covid-19 pandemic looks set to continue, at least through the end of calendar year 2021.

In a letter to the governors of all 50 states, acting Secretary of Health and Human Services (HHS) Norris Cochran, wrote, "We are writing to you today to share more details regarding the public health emergency (PHE) for COVID-19, as declared by the Secretary of Health and Human Services (HHS) under section 319 of the Public Health Service Act (42 U.S.C. §247d). The current public health emergency was renewed effective January 21, 2021, and will be in effect for 90 days. **To assure you of our commitment to the ongoing response, we have determined that the PHE will likely remain in place for the entirety of 2021, and when a decision is made to terminate the declaration or let it expire, HHS will provide states with**

60 days' notice prior to termination.”

This means that investors have at least the next ten months, and likely even longer, for payment rates to be on par with in-person visits due to the continuing public health emergency. **Because of other pots of funding that an emergency invocation triggers, we believe that the Biden administration will likely err on the side of caution in ending such a declaration.**

In the meantime, members of Congress have begun to stake out their views on telehealth, particularly the new ranking member of the Senate Finance Committee, Senator Mike Crapo (R-ID). **Crapo said in a public statement about his priorities that besides shoring up the solvency and financing of the Medicare program for the long term, a new sense of commitment to innovation and telehealth in particular would be key areas of focus.** In his mind, the pandemic has “proven that certain health care flexibilities can result in faster incorporation of innovative items and services, and should be considered as permanent solutions in some cases. In the past year, the expansion of telehealth and flexibilities in site of service location, permitted technology and provider scope of practice requirements have significantly contributed to the delivery of more efficient care.”

For the industry, having an ally in the head Republican on the committee of jurisdiction is no small benefit and we expect that this year Congress will hold hearings and look to take the lead on any determination of how telehealth will be reimbursed at the federal level. Despite this interest, there may not be an appropriate legislative vehicle for any long-term solution to advance, although the annual appropriations process always is a possibility.

At this point in time there have not been significant examples of vocal opposition from staunch progressives, although many on the left harbor doubts and worries that the most vulnerable patients will be shunted off into telehealth and in-person medicine will become the realm of the more vocal and wealthy.

Whoever President Biden names to lead the Centers for Medicare and Medicaid Services (CMS) will also have a huge influence over whether telehealth reimbursement remains at parity or whether it is used, both as a cost-saving measure as well as a way to improve health outcomes.

Investors should also note that there is a strong chance that telehealth gains acceptance from a bipartisan majority in Congress as well as the Biden administration, but that it is not allowed to continue at parity for Medicare and Medicaid and it instead turns into a cost-saving measure that reimburses only a portion of the amount for an in-person visit, although still enough for providers to want to continue to offer such services. With the state of Medicare's finances becoming perilous, this type of solution will definitely be in play and investors should be aware that it is not simply a binary choice between pre-Covid policy and the current level of parity, but rather a choice of options along a

continuum.

A SEMI-FORMED SEMICONDUCTOR INDUSTRIAL POLICY: [It was reported](#) yesterday that the European Union is considering forming a deal with **Taiwan Semiconductor Manufacturing Corporation (TSMC)** and **Samsung (KS)** to build a semiconductor factory in Europe. This would then allow for the continent to avoid any supply chain disruptions of having to rely on semiconductors made in the US or Asia, a view that suggests some concerns about semiconductor nationalism. While this has not been an issue yet, the [global shortage of semiconductors](#) has made the problem more acute for European lawmakers who are turning towards bringing production closer to home as they seek to grapple with it. **Setting up these factories in the EU will not solve the short-term crisis, but may help avoid any long-term disruptions and prevent a similar shortage from happening in the future.**

Tackling supply chain vulnerabilities is one of the shared policy concerns between former President Trump and President Biden. **Biden is expected to address this issue in more depth in an upcoming supply chain executive order. The order is [expected to include](#) semiconductor manufacturing and advanced packaging, critical minerals, medical supplies, and high-capacity batteries, such as those used in electric vehicles.** The order would compel the National Economic Council and National Security Council to perform 100-day reviews of these supply chains and would then set the stage for future supply chain reviews within the year of other critical products tied to defense, medicine, telecommunications, energy, and transit. The conclusions of these studies would then be used to inform any future policy that the administration chooses to take with regard to domesticating or securing these supply chains.

