

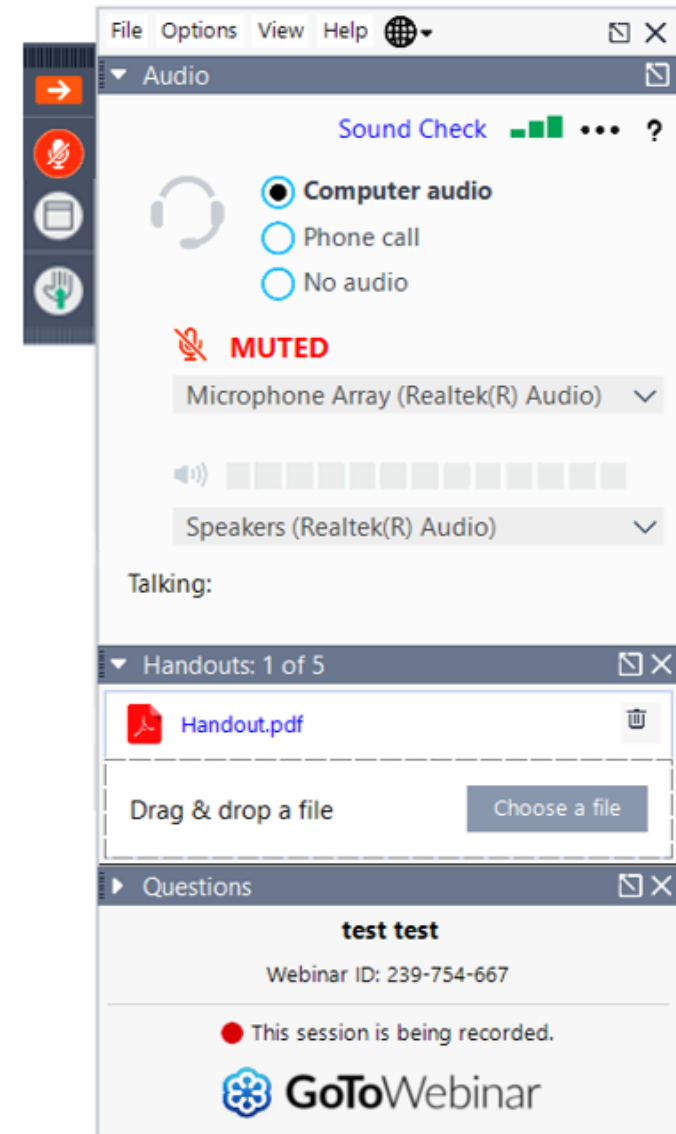


Lifeline July 2024 Monthly Webinar

Lifeline Compliance

Housekeeping

- Audio is available through your computer's speakers.
- The audience will remain on mute.
- Enter questions at any time using the “**Questions**” box.
- If your audio or slides freeze, restart the webinar.
- A copy of the slide deck is in the “**Handouts**” section of the webinar panel.



Disclaimer

To accommodate all attendees, real-time closed captions will be present during this presentation. We apologize in advance for any transcription errors or distractions. Thank you for your support!

Meet Our Team



Linnita Hosten

Sr. Communications Specialist | Lifeline

Linnita develops external communications and creates content about Lifeline systems and program changes.



Winta Woldu

Communications Specialist | Lifeline

Winta creates website content and training for consumer advocates, consumers, and service providers.

Agenda

- Announcements
- Lifeline Program Overview
- Audits & Assessments
- Common Audit Findings
- Resources

Announcements

Announcements

Form 481 Deadline Extended to July 10

- On June 28, 2024, the Federal Communications Commission (FCC) released an [Order](#) extending the deadline for high-cost service providers to file and certify this year's [FCC Form 481](#) to **July 10, 2024**.
- FCC Form 481 collects financial, and operations information used to validate service provider support and is an annual requirement for providers participating in Lifeline and/or High Cost.
- Service providers can log into [One Portal](#) to access and certify the FCC Form 481.

Announcements

Reverification Update

- Reverification is the one-time process to confirm that all subscribers enrolled in the Lifeline program through legacy processes (i.e., pre-National Verifier processes) meet the National Verifier's eligibility standards.
- USAC is finalizing direct consumer outreach to subscribers who require additional documentation to complete their reverification in the following groups:
 - **Group Two:** Puerto Rico, California (broadband only), Florida, Illinois, Minnesota, Ohio, and Wisconsin.
 - **Group Four:** All states/territories.
- Final documentation for subscribers in Group Two and Group Four is due early August.

Announcements

Reverification Update

- Consumers who fail to successfully complete the reverification process will be de-enrolled and mailed a de-enrollment notice.
- Service providers are encouraged to monitor the **Failed Reverification De-Enroll Report** in National Lifeline Accountability Database (NLAD) to see which subscribers failed the reverification process and have been de-enrolled.
- For more information on the Lifeline reverification process, providers can visit the [Reverification](#) page.

