

# **Universal Service Administrative Company**

## **Federal Communications Commission's Rural Health Care Pilot Program**

**Rural Health Care Information Session  
Tampa, Florida – May 5, 2009  
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## Contact Information

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# Rural Health Care Pilot Program (RHCPP) Overview

- The RHCPP was established by the FCC to help public and non-profit health care providers deploy a state or regional dedicated broadband health care network and, at the applicant's discretion, to connect that network to Internet2, National LambdaRail (NLR), or the public Internet
- This cost reimbursement program will support the connection of more than 6,000 public and non-profit health care providers nationwide to broadband telehealth networks
- Originally 69 projects were awarded funding, representing 42 states and 3 territories. Due to mergers in Mississippi, Ohio, Texas there are 66 projects. More mergers are expected.
- Total three-year award of over \$417 Million
- Each project will receive funding for up to 85% of the costs to build and deploy their network

- **FCC**
  - Implement Congress’s directive 254(h)(2)(A) of the Communications Act of 1934, as amended, to enhance access to advanced telecommunications and information services for all health care providers
  - Define rules and regulations pertaining to the administration of the USF, including the RHCPP
  - Oversee all aspects of USAC’s functions including program administration, financial oversight, and program integrity and audits
  
- **HHS – *Office of the National Coordinator for Health Information Technology (ONC)***
  - Guide the nationwide implementation of interoperable health IT per the President’s 2004 Executive Order (para 81)
  - Coordinate HHS and executive branch agencies’ health IT policies and programs
  - Use health IT to improve health care quality, efficiency and emergency response
  
- **USAC**
  - Administer the RHCPP, and ensure program and fiscal integrity
  - Coordinate with the FCC regarding Program Policies and Procedures
  - Address participant questions and concerns

- **Project Reviewers (PRs) – Coaches!**
  - One PR dedicated to each project; direct point of contact for Project Coordinators (PCs)
  - Guide PCs through the information submission and funding process
  - Review forms and associated documentation submitted by PCs
  
- **Project Coordinators (PCs) or Associate Project Coordinators (APCs)**
  - Manage the administrative aspects of the build-out of the approved network
  - Complete and submit program forms and supporting documentation; sign off on certifications, invoices, etc.
  - Serve as primary point of contact for the project
  - Communicate any requirements / requests to participating entities
  
- **Vendors**
  - Traditional telecommunications service providers, Internet service providers, network designers, self-provisioning Participants and other entities providing eligible services to Participants

- FCC RHCPP Website
  - <http://www.fcc.gov/cgb/rural/rhcp.html>
  - Source for official documents and information releases from the FCC
- USAC RHCPP Website
  - <http://www.usac.org/rhc-pilot-program/>
  - Source for public information and announcements relative to the program
- 465 Posting Website
  - <http://www.usac.org/rhc-pilot-program//tools/search-postings.aspx>
  - 465 information will be posted for bidding by Vendors

## Three eligibility components:

### 1. Eligible Participants

- Only eligible participants may apply for and receive discounts for eligible services
- Entities are not required to be rural, but must comply with eligibility requirements as set forth in the Order

### 2. Eligible Costs

- USAC will pay 85% of each eligible item (assuming 100% eligible use), as incurred and submitted in invoices
- Participants must fund the remaining 15% of each item, with funding from an eligible source.

### 3. Eligible Sources for 15 percent Funding

- Participants' minimum 15 percent contribution of eligible network costs must be funded by an eligible source, as detailed in the Order

## Eligible Participants (1 of 2)

- Only eligible HCPs and consortia that include eligible HCPs may apply for and receive discounts
  
- Pursuant to section 254 of the 1996 Act, to be considered eligible, an HCP must be one of the following:
  - Post-secondary educational institutions offering health care instruction, teaching hospitals, or medical schools
  - Community health centers or health centers providing health care to migrants
  - Local health departments or agencies, including dedicated emergency departments of rural for-profit hospitals that participate in Medicare
  - Community mental health centers
  - Not-for-profit hospitals
  - Rural health clinics including mobile clinics
  - Consortia of HCPs consisting of one or more of the above entities
  - Part-time eligible entities located in otherwise ineligible facilities



