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**Sent:** Friday, July 28, 2023 8:00 AM  
**To:** Stephan, Lindsey  
**Subject:** [EXTERNAL] Executive Insight Brief



# Executive Insight Brief

July 28, 2023

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Homeland Security - Transportation & Infrastructure - Biotech & Healthcare - Climate & Development

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## Notable Headlines

- ["Door is open" for New Zealand to join AUKUS, Blinken says](#)
- [Air defense ammo, Strykers among latest weapons shipment to Ukraine](#)
- ["Act Now": Democrats urge McConnell to intervene to break Tuberville blockade](#)
- [Russian attack on U.S. Drone spurs fears of escalation over Syria](#)
- [Wagner boss Prigozhin appears on sidelines of Russia-Africa summit in St Petersburg](#)

**Worth reading:** [Why America Forgets - and China Remembers - The Korean War](#)

## View From The Hill



Congress hobbled into the August Recess this week, leaving a significant amount of work left to be done before the end of the Federal Government's fiscal year in September, particularly as it relates to government funding. That said, it was still a busy week in Washington.

On the House side of the Capitol, Speaker Kevin McCarthy (R-CA) managed to muscle through the [Military Construction – VA](#) appropriations bill, though he was unsuccessful in advancing Agriculture appropriations legislation, as a group of about a dozen moderate Republicans [remained opposed](#) to the bill over abortion pill restrictions language. In a first, the House also held an oversight hearing on the existence of UFOs, officially referred to as “Unidentified Anomalous Phenomena,” where Members on both sides of the aisle [expressed concern](#) over whistleblower testimony that Congress and the American People have been kept in the dark by the U.S. Military and Intelligence Community for years about the nature and frequency of UAP encounters.

Over in the Senate, Appropriations Chair Patty Murray (D-WA) made significant progress advancing appropriations bills, including [Defense Appropriations](#), while Leader Schumer successfully [maneuvered](#) that chamber's version of NDAA to passage. Now that both chambers have passed their respective versions of NDAA, staff must now lay the groundwork for ironing out differences ahead of official conference committee negotiations when Congress returns in September.

However, perhaps the biggest moment in the Senate this week was a troubling episode involving Senate Republican Leader Mitch McConnell (R-KY), who [appeared to freeze](#) for nearly twenty seconds at the beginning of a press conference in the Capitol. After being escorted back to his office by Senator John Barasso (R-WY) and an aide, he returned to speak to the press several minutes later, declaring he was “fine.” This latest incident concerning Senator McConnell's health comes just weeks after he fell while getting off a plane at Washington's Reagan National Airport and a few months after suffering a concussion and broken ribs from another fall.

## Aerospace & Defense

### [Strategic Command officially creates Joint Electromagnetic Spectrum Operations Center \(Defense Scoop\)](#)

U.S. Strategic Command officially established the Joint Electromagnetic Spectrum Operations Center in a ceremony on Wednesday, serving as a key piece of the Pentagon's implementation plan for its spectrum superiority strategy to gain an advantage over adversaries. The JEC, as it is known, will aim to raise the readiness of the joint force within the electromagnetic spectrum, serving as the heart of the Defense Department's EMSO, according to a spokesperson. It will work to restructure accounts for force management, planning, situation monitoring, decision-making and force direction while focusing on training and education with capability assessments. This new center will also support combatant commands with EMSO training, planning and requirements support. The organization derives its creation from the implementation plan of the DOD's 2020 electromagnetic spectrum superiority strategy. The U.S. military has been on a path of aggressive modernization within the spectrum in recent years after it divested much of the advanced capabilities it possessed throughout the Cold War and waged the post-9/11 counterterrorism campaigns. Now, as sophisticated adversaries have discovered the necessary reliance on spectrum for communications, precision weapons and navigation, the battle for supremacy in this invisible sphere has commenced. The JEC will be led by Brig. Gen. Annmarie Anthony, who told DefenseScoop via an emailed statement that the center will transition to initial operational capability this summer.