On the campaign trail, Biden [released a plan](#) meant to address the supply chain issue. **With regard to semiconductors, this plan called for the creation of new domestic incentives to produce more semiconductors domestically. These incentives could include "new targeted financial incentives, including tax credits, investments, matching funds for state and local incentives, R&D support, and other incentives."** Advancing the domestic semiconductor industry will continue to be a major part of Biden's progressive version of "America First" and how the country can "Build Back Better" to be stronger in the future as evidenced by the [announcement that the supply chain executive order](#) will also seek to address the current chip shortage. While details are limited at the moment, White House Press Secretary Jen Psaki said that the order will focus on "identifying potential chokepoints in the supply chain and actively working alongside key stakeholders in industry and with our trading partners to do more now."

One of the other important items to watch in the near term will be the level of funding that the Biden administration calls for giving to the provisions set up by [the CHIPS Act](#), which was passed as part of the FY21 National Defense

Authorization Act. This will likely be funded as part of the infrastructure plan or in the FY22 appropriations package, which the Biden administration will release a budget request for later this spring. This act included the creation of a grant program that would support increased US semiconductor manufacturing. The measure had wide bipartisan support and we expect the Biden administration to look to fund it amply, something the Semiconductor Industry Association [has pressed for](#), and Congress to follow his request in the final budget with the slight possibility of some upside if Congress feels the requested spending level is insufficient. **The problem with this will be that the funding provided into this grant program will not help address the short-term chip supply shortage, but rather will focus on building greater capacity over the longer horizon.**

Lastly, while the Biden administration is unlikely to remove Trump's export restrictions, there is the possibility that they are more inclined to grant companies licenses that allow them to sell to firms on the entity list. These licenses may also be broader than those granted by the Trump administration if the Biden administration feels that granting that broader license offers more benefit relative to the perceived national security risk. Certainly not all licenses sought will be granted, and those which are granted will presumably be disproportionately for American companies. It remains unconfirmed whether the Trump administration did end up [rejecting or revoking any previous licenses](#) that it had granted, but we would expect the Biden administration to regrant those which may have been taken away and allow companies which were rejected to reapply. **Action may not be immediate given the general pause as the new administration reviews the cases and gets its political appointees in place in the coming months, but we expect that the new administration will be more friendly to businesses than the Trump administration considering the more nuanced approach it will be taking to China, which will consider the costs and benefits of an action rather than just taking an action because it would appear to be anti-China. It's just not clear yet how more friendly the Biden team will be.**

FCC JOCKEYING HEATS UP: The five-member Federal Communications Commission (FCC) is currently comprised of two Republicans and two Democrats, including Jessica Rosenworcel, who President Biden selected to serve as acting chair last month. **With Biden's FCC currently deadlocked at 2-2 and thus unable to take action to restore Obama-era net neutrality rules and establish rules for how to implement the \$3.2 billion in emergency broadband funds that were set aside in the last Covid-19 relief legislation, key Democratic lawmakers and numerous outside groups have begun to pressure the Biden administration to move quickly to appoint a permanent FCC chair and nominate a third Democratic commissioner.**

Thirty left-leaning groups [wrote a letter](#) at the end of January to the president and Senate lawmakers pushing for swift action to confirm a third Democrat to the independent agency. "FCC action is urgently needed to bridge the digital divide so

that all people have affordable internet access enabling them to stay safe while working and learning remotely,” the groups wrote. In terms of the third commissioner slot, which became open following the departure of former Chairman Ajit Pai, Hispanic lawmakers are urging Biden to appoint a Latino commissioner to the FCC. “It is critical that President Biden fill at least one seat on the [FCC] with a qualified Latino candidate,” Rep. Raul Ruiz (D-CA), chair of the 38-member Congressional Hispanic Caucus, [told Politico yesterday in a statement](#). “Given the fact that Latinos represent almost 20% of the US population, are the largest ethnic minority group, and consistently over-index when it comes to media consumption, continued absence at the leadership table would be tremendously disappointing.”