## Eligible Participants (2 of 2)

- State organizations and entities may apply for funding on behalf of consortia members, but cannot themselves receive funding for services under the RHCPP unless they satisfy the statutory definition of health care provider
- Participants must demonstrate that they will connect more than a *de minimis* number of rural health care providers in their networks.
- Consortia may contain ineligible health care providers, but these entities are ineligible to receive any support associated with their portion of the program
- Urban hospitals are eligible to receive Pilot funding, provided they qualify as one of the participant types listed on the previous slide

- Eligible costs include those for:
  - Initial network design studies
  - Deploying transmission facilities
  - Providing access to advanced telecommunications and information services, including non-recurring and recurring costs
  - Connecting to vendor-provided transmission services (e.g., SONET, DS3s) in lieu of deploying your own broadband network
  
- Eligible non-recurring costs include those for:
  - Design
  - Engineering
  - Materials and construction of fiber facilities or other broadband infrastructure
  - Costs of engineering, furnishing (i.e., as delivered from the manufacturer), and installing network equipment.
  
- Recurring and non-recurring costs of operating and maintaining the constructed network are eligible once the network is operational

## Ineligible Costs (1 of 2)

- Ineligible costs include those costs not directly associated with network design, deployment, operations, and maintenance of the network.
- Ineligible Costs include, but are not limited to:
  1. **Personnel costs** (including salaries and fringe benefits), except for those personnel directly engaged in designing, engineering, installing, constructing, and managing the dedicated broadband network. Ineligible costs of this category include, for example, personnel to perform program management and coordination, program administration, and marketing
  2. **Travel costs**
  3. **Legal costs**
  4. **Training**, except for basic training or instruction directly related to and required for broadband network installation and associated network operations. For example, costs for end-user training, e.g., training of health care provider personnel in the use of telemedicine applications are ineligible
  5. **Program administration** or technical coordination that involves anything other than the design, engineering, operations, installation, or construction of the network
  6. **Inside wiring or networking equipment** (e.g., video/Web conferencing equipment and wireless user devices) on health care provider premises except for equipment that terminates a service provider's or other provider's transmission facility and any router/switch that is directly connected to either the facility or the terminating equipment

- Ineligible Costs include, but are not limited to (continued):
  7. **Computers**, including servers, and related hardware (e.g., printers, scanners, laptops) unless used exclusively for network management
  8. **Helpdesk equipment** and related software, or services
  9. **Software**, unless used for network management, maintenance, or other network operations; software development (excluding development of software that supports network management, maintenance, and other network operations); Web server hosting; and Website/Portal development
  10. **Telemedicine applications and software**; clinical or medical equipment
  11. **Electronic Records management** and expenses
  12. **Connections to ineligible network participants or sites** (e.g., for-profit health care providers) and network costs apportioned to ineligible network participants
  13. **Administration and marketing costs** (e.g., administrative costs; supplies and materials (except as part of network installation/construction); marketing studies, marketing activities, or outreach efforts; evaluation and feedback studies)