### [West scrambles to hash out details of Ukraine F-16 training](#)

### [Northrop not competing for NGAD sixth-gen fighter: CEO \(Breaking Defense\)](#)

Northrop Grumman's CEO announced the company is not competing to be the prime contractor on the high-profile US Air Force's Next-Generation Air Dominance effort, but indicated it remains open to competing on a further-out Navy sixth-generation fighter program. The announcement upends an expectation that Northrop was one of the main competitors among the aerospace giants for the right to build America's first sixth-generation fighter. Boeing and Lockheed Martin — the current primes on all US fighter jets — are believed to be competing, though neither have publicly thrown their hat in the ring. "Before the government officially announced the program and their intent to issue the RFP [request for proposals], we had been quiet. But we have notified the US Air Force that we're not planning to respond to the NGAD RFP as the prime," Northrop CEO Kathy Warden said on a quarterly financial call today. "We are responding to other bidders' request for proposal as the supplier, that's particularly in our mission system portfolio." There was a belief among Air Force watchers that Northrop may be well positioned for the Air Force's NGAD fight, given the positive reviews the company has received from service officials on its B-21 bomber effort. However, Warden's statement

clearly leaves the door open to Northrop serving as a second-tier partner on NGAD, which could take a number of forms.

### [Senate to extend Buy American laws for Navy ships](#)

#### [L3Harris says feds cleared Aerojet deal, set to close Friday \(Defense News\)](#)

L3Harris Technologies plans to finalize its acquisition of Aerojet Rocketdyne on Friday, the company said in a letter to investors. L3Harris CEO Chris Kubasik said in the Wednesday letter the Federal Trade Commission told the company that day federal regulators would not block the sale. With that potential roadblock cleared, Kubasik said, the company is “moving forward to close the transaction on or about July 28.” L3Harris announced plans to buy Aerojet, a key manufacturer of rocket engines and propulsion systems, in December 2022 in a \$4.7 billion deal. The company expressed confidence it would avoid the regulatory troubles that scuttled Lockheed Martin’s earlier attempt to buy Aerojet. Lockheed Martin sought to buy Aerojet in 2020 in what would have been a \$4.4 billion deal, saying it would lead to greater efficiency, speed and cost reductions for the U.S. government. But Lockheed competitor Raytheon Technologies, now known as RTX, objected to the proposed acquisition. If Lockheed owned Aerojet, Raytheon said it would be forced to negotiate with Lockheed for solid rocket motors crucial for some of its systems.

## **Budget & Appropriations**

#### [Senate defense spending bill includes \\$1B for Taiwan weapons \(Politico Pro\)](#)

Senate appropriators plan to allocate \$1.1 billion in emergency cash to replenish U.S. weapons and equipment set to be sent to Taiwan. The upper chamber’s fiscal 2024 Pentagon spending bill, set to be marked up Thursday, includes \$8 billion in emergency funding to pad the regular defense budget. The use of emergency money and other details of the bill are outlined in [a draft committee report obtained by POLITICO ahead of the markup](#). The bill clocks in at over \$831 billion. That includes \$823 billion for the regular Pentagon budget and the extra \$8 billion inserted into the bill under an agreement by Senate Appropriations Chair Patty Murray (D-Wash.) and top Republican Susan Collins of Maine. Lawmakers last year approved arms and equipment transfers totaling \$1 billion in value to Taiwan to help beef up the island’s defenses and deter China. That authority, where existing weapons are pulled from U.S. military inventories and sent abroad, has also been used to quickly arm Ukraine. The U.S. is expected to soon send its first such security assistance package to Taiwan. But new weapons and equipment will need to be purchased to backfill items sent there.