Felix Sanchez is one name that Hispanic lawmakers have in mind. Sanchez has received the backing of the League of United Latin American Citizens, a group that counts **AT&T (T)**, **Verizon (VZ)**, **Charter Communications (CHTR)** and **Comcast (CMCSA)** as some of its corporate partners. There’s been some speculation that, if selected to serve as the third Democratic commissioner, Sanchez would be more of a moderate presence and focus on increasing diversity in media markets.

The list of potential candidates to get the third Democratic commissioner slot at the FCC is long and there are a number of groups pushing for different people. However, we believe Rosenworcel stands the best chance of getting the nod to serve as the permanent chair. Several names have been floated to get the top job, including current FCC Commissioner Geoffrey Starks, but Rosenworcel has the most diverse backing, including from key Senate lawmakers and a number of powerful outside groups. **If selected as permanent chair, we believe Rosenworcel will look to quickly revive the Obama-era net neutrality rules but not move to directly regulate cable prices. In addition, we expect a Rosenworcel-led FCC to concentrate on expanding access to the internet, especially when it involves remote learning and it’s being deployed to underserved urban areas with large minority populations.** This is also a big priority for congressional Democrats, including those on the House Energy and Commerce Committee, which has been considering legislative recommendations to have the FCC administer a \$7.6 billion Emergency Connectivity Fund to help pay for households’ purchase of Wi-Fi devices during the pandemic. In the short period of time Rosenworcel has served as the acting chair, she has publicly advocated for bolstering the FCC’s response to broadband inadequacies brought to light by the pandemic. Investors should note that today Rosenworcel’s FCC will be holding a [roundtable](#) to address how to administer the roll out of the latest broadband funds that Congress recently set aside.

A Quick Look Back

House

The House did not hold any floor votes this week although committees did hold meetings

and markups.

Senate

On Monday, the Senate voted to confirm the nomination of Denis Richard McDonough to be Veterans Affairs secretary.

On Tuesday, the Senate began the impeachment trial of former President Trump.

On Wednesday, the Senate resumed the impeachment trial of former President Trump. House impeachment trial managers began by presenting their opening arguments.

On Thursday, the Senate continued the impeachment trial of former President Trump.

Today, the Senate will convene at 12:00 p.m. and will resume the impeachment trial of former President Trump. Trump's legal team will have up to eight hours of presentation time today to present their opening arguments.

White House

On Monday, President Biden and Vice President Harris took a virtual tour of the State Farm Stadium vaccination site in Glendale, AZ.

On Tuesday, President Biden and Vice President Harris met with Treasury Secretary Janet Yellen and business leaders.

On Wednesday, President Biden and Vice President Harris met with Defense Secretary Lloyd Austin at the Pentagon before speaking to employees at the Pentagon. Later, Biden, Harris, and Austin toured the African Americans in Service Corridor.

On Thursday, President Biden and Vice President Harris met with a bipartisan group of senators to discuss infrastructure with Transportation Secretary Pete Buttigieg joining virtually. Later, Biden visited the Viral Pathogenesis Laboratory at the National Institutes of Health (NIH) in Bethesda, MD before speaking to the NIH staff.

Today, President Biden and Vice President Harris will receive their daily intelligence briefing at 9:30 a.m. At 11:15 a.m., they will meet with a bipartisan group of mayors and governors about the \$1.9 trillion Covid-19 relief legislation. At 12:45 p.m., Biden and Harris will have lunch together. At 1:30 p.m., they will receive an economic briefing from Treasury Secretary Janet Yellen. At 5:30 p.m., Biden will depart the White House for Camp David where he will remain for the weekend.