## Eligible and Ineligible Sources for 15 Percent Funding

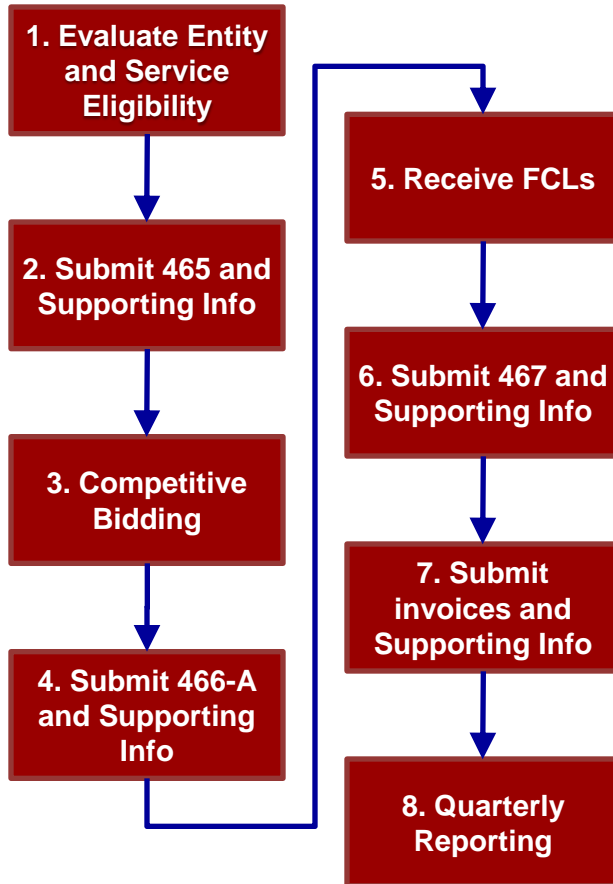
- Participants are required to identify with specificity their source of funding for the minimum 15 percent contribution of eligible network costs by line item on the Network Cost Worksheet
- 15 percent contributions must go toward **eligible network costs only**
- Eligible sources for 15% contribution include:
  - The participant or eligible health care provider participants
  - State grants, funding, or appropriations
  - Federal funding, grants, loans, or appropriations (except for RHC funding)
  - Other grant funding, including private grants
- Ineligible sources for 15% contribution include :
  - In-kind or implied contributions
  - A local exchange carrier (LEC) or other telecom carrier, utility, contractor, consultant, or other service provider
  - For-profit participants
  - The existing RHC support mechanism

# Review Original Project Proposal

- Participants should review their original application to ensure compliance with the Order.
  - Re-evaluate entity and service eligibility
  - Ensure sources for 15% funding, by item, are eligible
  - Ensure application supports more than a *de minimis* number of rural HCPs
- Network modifications may deviate from the initial application
  - To the extent a selected participant wishes to upgrade, replace technology, or add eligible health care providers to its proposed network prior to commencing and completing the competitive bidding process
- Participants must ensure their projects are consistent with HHS's health IT initiatives. Detail on the coordination process will be provided in a later section

# A Guide to the Administrative Process

## Eight Steps



1. Evaluate entity and service eligibility
2. Submit 465 and Supporting Information
3. Competitive Bidding
4. Submit 466-A and Supporting Information
5. Receive FCLs
6. Submit 467 and Supporting Information
7. Submit invoices
8. Quarterly Reporting

# Competitive Bidding Overview

- Consistent with existing program rules and requirements, selected participants must comply with the competitive bidding process to select a vendor for their proposed network projects
- Competitive Bidding is an important safeguard for ensuring universal service funds are used wisely and efficiently by requiring the most cost-effective Vendors be selected by RHCPP participants
- PCs are encouraged to seek (if they do not receive) multiple bids, in order to ensure a fair competitive bidding process, especially if the organization was the sole bidder
- Where participants had pre-selected Internet2 or National LambdaRail in the ***initial application to the FCC in May of 2007***, competitive bidding for Internet2 or NLR has been waived in this situation only



# Competitive Bidding Objectives

- Provide a fair and open competitive bidding process
- Ensure that both the RHCPP funds and the participant 15% contributions are used in the most cost effective manner
- Avoid conflicts of interest
  - Independent consultant who is also a vendor
  - Participant is also a vendor
- Free up additional funds for the project if the bidding results in lower costs
- Open competition and bid evaluation
- Follow the program rules as detailed in the FCC order and state and local procurement guidelines
- Read the contracts
- Document the process

## “Most Cost Effective”

- “Most Cost Effective” is defined as:
  - The method that costs the least after consideration of the features, quality of transmission, reliability, and other factors that the health care provider deems relevant to choosing a method of providing the required health care services
  - Price must be a primary factor, considering only ELIGIBLE goods and services
  - Must consider non-cost evaluation factors that include but are not limited to: ability to bid on entire network; prior experience, including past performance; personnel qualifications, including technical excellence; management capability, including solicitation compliance; responsiveness; and environmental objectives (if appropriate)
- Selected participants are not required to select the lowest bid offered, and **need not consider *Price as the sole primary selection factor***
- Competitive bidding does not require the “low bidder” to win

