

Summary of FCC's Rural Health Care Program

The Rural Health Care Program, which includes the new Healthcare Connect Fund, provides funding to eligible health care providers (HCPs) for telecommunications and broadband services necessary for the provision of health care. The goal of the program is to improve the quality of health care available to patients in rural communities by ensuring that eligible HCPs have access to telecommunications and broadband services. Funding for the Rural Health Care Program is capped at \$400 million annually.

The Rural Health Care Program is currently made up of four programs: the new Healthcare Connect Fund, the Telecommunications Program, the Internet Access Program, and the Rural Health Care Pilot Program.

I. THE HEALTHCARE CONNECT FUND

Building on lessons learned from the Pilot Program, in December 2012 the Commission released a Report and Order that created the Healthcare Connect Fund, which will reform, expand, and modernize the Rural Health Care Program.

http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-12-150A1.doc

- The Healthcare Connect Fund provides support for high-capacity broadband connectivity to eligible health care providers (HCPs) and encourages the formation of state and regional broadband HCP networks.
- Under the program, eligible rural HCPs, and those non-rural HCPs that are members of a consortium that has more than 50 percent rural HCP sites, will be able to receive a 65 percent discount on all eligible expenses.
- Eligible expenses include broadband services and equipment, and, for consortium applicants, HCP-constructed and owned network facilities.
- The order also establishes a new pilot program to test how to support broadband connections for skilled nursing facilities.

Highlights of the Healthcare Connect Fund

- Eligible HCPs. The new program provides support to:
 - Consortia of eligible rural and non-rural public/non-profit HCPs, and
 - Individual rural public/non-profit HCPs.
- Limitations on Non-rural HCP Participation. Non-rural HCPs are eligible for support only if they belong to a consortium that has more than 50 percent rural HCP sites. Support for non-rural hospitals with 400+ beds is capped at \$30,000 annually for recurring charges and \$70,000 over a five-year period for non-recurring charges.
- Eligible Expenses. Eligible HCPs may seek support for broadband services, network equipment, and (for consortium applicants) HCP-constructed and owned network facilities. Only consortium applicants are eligible for upfront payments.
- Off-site Data Centers and Off-site Administrative Offices. The new program provides support to HCPs for connections and network equipment associated with off-site data centers and off-site administrative offices.

- Eligible Vendors. Eligible vendors include any provider of equipment, facilities, or services that are eligible for support.
- Discount Rate. The new program provides a 65 percent flat-rate discount on all eligible expenses.
- Application Process.
 - The application process minimizes the administrative burden on participants while still protecting against waste, fraud, and abuse.
 - Consortium applicants may file a single application.
 - Program administered by the Universal Service Administrative Company (USAC)
- Multi-year Commitments. Applicants may seek a multi-year funding commitment for up to 3 years, thus avoiding the annual application filing requirement.
- Competitive bidding process exemptions.
 - *Annual* undiscounted cost of \$10,000 or less
 - Government Master Services Agreements (MSAs)
 - MSAs approved under Rural Health Care (RHC) Pilot Program or Healthcare Connect Fund
 - “Evergreen” contracts
 - Contracts negotiated under USF Schools & Libraries Program
- Timeline.
 - Starting July 1, 2013, support will be available for existing Pilot projects.
 - Starting January 1, 2014, support will be available for new consortia and individual HCP participants. Competitive bidding process may start in late summer 2013.
- Skilled Nursing Facility Pilot Program.
 - *Purpose.* The pilot will test how to support broadband connections for skilled nursing facilities.
 - *Timing.* The FCC will solicit input regarding design of the pilot program in 2013. The pilot will get underway in 2014.
 - *Size.* Funding for the pilot is limited to \$50 million in total support for all projects combined, spread over 3 years.

II. THE TELECOMMUNICATIONS AND INTERNET ACCESS PROGRAMS

Established in 1997, the Telecommunications Program ensures that eligible rural HCPs pay no more than their urban counterparts for telecommunications services. Through this program, eligible rural HCPs can obtain rates for supported services that are no higher than the highest tariffed or publicly available commercial rate for a similar service in the closest city in the state with a population of 50,000 or more people, taking distance charges into account. The Internet Access Program, which the Commission created in 2003, provides eligible rural HCPs a 25 percent discount off the cost of monthly Internet access for eligible rural HCPs. This program will not be available after June 30, 2014; current recipients may instead seek support from the Healthcare Connect Fund.

III. THE RURAL HEALTH CARE PILOT PROGRAM

The Commission established a three-year Rural Health Care Pilot Program in September 2006 to provide funding for state or regional broadband networks designed to bring the benefits of telehealth and telemedicine services to areas of the country where the need for those benefits was most acute. The Pilot Program provided funding for up to 85% percent of the costs associated with: (1) the construction of a state or regional broadband network and the advanced telecommunications and information services provided over that network; (2) connecting to Internet2 or National LambdaRail; and (3) connecting to the public Internet. There are currently 50 active Pilot Projects in 38 states. This program is closed to new applicants.

In 2012, the Wireline Competition Bureau released a staff evaluation of the Pilot Program, which summarized key observations from the Pilot Program and described the Pilot Projects, their broadband networks, and the financial and telehealth benefits generated by their broadband connectivity. <http://www.fcc.gov/document/rural-health-care-pilot-program-evaluation-staff-report>

January 2013