## [Senate aims to sidestep culture war land mines in race to pass defense bill](#)

### [Senate adds outbound investment notification to NDAA \(Politico Pro\)](#)

The U.S. Senate on Tuesday voted overwhelmingly to add language to the yearly defense spending bill that would require American companies to notify the federal government when they invest in certain Chinese tech sectors that national security officials say could benefit the Chinese military. The amendment, the Outbound Investment Transparency Act, was added to the National Defense Authorization Act by a vote of 91-6. The Senate is expected to continue working through amendments this week, after which the final Senate legislation will have to be reconciled with an already-passed House bill, which does not include the investment language. The amendment, sponsored by Sens. Bob Casey (D-Pa.) and John Cornyn (R-Texas), would require American financial institutions to notify the government when they invest in companies in a list of Chinese industries: advanced semiconductors, artificial intelligence, quantum computing, hypersonic, satellite-based communications and laser scanning systems. The amendment represents a scaled back version of standalone legislation that Cornyn and Casey have pushed for years — the National Critical Capabilities Defense Act— which would have empowered the government to block deals they deemed too risky.

## [Senate appropriators approve HHS funding bill for fiscal 2024](#)

### [House GOP bails on funding fight amid conservative impasse \(Politico\)](#)

House Republican leaders on Thursday punted a second government funding bill and dismissed lawmakers for a six-week break from Washington, hamstrung by conservative demands for more spending cuts and internal division over social issues like abortion. “Votes are no longer expected in the House tomorrow,” House Majority Leader Steve Scalise (R-La.) said on the floor, announcing one final vote series Thursday afternoon. “Then we will be finished for the August work period.” The House’s decision to adjourn for a six-week break amid the GOP stalemate portends a rocky September, when lawmakers will return to the Hill with just three weeks left to stave off a government shutdown. Speaker Kevin McCarthy’s leadership team hoped to pass as many of their 12 annual funding bills as possible on the floor this month, aiming for a show of Republican unity that might bolster the House in a coming standoff with the Senate over federal funding. Now House GOP lawmakers are leaving the Capitol on a note of disarray rather than cohesion, with a single passage vote to tout on a veterans funding bill and two spending measures still stuck in committee. In a 219-211 vote on Thursday, the House passed the only Republican funding measure that GOP leaders could build support around before the break — the bill that funds the Department of Veterans Affairs and military construction projects. Across the Capitol, Senate appropriators advanced some of their remaining fiscal 2024 spending measures on Thursday. They sent some of the year’s

biggest bills to the floor, including those that would fund the Pentagon and the largest swath of domestic programs.

## Advanced Technologies

### [Microsoft faces mounting scrutiny over China-linked email hack \(The Wall Street Journal\)](#)

Microsoft is attracting renewed scrutiny and accusations of negligent security over a hack that allowed China to spy on top Biden administration officials, as some security researchers say the breach may be worse than initially suspected. The Chinese hack, disclosed earlier this month, compromised the unclassified Microsoft email inboxes of senior State Department officials, including the U.S. ambassador to China, as well as Commerce Secretary Gina Raimondo and others, according to U.S. officials. Full details about the attack, including how it began, aren't publicly known, but it has prompted a number of congressional inquiries. On Thursday a leading lawmaker on cybersecurity issues, Sen. Ron Wyden (D-Ore.), asked for three separate federal probes of Microsoft's "negligent cybersecurity practices" that he said enabled a Chinese espionage campaign against the U.S. government. Microsoft said the hackers obtained access to an obscure but critical part of its infrastructure called an MSA digital signing key, which was then used to gain access to customer data. The company has explained aspects of the hack in blog posts but said how it unfolded is currently unknown. The tech company also said it would make certain tools that can help spot cyberattacks free, after its tiered payment system for those services drew criticism following the hack.