- Participants must retain documentation of this process
- Participants should create a selection matrix and follow it
- Selection matrix must clearly show relative weighting of various factors
- Multi-round selection processes are okay, as long as all participating providers are notified, and price of the eligible products and services is a primary factor in every round
- When in doubt, spell it out

# Service Provider Identification Number (SPIN)

- Any entity interested in providing services to program participants in the RHCPP will be required to obtain a SPIN
  - This includes those who will be providing non-traditional services, such as network design and consulting-type work to a program participant
  - SPINs must be assigned before USAC can authorize support payments
  
- All Vendors submitting bids to provide services to selected participants will need to complete and submit a Form 498 to USAC for review and approval if selected by a participant before funding commitments can be made
  
- Only Vendors that have not already been assigned a SPIN by USAC will need to complete and submit a Form 498
  - If a vendor already has a SPIN under the regular Rural Health Care program or the E-rate program, they need not re-apply. That SPIN is valid across all USAC funding programs
  - The vendor may wish to validate, however, that they have indicated participation in RHC in their SPIN profile

# Vendor Selection/Funding Commitment Letter

- Upon expiration of the posting period (minimum of 28 days), and completion of the competitive bidding process, PCs may select the winning vendor(s) and enter into a contract
  
- Documentation of the competitive bidding process, detailing the process by which the selected vendor(s) were chosen, will be reviewed by USAC.
  
- Upon receipt and approval of a selected participant's Form 466-A and related attachments and supporting information, USAC will issue a FCL for to each Vendor selected
  - RHCPP support amounts shall only be committed by USAC once certifications have been filed

- Once the HCP Support Acknowledgement letter and Form 467 is received and accepted, invoicing may begin
- The PC will complete the USAC invoice based on line items from the approved Network Cost Worksheet (NCW)
- The PC may only invoice for incurred costs and must provide supporting documentation such as a bill or invoice from the vendor
- To submit the USAC invoice:
  - After completing the USAC invoice, the PC will print, sign and date, and send to the Vendor
  - The vendor will review the USAC invoice to ensure it is for costs incurred, sign and send/fax to USAC
  - USAC will record the invoice information, update invoice tracking, and scan and post the invoice to SharePoint
  - USAC will pay the vendor

# Submit Invoice Supporting Information

- Along with their USAC Invoice the PC will need to submit documentation showing that these costs have been incurred
  - Bills or invoices from Vendors
    - These should show the detail costs as seen in the contracts or service agreements
    - The Vendor's invoice should clearly detail the eligible costs in the FCL's Approved Network Cost Worksheet.
- The PC may submit invoices monthly
- The PC may aggregate invoices if they wish, but costs must be incurred and represented on the attached documentation
- What will the vendor have to do?
  - After receiving the signed copy from the PC the vendor will sign the invoice certifying to its content and send it to USAC
    - They may mail it, or fax it to our digital desktop fax

USAC will then pay the vendor  
USAC pays invoices twice a month

## Quarterly Reporting

- Participants must submit quarterly reports to inform the Commission of the cost effectiveness and efficacy of the different state and regional networks funded by the RHCPP and of whether support is being used in a manner consistent with section 254 of the 1996 Act, and the Commission's rules and orders
- In particular, collection of this data is critical to the goal of preventing waste, fraud, and abuse by ensuring that funding is flowing through to its intended purpose
- Quarterly Reports shall have responsive data separated by month
- These Quarterly Reports will used to help reevaluate the regular Rural Health Care Program



- Each RHCPP participant and service provider shall be subject to audit by the Commission's OIG and, if necessary, investigated by the OIG, to determine compliance with the RHCPP, Commission rules and orders, as well as section 254 of the 1996 Act
- USAC's Internal Audit Division (IAD) will perform audits of RHCPP Participants
- Audits will be performed to determine compliance with FCC Rules and Orders:
  - Eligibility (both entity, vendor and service)
  - Competitive Bidding
  - Use of Funds
  - Invoicing
  - Quarterly Reports
- Being prepared for an audit helps everyone involved in the program
- Site visits