Spotlight Review

Wednesday: [Democrats' Tug of War Over Student Loan Forgiveness](#)

Thursday: [Democrats' Green Banking Push](#)

On the Horizon

Macroeconomic

Today at 10:00 a.m., New York Federal Reserve Bank President John Williams will moderate a virtual discussion organized by the Economic Club of New York via webinar.

On Wednesday at 8:30 a.m., the US Chamber of Commerce will hold a webinar titled "State of US-India Business." [More information here.](#)

On Wednesday at 9:15 a.m., the Concord Coalition and the University of New Hampshire's School of Law will hold a webinar titled "Fiscal, Monetary, and Economic Challenges of the Post-Pandemic Economy." [More information here.](#) Expected participants include:

- Phillip Swagel, director, Congressional Budget Office
- Eric Rosengren, president and CEO, Federal Reserve Bank of Boston

On Wednesday at 9:00 a.m., the Center for Strategic and International Studies will hold a webinar with Mauricio Claver-Carone, president of the Inter-American Development Bank, on mitigating the impact of COVID-19 and laying the foundation for recovery and sustainable growth. [More information here.](#)

Banking

On Tuesday and Wednesday, the American Bankers Association will hold its virtual 2021 Conference for Community Bankers. [More information here.](#) Expected participants on Tuesday include:

- Michelle Bowman, governor, Federal Reserve Board of Governors

Coronavirus and Coronavirus Relief Legislation

Today at 8:00 a.m., the Business Council for International Understanding will hold a virtual discussion on strategies for economic diversification during the COVID-19 crisis and opportunities for public-private partnerships. [More information here.](#)

Today at 10:00 a.m., the House Ways and Means Committee will continue its markup of legislative proposals to comply with the reconciliation directive included in

section 2001 of the Concurrent Resolution on the Budget for FY2021, including nine legislative proposals for COVID-19 relief. [More information here.](#)

Today at 11:00 a.m., the House Energy and Commerce Committee will continue its markup of legislative recommendations for its budget reconciliation instructions for FY2021, including four committee prints for COVID-19 relief. [More information here.](#)

Today at 12:00 p.m., the House Oversight and Reform Committee will hold a markup of a committee print providing for reconciliation pursuant to the Concurrent Resolution on the Budget for FY2021. [More information here.](#)

On Tuesday at 1:00 p.m., New America will hold a webinar titled “What We’ve Learned from the Vaccine Rollout So far.” [More information here.](#)

On Tuesday at 1:00 p.m., the US Chamber of Commerce will hold a webinar titled “Equality of Opportunity in Action: Bridging the Racial Gap for COVID-19 Treatments and Vaccines.” [More information here.](#)

On Wednesday at 11:00 a.m., the House Armed Services Committee will hold a hearing titled “Update on the Department of Defense’s Evolving Roles and Mission in Response to the COVID-19 Pandemic.”

On Wednesday at 3:00 p.m., the Brookings Institution will hold a webinar titled “Economic Impact Payments: Uses, Payment Methods, and Costs to Recipients.” [More information here.](#)

On Wednesday at 4:00 p.m., the Urban Institute will hold a virtual discussion titled “The Role of Race, Labor Markets, and Education in Building an Equitable Recovery.” [More information here.](#)

On Thursday at 10:00 a.m., the Congressional Black Caucus Foundation will hold a virtual Health Equity Summit titled “Understanding the Impact of the COVID-19 Vaccine on the Black Community.” [More information here.](#) Expected participants include:

- Rep. Robin Kelly (D-IL)

On Friday at 2:00 p.m., the Environmental and Energy Study Institute will hold a webinar titled “Relief and Housing Assistance for COVID-Impacted Communities.” [More information here.](#)

Cybersecurity

On Thursday at 12:30 p.m., the World Affairs Council will hold a webinar titled “Solarwinds and the Art of Cyberwar.” [More information here.](#)