### [New electric vehicle charging network being built by major automakers could use more buyers to EVs](#)

### [How high-speed drone racing could aid struggling Air Force recruitment \(Military Times\)](#)

The U.S. Air Force is expanding its partnership with a professional drone-racing league that touts a tech-savvy fan base, which leaders believe will likely engage with and potentially enlist in the military. The Drone Racing League's 2023-2024 season will for the first time feature an Air Force-endorsed pilot and flight deck, capping seven years of growing collaboration. An inaugural STEM day is also planned, during which children and young families can learn about tinkering and piloting. The exposure to science, technology, engineering and mathematics — key to twitchy, physics-based drone racing — could help shape future airmen, the service argues. Brig. Gen. Christopher Amrhein, the commander of the Air Force Recruiting Service, told C4ISRNET that the Drone Racing League's patrons are part of an ideal pool from which to seek recruits. The Drone Racing League defines "tech-setters" as 16- to 34-year-olds not attracted to legacy sports like football, baseball and basketball. Instead, the demographic gravitates toward technology, competitive gaming and simulation. The DRL Simulator already features an Air Force workbench, where players can construct custom racing drones, and the Air Force

Boneyard maps, where players can zoom through a deserted airport in the daytime or darkness.

### [Researchers poke holes in safety controls of ChatGPT and other chatbots](#)

#### [The first smart gun is finally coming to market. Will anyone buy it? \(The Wall Street Journal\)](#)

Sasha Wiesen sleeps with a .40-caliber handgun in a safe by his bed. The commercial real-estate broker from Florida recently preordered a new type of firearm he hopes will make the safe unnecessary. The new weapon is the Colorado startup Biofire's 9mm Smart Gun, which can only be fired if it recognizes an authorized user with a fingerprint reader on the grip or a facial recognition camera on the back. Guns that use technology to ensure that they can only be fired by their owners, called smart guns, have been developed and debated since the 1990s. The Biofire Smart Gun will be the first widely available for sale if it ships in December as planned. As with other technologies such as electric cars that changed long-established products, the question for smart guns is whether they can work at least as well as the traditional versions they replace and find customers behind affluent early adopters. The Biofire Smart Gun costs \$1,499. Similar handguns without high-tech features typically cost between \$400 and \$800. Biofire founder Kai Kloepfer, 26, has been working on the technology since he was a teenager. He said he had built the fingerprint and facial-recognition systems so that if one function doesn't work because a person's hands are wet or the person's face isn't yet in view, the other will.

### **Military Installations & Communities**

#### [Biden taps Allvin to be next Air Force top officer \(Politico\)](#)

President Joe Biden is set to announce that he has picked Gen. David Allvin to lead the Air Force, after the White House notified the Senate of the impending nomination on Tuesday. If confirmed, Allvin will replace Air Force Chief of Staff Gen. C.Q. Brown, who was tapped in May to serve as the next Joint Chiefs chair. Allvin, a career cargo, refueler aircraft and test pilot, currently serves as the Air Force's vice chief of staff. With the nod, Allvin will join a group of top generals and admirals — along with some top civilian DOD officials — whose nominations are being caught up in Sen. Tommy Tuberville's (R-Ala.) blockade of senior Pentagon nominees over DOD's abortion travel policy. On Tuesday, Biden also nominated Derek Chollet to be the DOD's chief policy official, but it may be some time before the policy shop has a Senate-confirmed leader. The hold has affected more than 270 senior military officers. Tuberville has had several conversations with Defense Secretary Lloyd Austin in recent weeks on the policy to pay travel costs for troops who seek abortions, but none with Biden himself, a situation that has frustrated the senator.

## [Navy, Marines set to launch second iteration of large scale exercise](#)

### [Marine pilot, astronaut to lead NASA's next space station mission \(Military Times\)](#)

Her hands shook when she got the call, the excitement so overwhelming it briefly kept her from calling her parents to give them the news. After learning in 2017 that she was accepted to join NASA's astronaut candidate class, Lt. Col. Jasmin Moghbeli felt her long desired dream of exploring the stars becoming a reality. After years of training, the Marine test pilot-turned-astronaut will serve as the commander of NASA's upcoming SpaceX Crew-7 mission to the International Space Station. The research mission is currently slated to launch August 17, according to Steve Stich, program manager of the commercial crew program. The trip will be Moghbeli's first to space. She follows in the footsteps of those like Col. Nicole Mann, another Marine test pilot who traded in her military flight suit for a space suit and led the SpaceX Crew-5 mission that launched in October 2022. Before signing up to become an explorer of the cosmos, Moghbeli, an AH-1W Super Cobra pilot and Marine Corps test pilot, completed over 150 combat missions and logged 2,000 hours of flight time in over 25 different aircraft.