# Projects with RFPs Posted for Competitive Bidding

<b>Project Name</b>	<b>RFP #</b>	<b>Allowable Contract Date</b>
<b>Alaska Native Tribal Health Consortium</b>	<b>01</b>	<b>9/9/2008</b>
<b>California Telehealth Network</b>	<b>01</b>	<b>1/9/2009</b>
<b>Colorado Health Care Connections</b>	<b>00</b>	<b>10/13/2008</b>
<b>Geisinger Health System</b>	<b>01</b>	<b>12/19/2008</b>
<b>Geisinger Health System</b>	<b>02</b>	<b>4/16/2009</b>
<b>Greater Minnesota Telehealth Broadband Initiative</b>	<b>00</b>	<b>5/8/2009</b>
<b>Health Information Exchange of Montana</b>	<b>01</b>	<b>9/12/2008</b>
<b>Health Information Exchange of Montana</b>	<b>02</b>	<b>3/3/2009</b>
<b>Health Information Exchange of Montana</b>	<b>03</b>	<b>3/26/2009</b>
<b>Heartland Unified Broadband Network</b>	<b>01</b>	<b>9/15/2008</b>
<b>Iowa Health System</b>	<b>00</b>	<b>11/3/2008</b>
<b>Iowa Rural Health Telecommunications Program</b>	<b>00 - Fiber</b>	<b>8/28/2008</b>
<b>Iowa Rural Health Telecommunications Program</b>	<b>01 - Electronics</b>	<b>8/28/2008</b>
<b>Louisiana Department of Hospitals</b>	<b>00</b>	<b>5/19/2009</b>
<b>Missouri Telehealth Network</b>	<b>00</b>	<b>11/20/2008</b>
<b>Missouri Telehealth Network</b>	<b>01</b>	<b>12/23/2008</b>
<b>New England Telehealth Consortium</b>	<b>00</b>	<b>1/12/2009</b>

# Projects with RFPs Posted for Competitive Bidding

<b>Project Name</b>	<b>RFP #</b>	<b>Allowable Contract Date</b>
North Country Telemedicine Project	01	3/6/2009
Northeast HealthNet	01	11/4/2008
Northeast HealthNet	02	11/4/2008
Northeast Ohio Regional Health Information Organization	00	3/25/2009
Northwestern Pennsylvania Telemedicine Initiative	00	4/23/2009
Oregon Health Network	01	10/30/2008
Palmetto State Providers Network	00	8/29/2008
Pennsylvania Mountains Healthcare Alliance	01	9/9/2008
Rocky Mountain HealthNet	00	1/15/2009
Rural Western and Central Maine Broadband Initiative	00	5/13/2009
Rural Wisconsin Health Cooperative ITN	00	5/9/2008
Southern Ohio Healthcare Network	00	4/28/2009
St. Joseph's Hospital	00	10/10/2008
West Virginia Telehealth Alliance	01	2/19/2009
Wyoming Telehealth Network	00	5/8/2009

## Commitments to Date

<b>Project Name</b>	<b>FCL Amount</b>	<b>Project Award</b>
Alaska Native Tribal Health Consortium	\$ 208,887.50	\$ 10,425,249.99
Health Information Exchange of Montana	\$ 4,445,500.00	\$ 13,599,999.99
Heartland Unified Broadband Network (3)	\$ 3,205,336.24	\$ 4,781,930.79
Iowa Health System (2)	\$ 2,665,696.90	\$ 7,802,732.01
Palmetto State Providers Network	\$ 1,601,132.09	\$ 7,944,950.01
Rural Wisconsin Health Cooperative ITN (4)	\$ 987,927.01	\$ 1,593,354.99
St. Joseph's Hospital	\$ 396,120.40	\$ 655,200.00
<b>Total Committed</b>	<b>\$ 13,510,600.14</b>	<b>\$ 46,803,417.78</b>

Questions?