
The Federal Communications Commission's Rural Health Care Pilot Program

Program Update April 2009

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Background

- *September 2006 Pilot Program Order (FCC 06-144)*
 - Announces and seeks applications for Pilot Program.
 - Participants eligible to receive 85% costs of broadband network deployment and connecting to nationwide backbones or the public Internet.
 - Pilot program set at approximately \$60 million.
 - Pilot program was to last for two years.
 - May 2007 – Pilot Program applications due.

Background (continued)

- *November 2007 Pilot Program Selection Order (FCC 07-198)*
 - Increased funding to \$417 million.
 - Increased duration of program to 3 funding years.
 - Selected 69 out of 81 projects to further participate in the program.
 - Instructed projects to come into compliance with terms of RHC PP orders, 1996 Telecommunications Act, and Commission's rules.

Pilot Program Implementation Timeline

- January 2008 – OMB approval for projects to submit forms.
- January 2008 – WCB letter providing guidance on carry-over policy, allowing participants more time to develop projects.
- February 2008 to March 2008 – USAC project training sessions.
- April 2008 – first competitive bid posted.
- October 2008 – WCB letter providing guidance concerning excess capacity use, restrictions on resale, and project sustainability.
- December 2008 - WCB granted merger requests for two Ohio projects and two Mississippi projects.
- April 2009 – WCB granted merger requests for two Texas projects. Total project number is now 66.
- April 2009 – FCC releases notice announcing six funding commitments.
- April 2009 – Approximately 40 projects at various stages of RFP process or commitment process.

Successful Commitments

- **Health Information Exchange of Montana (\$13.6 million)** – In an area with no connections to Internet2 or National Lambda Rail - a new fiber network will connect health care providers in Montana to enable distance consultation, electronic record keeping and exchange, disaster readiness, clinical research, and distance education services.
- **Palmetto State Providers Network (\$7.9 million)** – Will connect health care providers to a fiber optic backbone to enhance simulation training, remote intensive care unit monitoring, and medical education programs across South Carolina.
- **Iowa Health System (\$7.8 million)** – Will use new network connections to link health care providers in Iowa to an existing statewide, dedicated, broadband healthcare network, Internet2, and National LambdaRail.
- **Heartland Unified Broadband Network (\$4.7 million)** – Expanding and enhancing an existing network to increase the use and quality of teleradiology and increase distance education activities throughout Iowa, Minnesota, Nebraska, North Dakota, South Dakota, and Wyoming.

Successful Commitments

- **Rural Wisconsin Health Cooperative (\$1.6 million)** – Has augmented an existing shared electronic health records project that will provide health care providers in Wisconsin with access to redundant connectivity and data centers, as well as higher speeds that will range from 10 to 100 Mbps.
- **St. Joseph's Hospital (\$655 thousand)** —Project will link two existing fiber systems in the city of Chippewa Falls, Wisconsin, to St. Joseph's hospital, two other facilities and Internet2 in order to expand telemedicine offerings.
- **Alaska Native Tribal Health Consortium (\$10.4 million)** – The consortium's network, which will serve primarily rural health care practitioners, will unify and increase the capacity of disparate healthcare networks throughout Alaska, allowing them to connect with urban health centers and access services in the lower 48 states.
- **On Deck** – Several projects have selected vendors and are in the process of finalizing sustainability plans. Commitments should be announced shortly.

Successful Commitments

- Acting Chairman Copps:
 - “I am pleased with the progress that these rural health care initiatives are making to develop telemedicine programs, build highways for electronic medical records and, overall, increase patient access to health care in the regions they serve. There is great potential to improve health care for those communities that currently have limited access to primary, specialty and preventive care; as well as to enhance public safety by connecting health care providers, public health officials and first responders to these networks so that they can share crucial data during emergencies. These projects are to be commended for their dedication and commitment to these important goals. I commend USAC for its efforts to ensure the success of the program, and look forward to more such funding approvals soon so we can realize the great promise of this pilot program.”