## [Inside Biden's decision to nominate the first female Joint Chief](#)

### [Air Force looks to send reserve fighter pilots, air planners to Europe \(Military Times\)](#)

The U.S. Air Force's top officer in Europe said Tuesday the service aims to bring new fighter pilots, air planners and other reservists to the region, as the military looks to relieve active duty troops stretched thin by efforts to deter Russia and support NATO amid the war in Ukraine. The plan comes in response to President Joe Biden's July 13 executive order authorizing the Pentagon to mobilize up to 3,000 reservists for duty in Europe. Military officials have said the order would not grow the total number of U.S. troops in the region. In addition to calling up new fighter units to patrol NATO's borders and train with foreign allies, Hecker said the Air Force may tap tanker and reconnaissance aircraft as well. He declined to say which airframes or squadrons the service could mobilize in response. Hecker anticipates the reservists won't start arriving in Europe until fall at the earliest. He said it will likely take at least "a couple of weeks" for U.S. European Command to work through the requests for forces from its subordinate units. Then each of the military services decides who it can provide to meet those needs.

## **Homeland Security**

### [Homeland Security Chief defends handling of U.S.-Mexico border at House hearing \(The Guardian\)](#)

Republican lawmakers grilled Alejandro Mayorkas, the embattled US secretary of

homeland security, during a House judiciary committee oversight hearing on Wednesday. Mayorkas, who has been the target of a GOP-led congressional investigation over his handling of the US-Mexico border, faced a series of tough questions regarding his tenure as head of the department, which broadly oversees US immigration and border policies. The hearing came as some House Republicans have threatened to impeach Mayorkas, the first Latino and immigrant to head the Department of Homeland Security, over his alleged mismanagement of the border. Mayorkas offered a pre-emptive rebuttal to Republicans' attacks in his opening statement, noting that unlawful crossings at the southern border have decreased by more than half compared with the peak before the end of the pandemic-era policy known as Title 42. Congressman Jim Jordan, the Republican chair of the committee, countered that attempted crossings remain far too high, and blamed the Biden administration's policies for the situation at the border.

### [What the US is doing with semiconductor stave off China threat](#)

#### [Judge knocks down Biden's asylum policy as illegal border crossings dip \(Politico\)](#)

A federal judge Tuesday blocked the Biden administration's new regulation restricting asylum-seekers, one that contributed to a severe drop in crossings at the U.S.-Mexico border over the past few months. U.S. District Judge Jon Tigar, an Obama appointee in Oakland, Calif., knocked down the restrictions as "arbitrary and capricious," while staying his ruling for 14 days to give the Biden administration an opportunity to appeal. Tigar also halted a similar measure — the Trump administration's so-called transit ban — a few years ago, joking during last week's hearing that he heard "2023 was going to be a big year for sequels." The judge's 35-page ruling marks the latest legal hurdle facing the Biden administration's immigration policy, which has faced multiple challenges from both ends of the political spectrum. Tigar detailed a series of legal faults with the Biden asylum rule, including its basis on outdated or inaccurate assumptions and that it was made available for public comment during an abbreviated 33-day window. The judge raised particular concern about the administration's effort to require most asylum applicants to present themselves at established ports of entry, rather than claiming asylum after crossing between border posts.