Lifeline Program Overview

Roles & Rules

Lifeline Program Overview

- The Universal Service Administrative Company (USAC) is an independent, not-for-profit organization designated by the FCC as the permanent administrator of the Universal Service Fund (USF) and its four programs.
 - The USF aims to ensure that all people in the United States have access to quality, affordable connectivity service.
 - The FCC develops policies and regulations for the Lifeline program and provides guidance to USAC.
 - USAC administers the Lifeline program.



Lifeline Program

Discounted phone and internet service to eligible low-income consumers.



High Cost Program

Reduced rates for telecom and broadband services in eligible high-cost areas.



E-rate Program

Funding for broadband services to eligible schools and libraries.



Rural Health Care Program

Funding for telecom and broadband services for eligible rural health care providers.

Lifeline Program Overview

USAC Role

- USAC is the Lifeline administrator responsible for:
 - Confirming consumer eligibility.
 - Recertifying subscribers.
 - Reverifying subscribers
 - Managing the Lifeline Support Center.
 - Educating stakeholders on processes, systems, and rules and requirements.

Lifeline Program Overview

Service Provider Role

- Service providers are responsible for complying with [program rules](#), including:
 - Registering for Representative IDs in the [Representative Accountability Database \(RAD\)](#) to perform applicable transactions.
 - Ensuring Lifeline eligible consumers have qualified through the [National Verifier](#).
 - Enrolling Lifeline qualified consumers in the [National Lifeline Accountability Database \(NLAD\)](#), ensuring that enrolled subscribers are not currently enrolled with another service provider, and keeping NLAD up to date.
 - Submitting claims to receive reimbursement in the [Lifeline Claims System \(LCS\)](#).
 - Preparing forms and annual filings ([FCC Form 555](#) and [FCC Form 481](#)).

Lifeline Program Overview

Service Provider Role Cont.

- Providing Lifeline subscribers with Lifeline-supported services that meet Lifeline's minimum service standards.
- Complying with program rules, including:
 - Publicizing the availability of Lifeline service to their consumers.
 - Providing USAC and auditors with correct information and documentation in response to program integrity, Payment Quality Assurance (PQA), and audit requests.
 - Tracking Lifeline subscriber's usage.
 - De-enrolling ineligible consumers.
 - Documenting compliance with the FCC and state requirements.

Lifeline Program Overview

Rules

- Lifeline program requirements are based on the FCC rules in [47 C.F.R. Sections 54.400-423](#).
- The FCC also releases [Orders](#) to clarify program requirements.

Audits & Assessments

Audits & Assessments

- Beneficiary and service provider audits may be performed by:
 - The Beneficiary and Contributor Audit Program (BCAP)
 - USAC's Audit and Assurance Division (AAD)
 - FCC Office of Inspector General (OIG)
 - Offices of other federal agencies
 - A firm under contract to USAC or the FCC
 - A firm under contract to the Eligible Telecommunications Carrier (ETC) (e.g., Biennial audits)

Audits & Assessments

- Lifeline program audit types include:
 - Beneficiary and Contributor Audit Program ([BCAP](#))
 - Beneficiary and Contributor Audit Program - External (BCAPx)
 - Office of Inspector General (OIG)
- Service providers might also be required to obtain a third-party biennial audit of their compliance with program rules.
- Lifeline program assessments include:
 - [PQA](#) in which USAC provides the FCC with information about improper payments to program beneficiaries.

Audits & Assessments

- USAC obtains the following documentation to support different elements for each program:
 - Number of subscribers claimed for reimbursement.
 - Amount claimed per subscriber.
 - Beneficiary eligibility to receive Lifeline program support.
 - Subscriber eligibility to receive Lifeline program support.
 - Lifeline program support passed through to subscribers.
 - Adequacy of advertising efforts.

Audits & Assessments

Audit Process Overview



1 Planning

The audit announcement, entrance conference, and beneficiary receives data.

2 Testing

Documentation review, beneficiary inquiries, documentation questions, sample selection, and site visit (if applicable).

3 Reporting

Draft findings, exit conference, audit survey, and final audit report.

Audits & Assessments

PQA Process Overview



1 Planning

Receive PQA notification letter.

2 Testing

Documentation review.

3 Reporting

Final closure email to service providers, calculation and reporting of improper payments, and assessment survey.

Poll

Questions?