On Thursday at 1:00 p.m., the Government Executive Media Group will hold a webinar titled “Cyber Defenders: Securing the Supply Chain.” [More information here.](#) Expected participants include:

- Katherine Arrington, under secretary for acquisition and sustainment, Department of Defense

Defense

On Wednesday at 1:00 p.m., the Henry L. Stimson Center will hold a webinar titled “Bringing the Back-End to the Forefront: Looking Ahead to the Future Nuclear Fleet.” [More information here.](#)

On Wednesday at 1:00 p.m., the National Security Commission on Artificial Intelligence will hold a meeting by teleconference on implementation plans to accompany the Commission’s Final Report outlining methods and means necessary to advance the development of artificial intelligence, machine learning, and associated technologies to comprehensively address the national security and defense needs of the United States. [More information here.](#)

On Friday at 12:00 p.m., the Hudson Institute will hold a virtual discussion titled “The Future of US Seapower: A View from Congress.” [More information here.](#) Expected participants include:

- Rep. Joe Courtney (D-CT)
- Rep. Robert Wittman (R-VA)

Energy, Environment, and Natural Resources

From Tuesday through Thursday, the Renewable Fuels Association will hold its virtual 2021 National Ethanol Conference. [More information here.](#) Expected participants on Tuesday include:

- Rep. Cheri Bustos (D-IL)

On Wednesday at 11:00 a.m., the Business Council for Sustainable Energy and BloombergNEF will hold an embargoed virtual media briefing titled “The 2021 Sustainable Energy in America Factbook.” [More information here.](#)

On Thursday at 11:30 a.m., the House Energy and Commerce Committee Subcommittee on Energy will hold a hearing titled “A Smarter Investment: Pathways to a Clean Energy Future.”

Elections

On Tuesday at 11:00 a.m., the House Appropriations Committee Subcommittee on Financial Services and General Government will hold a hearing titled “Election Assistance Commission Oversight.”

Financial Services

On Thursday at 12:00 p.m., the House Financial Services Committee will hold a hearing titled “Game Stopped? Who Wins and Loses When Short Sellers, Social Media, and Retail Investors Collide.” [More information here.](#)

Geopolitical

Today at 10:00 a.m., the Center for Strategic and International Studies will hold a webinar titled “From Africa to the United States: Recommendations for the Biden Administration.” [More information here.](#)

On Tuesday at 1:00 p.m., the Center for Strategic and International Studies will hold a webinar titled “Confronting Chinese State Capitalism.” [More information here.](#)

On Wednesday at 10:00 a.m., the Woodrow Wilson Center’s Global Europe Program will hold a webinar titled “Transatlantic Tranquility: Prospects for Europe’s Cooperation with the Biden Administration.” [More information here.](#)

On Wednesday at 10:00 a.m., the Carnegie Endowment for International Peace will hold a webinar titled “Foreign Policy for the Middle Class: US and UK Perspectives.” [More information here.](#)

On Wednesday at 10:00 a.m., the Brookings Institution will hold a virtual discussion on “international governance reform.” [More information here.](#)

On Thursday at 10:30 a.m., the US-China Economic and Security Review Commission will hold a meeting by teleconference titled “Deterring People’s Republic

of China Aggression Toward Taiwan.” [More information here.](#)

On Thursday at 11:00 a.m., the Ronald Reagan Presidential Foundation and Institute will hold a virtual discussion titled “China, Targeted Decoupling, and the Economic Long War.” [More information here.](#) Expected participants include:

- Senator Tom Cotton (R-AR)

On Friday at 10:00 a.m., the Henry L. Stimson Center will hold a virtual discussion titled “The Future of US-Pakistan Relations Amidst Geopolitical Churn.” [More information here.](#)

On Friday at 1:00 p.m., the Women’s Foreign Policy Group will hold a webinar titled “Re-Engagement Amidst Global Crises: Foreign Policy and National Security Challenges Facing the Biden Administration.” [More information here.](#)