### [Are UFOs a national security risk? Hearing puts Pentagon on notice](#)

#### [FBI warns that China, Russia using AI to step up cyberattacks \(Politico Pro\)](#)

FBI Director Christopher Wray said on Wednesday that China is exploiting artificial intelligence technologies to step up its widespread hacking efforts, part of a larger effort by other nation states like Russia and cyber criminals to harness the next technologies. The new use of AI for cyberattacks is the latest move by the Chinese government to enhance its cyber capabilities, which already have been used to steal billions of dollars in U.S. intellectual property and target critical networks around the world. We assess AI will enable

threat actors to develop increasingly powerful, sophisticated, customizable, and scalable capabilities — and it won't take them long to do it," Wray said in a speech at the FBI Atlanta Cyber Threat Summit. Wray warned that, with AI technologies, China is poised to "use the fruits of their widespread hacking to power, with AI, even more powerful hacking efforts." China and cybercriminals are not alone in exploiting ChatGPT for malicious cyber activities. Bryan Vorndran, assistant director of the FBI's Cyber Division, said during separate remarks at the same summit that Russian cyber criminals had "attempted to bypass geo-fencing safeguards implemented within ChatGPT that were meant to restrict regional access and verify identities."

## Transportation & Infrastructure

### [Justice Department and EPA probe Telecom companies over lead cables \(The Wall Street Journal\)](#)

The Justice Department and Environmental Protection Agency are investigating the potential health and environmental risks stemming from a sprawling network of toxic lead-sheathed telecom cables across the U.S. The Justice Department's civil inquiry, by the U.S. attorney's office for the Southern District of New York, is in preliminary stages and focuses partly on whether telecom companies had knowledge of the potential risks to their workers and future environmental impact when they left behind the lead cables, according to a person familiar with the inquiry. The EPA's enforcement office, using the agency's authority under the "Superfund" law, on Wednesday directed AT&T and Verizon Communications to provide inspections, investigations and environmental sampling data, including future testing plans, about their lead cables and related lead infrastructure within 10 days. Under the EPA's Superfund law, known as the Comprehensive Environmental Response, Compensation and Liability Act, the agency can compel or undertake major environmental cleanups in certain cases. A Wall Street Journal investigation recently revealed that AT&T, Verizon and other telecom companies have left behind more than 2,000 toxic lead cables on poles, under waterways and in the soil across the U.S. Journal testing near such cables showed that dozens of spots registered lead levels exceeding EPA safety guidelines.

### [Here's why public transit keeps running out of money](#)

### [Republicans unveil sweeping effort to expand pipeline, energy infrastructure \(Fox News\)](#)

Republican leaders on the House Energy and Commerce Committee are unveiling a draft of legislation aimed at streamlining permitting for pipelines and other related energy projects. The Pipeline Safety, Modernization, and Expansion Act of 2023 — authored by Energy and Commerce Committee Chairwoman Cathy McMorris Rodgers, R-Wash., and Energy Subcommittee Chairman Jeff Duncan, R-S.C. — focuses on four key pillars: expanding pipeline infrastructure, lowering prices, reducing emissions and

strengthening pipeline safety. Pipelines are among the safest and most efficient ways to move the fuels that heat our homes, power our cars, and power our nation's economy," McMorris Rodgers and Duncan said in a joint statement to Fox News Digital. Among its key provisions, the legislation would authorize the Federal Energy Regulatory Commission (FERC) to issue any federal permit required for the construction, modification, expansion, inspection, repair or maintenance of a pipeline. It would also enable individuals to request FERC make a final decision on a permit if the federal agency tasked with permitting a pipeline fails to complete a proceeding within one year.

### [DOT announces rule to make airplane bathrooms more accessible](#)

#### [Sweltering planes. Baking runways. How this heat is testing summer travel. \(The Wall Street Journal\)](#)

Travelers and crew members endured sweltering temperatures as their plane waited on the tarmac. Carriers have supplied baggage handlers with ice and extra breaks. Airlines have lightened jets to aid takeoff in the lighter air. A heat wave that has engulfed swaths of the U.S. in recent weeks is putting up fresh challenges for airlines amid the hectic summer travel season. Christopher DeBoer was a passenger on Delta Flight 555, scheduled to fly July 17 from Las Vegas to Atlanta. The flight was on the ground for about three hours in the 111-degree heat before it was canceled. For airlines that have navigated a spate of disruptive summer storms, the record-breaking heat hitting parts of the U.S. is creating additional difficulties. Workers who sling bags outside need more frequent breaks. When temperatures surge, planes sometimes need longer runways or must reduce weight to take off in the less dense air.