Common Audit Findings

Common Audit Findings

- Improper Non-Usage
- Lack of Documentation - Pass Through
- Inaccurate Reporting in LCS
- Duplicative Support
- Inadequate Eligibility Documentation

Common Audit Findings

Non-Usage Rules

Lifeline service providers are required to:

- Have an effective process for identifying subscribers that have not completed valid usage defined [47 C.F.R. § 54.407\(c\)](#) within 30 consecutive days, if the ETC does not assess and collect a monthly fee from the subscriber.
- After 30 days of a subscriber's non-usage, issue a notice to subscribers, using clear and easy to understand language, stating that failure to use the Lifeline service within 15 days will lead to service termination.
- Not claim reimbursement after 30 consecutive days of non-usage, including during the 15-day cure period, for subscribers who have not used the service unless the subscribers cure the non-usage. After which the ETC may seek reimbursement (i.e., the ETC can revise its claim upward).

Common Audit Findings

Non-Usage Rules Cont.

Lifeline service providers are also required to:

- De-enroll subscribers that have not used their service in 45 consecutive days.
- Retain documentation to demonstrate that an effective non-usage process is in place.

Common Audit Findings

Improper Non-Usage Example #1

Example	Prevention
<ul style="list-style-type: none">• Charging a consumer an upfront or annual fee to initiate service and later deducting from the initiation fee to record a monthly payment.	<ul style="list-style-type: none">• If a monthly fee is not assessed and collected, the provider must implement a process for identifying subscribers that have not used their service in 30 consecutive days.

Common Audit Findings

Improper Non-Usage Example #2

Example	Prevention
<ul style="list-style-type: none">Encouraging consumers to overpay on their account to generate an account credit and later apply that credit amount towards a monthly payment.	<ul style="list-style-type: none">If a <u>monthly</u> fee is not assessed <u>and</u> collected, the provider must implement a process for identifying subscribers that have not used their service in 30 consecutive days.

Common Audit Findings

Improper Non-Usage Example #3

Example	Prevention
<ul style="list-style-type: none">Assessing account activity as usage if the consumer completes an inbound call from a service provider.	<p>Service providers must adhere to the qualifying usage activities below that define Lifeline service usage:</p> <ul style="list-style-type: none">Completion of an outbound call or usage of data.Purchase of minutes or data from the ETC to add to the subscriber's service plan.Answering an incoming call from a party other than the ETC, ETC's agent, or representative.Responding to direct contact from the ETC and confirming that he or she wants to continue receiving Lifeline service.Sending a text message.

Common Audit Findings

Improper Non-Usage Example #4

Example	Prevention
<ul style="list-style-type: none">Claiming a subscriber during their 15-day cure period, who has not cured their non-usage.	<ul style="list-style-type: none">If a subscriber uses their service (as defined in 47 § 54.407(c)) during the 15-day period, the service provider should retroactively claim the subscriber for that service period.

Common Audit Findings

Improper Non-Usage Example #5

Example	Prevention
<ul style="list-style-type: none">• Service providers failing to retain detailed documentation to prove subscriber usage within 30 consecutive days.	<ul style="list-style-type: none">• Service providers must maintain the documentation for as long as the subscriber receives Lifeline service from the service provider, but for no less than three full preceding calendar years.• This requirement is not waived if a service provider no longer has access to the system(s) that houses the data (e.g., transfers in ownership, retirement of a legacy system, changes in third-party providers, etc.).

Common Audit Findings

Improper Non-Usage Example #6

Example	Prevention
<ul style="list-style-type: none">Charging a consumer a penalty fee for not using the service within 30 consecutive days, and later still, claiming the subscriber for reimbursement.	<ul style="list-style-type: none">To claim a subscriber for reimbursement without being subject to the Lifeline usage rules, service providers must charge a monthly fee that is assessed and collected.

Common Audit Findings

Lack of Documentation - Pass Through Rule

- Service providers are required to maintain records to document compliance with all Commission and state requirements for at least the three full preceding calendar years and to maintain the documentation, as shown in [§ 54.417](#) for as long as the subscriber receives Lifeline service, but no less than three years.
- This documentation includes records that prove the service providers pass-through the benefit to the subscriber.

Common Audit Findings

Lack of Documentation - Pass Through Example #1

Example	Prevention
<ul style="list-style-type: none">Service providers are unable to provide documentation to demonstrate the monthly replenishment of minutes/data on subscriber accounts.	<ul style="list-style-type: none">Service providers should ensure their systems can provide the level of documentation when asked.

Common Audit Findings

Lack of Documentation - Pass Through Example #2

Example	Prevention
<ul style="list-style-type: none">• Bill credit service providers are unable to provide documentation to demonstrate a system generated report showing at a minimum, Lifeline subscriber information to match subscriber claimed, and the amount of lifeline credit that was applied to their bill for each month of the audit period.	<ul style="list-style-type: none">• Service providers should ensure their systems can provide the level of documentation necessary when requested by USAC or auditors.