Healthcare

Today, the American Bar Association’s Antitrust Law Section and Health Law Section will conclude its virtual “Antitrust in Healthcare” conference. [More information here.](#)

Today at 9:00 a.m., the Brookings Institution will hold a webinar titled “Preparing for the Next Pandemic.” [More information here.](#)

On Wednesday at 12:00 p.m., the Economic Club of Washington will hold a webinar with Kevin Frazie, chairman of the board and CEO of Merck & Co. Inc. [More information here.](#)

On Thursday at 1:00 p.m., the Hill will hold a webinar titled “Prioritizing the Patient,” focusing on inequities in the access and delivery of health care. [More information here.](#) Expected participants include:

- Rep. Robin Kelly (D-IL)

Labor

On Tuesday at 10:30 a.m., the Brookings Institution’s Hamilton Project will hold a webinar titled “Rethinking Workforce Development: Policies to Protect Workers and Families.” [More information here.](#)

Political

Today at 11:00 a.m., the American Enterprise Institute for Public Policy Research will hold a virtual discussion on “the Electoral College and its future in American politics,” including the release of the fourth edition of “After the People Vote: A Guide to the Electoral College.” [More information here.](#)

On Wednesday at 10:00 a.m., the House Judiciary Committee Subcommittee on the Constitution, Civil Rights, and Civil Liberties will hold a hearing on the “Commission to Study and Develop Reparation Proposals for African Americans Act.”

Real Estate

On Thursday at 2:00 p.m., the Brookings Institution will hold a webinar titled “The Great Real Estate Reset: Rethinking How and What we Build.” [More information here.](#) Expected participants include:

- Rep. Dan Kildee (D-MI)

Space

On Wednesday at 12:00 p.m., the Washington Space Business Roundtable will hold a webinar titled “US Space Command: Successes, Challenges, and How the Commercial Space Industry Can Play its Part in Advancing its Critical Mission.” [More information here.](#) Expected participants include:

- Gen. James Dickinson, US Army, commander, US Space Command

Tech-Media-Telecom

Today, the University of Colorado Boulder’s Silicon Flatirons Center will conclude a virtual forum titled “Trust and Trustworthiness in the Tech Sector.” [More information here.](#)

Today at 10:00 a.m., Federal Communications Commission Chair Jessica Rosenworcel will hold a virtual roundtable discussion to gather public input on how to structure the new Emergency Broadband Benefit Program. [More information here.](#)

On Tuesday at 11:00 a.m., the Free State Foundation will host a virtual address by new FCC Commissioner Nathan Simington. [More information here.](#)

On Wednesday at 11:00 a.m., the House Energy and Commerce Committee

Subcommittee on Communications and Technology will hold a hearing titled “Connecting America: Broadband Solutions to Pandemic Problems.”

Trade

Today at 12:30 p.m., the American Bar Association will hold a webinar titled “2020 US Sanctions Year-in-Review.” [More information here.](#)

On Wednesday at 10:00 a.m., the Peterson Institute for International Economics will hold a webinar titled “Can the G20 Reset Global Trade and Investment Cooperation? What’s the Plan?” [More information here.](#)

Afterthoughts

New Congress, Same Zoom Issues: Earlier this week, a [Texas attorney went viral](#) when he appeared in his hearing with a filter that made him a cat. While he was the most viral, he was not the only one with Zoom issues as Rep. Tom Emmer (R-MN) [appeared as an upside-down floating head](#) in a meeting of the House Financial Services Committee. If you are looking to join the party or go viral next, [here are some instructions](#) on ways you can do so in Zoom.

Misaimed Furor: When angry Robinhood traders took to Twitter to vent their frustrations, many did so without [checking that they were tweeting at the right account](#). This led to the World Wide Robin Hood Society Twitter account, [@robinhood](#), getting non-stop pings. Not letting the attention go to waste, the Robin Hood Society quickly sought to capitalize and expanded its follower account from 350 to 62,000. Now the question is, which historical figure will [have an app named after them](#) next.



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