## **Biotechnology & Healthcare**

#### [Tornado at Pfizer warehouse likely to worsen shortage of surgical drugs \(The New York Times\)](#)

A tornado that ripped apart a vast Pfizer drug warehouse in North Carolina last week will probably lead to disrupted supplies of crucial drugs used in surgery and critical care, according to estimates made by an independent nonprofit. The tornado, which reached wind speeds of 150 miles per hour and snapped trees at the base, primarily hit a storage center where Pfizer kept raw materials, packing supplies and finished medications. The production plant at the site did not have "major damage," the company said, noting that it's working to restart operations soon. Pfizer released a list of drugs that could go into shortage — or in some cases, a deeper state of shortage. They include common I.V. pain relievers like fentanyl and morphine, as well as lidocaine, used in local anesthesia, and heparin, used to treat or prevent blood clots. The painkiller infusions had a high vulnerability score, as did I.V. electrolytes like potassium chloride and magnesium sulfate that are made at the plant and listed by Pfizer as potentially affected by the tornado. These

medications help patients with severe dehydration or diabetes complications, among other conditions.

### [Flipping a switch and making cancer self-destruct](#)

#### [Cigna health giant accused of improperly rejecting thousands of patient claims using an algorithm \(Associated Press\)](#)

A federal lawsuit alleges that health insurance giant Cigna used a computer algorithm to automatically reject hundreds of thousands of patient claims without examining them individually as required by California law. The class-action lawsuit, filed Monday in federal court in Sacramento, says Cigna Corp. and Cigna Health and Life Insurance Co. rejected more than 300,000 payment claims in just two months last year. The company used an algorithm called PXDX, shorthand for "procedure-to-diagnosis," to identify whether claims met certain requirements, spending an average of just 1.2 seconds on each review, according to the lawsuit. Huge batches of claims were then sent on to doctors who signed off on the denials, the lawsuit said. "Relying on the PXDX system, Cigna's doctors instantly reject claims on medical grounds without ever opening patient files, leaving thousands of patients effectively without coverage and with unexpected bills," according to the lawsuit. The lawsuit was filed on behalf of two Cigna members in Placer and San Diego counties who were forced to pay for tests after Cigna denied their claims.

### [White House pushes private insurance companies to cover mental health care](#)

#### [Biotech stock join AI-fueled rally \(The Wall Street Journal\)](#)

Healthcare shares have struggled this year, but a handful of small stocks riding a wave of enthusiasm from artificial intelligence are bucking the trend. The S&P 500's healthcare sector is little changed this year, while the broad index has advanced 19%. That is the largest underperformance for the sector since 1993, according to Dow Jones Market Data.

Investors have lately flocked toward speculative investments such as shares of technology companies, meme stocks and cryptocurrencies, leaving behind more defensive sectors such as healthcare. Meanwhile, companies perceived to be leading the AI revolution, including chip maker Nvidia and tech giant Microsoft, have been among this year's top performing stocks. The surge in enthusiasm has given a major boost to shares of smaller biotech companies, a sector where investors give greater weight to growth opportunities than current financial results. Recursion Pharmaceuticals stock has nearly tripled since May. The biotech upstart, which uses AI-powered models to identify new experimental drug candidates said earlier this month that it received a \$50 million investment from Nvidia and will license its models to other drugmakers to aid their own drug discovery efforts. Other firms implementing AI into their technology have also

surged. Schrodinger stock is up 160% this year. The company, which sells AI-enhanced software used in the drug development process, said in May it expects to book \$70 million to \$90 million in revenue this year in its drug discovery unit, up from \$45 million a year ago.