Common Audit Findings

Lack of Documentation - Pass Through Example #3

Example	Prevention
<ul style="list-style-type: none">Service providers could not provide documentation showing the monthly pass through of benefits because of system changes that occurred such as transfer of ownership, retiring of a legacy system, or change in third-party provider.	<ul style="list-style-type: none">Service providers should ensure change management procedures include access to prior systems to ensure compliance with the record retention requirements.

Common Audit Findings

Inaccurate Reporting in LCS Rules

- Service providers must not claim ineligible subscribers for reimbursement in the LCS.
 - Only claim subscribers for a data month if they serve them by the first of the following month in LCS.
 - Pass through the full amount of support to qualifying consumers.
- The federal Lifeline support amount for eligible consumers is up to \$9.25 per month (except for voice-only service subscribers, who may receive up to \$5.25).
- Consumers on Tribal lands can receive a support amount of up to \$34.25 per month.
- Service providers should implement a process to ensure their subscriber count is not overstated and their reimbursement claim matches the benefit amount provided to the subscriber.

Common Audit Findings

Inaccurate Reporting in LCS Example #1

Example	Prevention
<ul style="list-style-type: none">• Service providers over-reporting subscribers for reimbursement in LCS and claiming subscribers who no longer qualify or should have been de-enrolled from the program.	<ul style="list-style-type: none">• Service providers may only claim qualified subscribers for a particular data month that they serve, as of the first day of the following month in the LCS.• Service providers are encouraged to develop processes and maintain active subscriber listings to substantiate all subscribers claimed in LCS, as required by the Lifeline rules. The auditors will request subscriber listings to substantiate the amounts claimed in the LCS. (See 47 C.F.R. § 54.407(a)).

Common Audit Findings

Inaccurate Reporting LCS Example #2

Example	Prevention
<ul style="list-style-type: none">• Service providers are passing through partial support amounts to qualifying consumers, instead of the full reimbursement amount.	<ul style="list-style-type: none">• Service providers must ensure they have a monthly process to pass through the full amount of Lifeline support claimed for reimbursement to their subscribers. This process should ensure that voice-only subscribers remain at the reduced claim rate of \$5.25 unless there is a change in plan.• Service providers should also have documentation on-hand clearly outlining that the entire benefit is passed through to the consumer and be able to provide that documentation (to USAC or auditors) upon request.

Common Audit Findings

Inaccurate Reporting in LCS Example #2 Cont.

Note: Service providers in [NLAD opt-out states](#) (CA, OR, and TX) must ensure data shared between the ETC and state public utility commission (PUC) is accurate and reflects actual Lifeline subscribers for which the service provider may receive reimbursement. As a reminder, service providers in NLAD opt-out states can only claim subscribers listed on the file in LCS provided by their state PUC.

Common Audit Findings

Duplicative Support Rule

- Service providers cannot claim support more than once for the same subscriber.

Common Audit Findings

Duplicative Support Example #1

Example	Prevention
<ul style="list-style-type: none">Service providers list the same subscriber more than once on their subscriber listing.	<ul style="list-style-type: none">Service providers should develop processes to thoroughly review their subscriber listing for accuracy and remove any duplicate subscribers prior to submitting their claims to USAC for reimbursement.

Note: This finding may apply to NLAD opt-out states.

Common Audit Findings

Inadequate Eligibility Documentation Rule

Eligibility documentation must ensure that the subscriber is qualified for the Lifeline program through the following options:

- A government program such as:
 - Supplemental Nutrition Assistance Program (SNAP)
 - Supplemental Security Income (SSI)
 - Medicaid
 - Federal Public Housing Assistance (FPHA)
 - Veterans Pension or Survivors Benefit Programs
 - Tribal specific programs
- Subscriber income at or below 135% of the [Federal Poverty Guidelines](#).

Note: This finding may apply to NLAD opt-out states.

Common Audit Findings

Inadequate Eligibility Documentation Example

Example

Eligibility documentation is inadequate due to at least one of the following reasons:

- Documents do not indicate a qualified program.
- Documents do not show benefit coverage period.
- Documents show a state where the subscriber does not reside in.
- Income exceeds the 135% of the Federal Poverty Guidelines.
- Documents appear suspicious.
- Documents do not show subscriber's name, or the name on the documents does not match subscriber's name.

Prevention

- Eligibility documentation must be carefully reviewed as required by the Lifeline rules before an eligibility determination is made ([47 CFR § 54.410](#)).

Poll

Questions?

Resources

Resources

- To learn more about Lifeline program rules and how to comply visit the follow webpages:
 - [Get Started](#)
 - [Common Audit Findings](#)
 - [Beneficiary and Contributor Audit Program \(BCAP\)](#)
 - [Rules and Requirements](#)
 - [Orders](#)
- Contact auditinquiry@usac.org to connect with USAC's audit team or LifelineProgram@usac.org for general program questions.



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