Ongoing Efforts: Transparency

- WCB maintains a RHC PP webpage where it posts FAQs, orders, and directives concerning the RHC PP. Recent FAQs include:
 - Community Buildout - In selecting a vendor, a project may consider the vendor's commitment to provide excess capacity for community use, provided USF funds are not used to pay for the excess capacity and there is no increase in the cost for the dedicated network facilities.
 - Sustainability - Although each project's sustainability plan will be reviewed on a case by case basis, generally, a sustainability plan should discuss the following points:
 - Discuss status of obtaining minimum 15% match for the project.
 - Indicate the sustainability period and how it compares to the initial investment (10 years is generally appropriate)
 - Discuss terms of membership, excess capacity arrangements (if applicable), ownership structure, sources of future support, and management.

Ongoing Efforts: Transparency

- American Recovery and Reinvestment Act of 2009 (ARRA) - Pilot Program participants may use broadband grant or loan funding (or other federal sources) authorized by the ARRA for their Pilot Program networks.
- Data Centers - If a data center is connected (e.g., transmits data to and receives data from) to an eligible health care provider, the data center may qualify for funding as an eligible network component. Data centers, however, do not qualify as eligible health care providers under section 254(h)(7)(B) of the Communications Act and FCC rules.
- Self-Provisioning - A project may ultimately select itself to “self-provision” components of its project – *but only after participating in a competitive bidding process* in which the participant determines that it is the most cost-effective provider.
 - the competitive bidding rules ensure that Pilot Program participants are aware of cost-effective alternatives, and that universal service support is used wisely and efficiently.

Ongoing Efforts: Transparency

- ❑ WCB has provided clarification materials to USAC regarding allocation of costs for excess capacity and the use of excess capacity for sustainability. The guidance addresses excess capacity issues raised by numerous (around 12) projects. The guidance is also posted on USAC's project webpage.
- ❑ More efforts are being made within the confines of the *2007 RHC PP Selection Order* and *2006 RHC PP Order*. The FCC webpage and USAC webpages are being utilized for this purpose.

Ongoing Efforts: Project Outreach

- WCB and USAC meet weekly to discuss outstanding issues.
- USAC reaches out to all projects on a weekly basis to check on their status and answer questions.
- USAC conducts one-on-one conversations with all projects.
- WCB conducts outreach for any projects with outstanding policy issues or other questions (*e.g.*, sustainability proposals).
- USAC conducts a monthly project teleconference with all participants.

Next Steps: Project Funding

- Over half of the 66 projects have developed or posted requests for proposals to select vendors to build out their broadband networks. Funding commitments continue to accelerate.
- Remaining projects are still preparing their requests for proposals as part of the competitive bidding process.
 - Several projects are aggregating their projects with ARRA in anticipation of other federal funding.
 - Several projects including excess capacity deployment, including community buildout commitments, in RFP consistent with FCC guidance.
 - Certain projects continue to seek merger. For example, WCB recently received a merger request from Juniata Valley Network and Pennsylvania Mountains Healthcare Resource Development.
 - Other projects continue to finalize LOAs and solidify 15 percent matching funding.

Next Steps: Project Funding

- “To ensure that the benefits of the Pilot Program are achieved, we encourage other selected participants that are unable to continue their Pilot Program projects to seek the designation of successors, consistent with the *2007 RHC PP Selection Order* and the Bureau’s orders designating Pilot Program project successors.”
See April 16, 2009, Texas Health Information Network Collaborative Merger Order (DA 09-838).

Next Steps: Long Term

- The Commission intends to use the information gathered from funding Participants in the Pilot Program to develop a more complete and practical understanding of how to modify the pre-existing universal service Rural Health Care mechanism long-term in order to support the deployment of a broadband nationwide health care network, focusing on the rural areas of the country where support is needed the most.
- Quarterly reports – reviewing and analyzing quarterly reports for program compliance and performance.

Resources

FCC Home Page:

www.fcc.gov

FCC Pilot Program Home Page:

www.fcc.gov/cgb/rural/rhcp.html

Universal Service Administrative Company

www.usac.org