## Climate & Development

### [Blistering heat spreads to U.S. Midwest as wildfire smoke lingers \(The New York Times\)](#)

The heat wave that has scorched much of the American South and Southwest is now spreading through the Midwest, bringing temperatures above 100 degrees, dangerous conditions for millions of people and pleas from state and local officials to avoid spending time outdoors. The extreme heat and humidity was expected to spread misery across the region for several days, meteorologists said, warning that there was also a risk of tornadoes in Indiana and Michigan. In cities like St. Louis; Wichita, Kan.; and Kansas City, Mo., temperatures could be 10 to 20 degrees above normal, and heat index readings, which consider both temperature and humidity, will reach into the 100s. And the blistering weather arrived just as another health menace swept in: Canadian wildfire smoke that has once again fouled the air over parts of the Midwest. Experiencing both skyrocketing heat and humidity and the smoky air from wildfires at the same time is not something that people in the middle of the United States are accustomed to, said Christina Floyd, the acting chief public health officer in Detroit. In Detroit, Ms. Floyd said that she was especially concerned about older people and children with asthma, hypertension or any respiratory condition. The heat wave has hit especially hard in parts of Kansas and Missouri, where temperatures reached 100 degrees on Wednesday.

### [More than 40 million people in the U.S live in urban heat islands, climate group finds](#)

### [One year old, US climate law is already turbocharged clean energy technology \(Associated Press\)](#)

On a recent day under the July sun, three men heaved solar panels onto the roof of a roomy, two-story house near the banks of the Kentucky River, a few miles upstream from the state capitol where lawmakers have promoted coal for more than a century. The U.S. climate law that passed one year ago offers a 30% discount off this installation via a tax credit, and that's helping push clean energy even into places where coal still provides cheap electricity. On August 16, after the hottest June ever recorded and a scorching July, America's long-sought response to climate change, the Inflation Reduction Act, turns one year old. In less than a year it has prompted investment in a massive buildout of battery and EV manufacturing across the states. Nearly 80 major clean energy manufacturing facilities have been announced, an investment equal to the previous seven years combined, according to the American Clean Power Association. One target of the law is cleaner transportation, the largest source of climate pollution for the U.S. Siemens, one of

the biggest tech companies in the world, produces charging stations for EVs. Executives say this alignment of U.S. policy on climate is driving higher demand for batteries.

[Nine remote and island communities to improve energy resilience through energy transition initiative partnership project](#)

[Foreigners will benefit from U.S. climate subsidies, and that is good news \(The Wall Street Journal\)](#)

Foreign firms are shaping up to be some of the biggest beneficiaries of America's new climate-focused industrial policy law, the Inflation Reduction Act. Japan's Panasonic, for example, estimates it could reap \$2 billion a year from tax credits associated with battery plants in Nevada and Kansas. Is that a problem? Actually, it is a sign of success. It means the top firms in the global battery industry, including South Korea's LG and Panasonic, see the American market opportunity as too large to pass up, even if that means building factories there instead of back home—and even though that also risks training local engineers and upstream contractors who could eventually emerge as powerful battery players in their own right. China has used this strategy to great effect in industries it now dominates: Dangle a massive, subsidized market opportunity in front of technological leaders—think Tesla or, further back, Danish wind turbine maker Vestas—but require local production to access it. To compete, the U.S. will therefore need to use its own more limited funds much more wisely. That means learning from the current technological leaders rather than trying to reinvent the wheel at an astronomical cost—as China is currently trying to do in the chip sector, and as it tried to do early on in its EV effort.

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## Next Week's Hearings

### **Armed Services Committees**

House: None Listed

Senate: None Listed

### **Appropriations Committees**

House: None listed

Senate: None listed

### **Homeland Security Committees**

House: None listed

Senate: None listed

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