



# Rural Health Care Committee

## Briefing Book

Monday, July 24, 2017

1:00 p.m. – 2:00 p.m. Eastern Time

Universal Service Administrative Company

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

**Universal Service Administrative Company  
Rural Health Care Committee Quarterly Meeting  
Agenda**

**Monday, July 24, 2017  
1:00 p.m. – 2:00 p.m. Eastern Time  
USAC Offices  
700 12th Street, N.W., Suite 900  
Washington, D.C. 20005**

**OPEN SESSION**

- a1.** Consent Items (each available for discussion upon request):
  - A.** Approval of Rural Health Care Committee Meeting Minutes of April 24, 2017, May 5, 2017 and May 31, 2017.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*.
- a2.** Approval of Rural Health Care Support Mechanism 4th Quarter 2017 Programmatic Budget and Demand Projection for the August 2, 2017 FCC Filing.
- i1.** Information on One USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports – *Executive Session Option*
- i2.** Rural Health Care Support Mechanism Business Update.

**EXECUTIVE SESSION**

- a3.** Approval of Revised 2017 Annual Rural Health Care Support Mechanism Budget – **Confidential** – *Executive Session Recommended*.

**Next Scheduled USAC Rural Health Care Committee Meeting**

**Monday, October 23, 2017  
1:00 p.m. – 2:00 p.m. Eastern Time  
USAC Offices, Washington, DC**

**Monday, October 23, 2017**  
**1:00 p.m. – 2:00 p.m. Eastern Time**  
**USAC Offices, Washington, DC**

**Universal Service Administrative Company  
Rural Health Care Committee Meeting**

**ACTION ITEM**

**Consent Items**

**Action Requested**

The Rural Health Care Committee (Committee) is requested to approve the consent items listed below.

**Discussion**

The Committee is requested to approve the following items using the consent resolutions below:

- A. Committee meeting minutes of April 24, 2017, May 5, 2017, and May 31, 2017 (see **Attachments A-1 through A-3**).
- B. Approval for discussing in *Executive Session* agenda items:
  - (1) **a3** – Approval of Revised 2017 Annual Rural Health Care Support Mechanism Programmatic Budget. USAC management recommends that discussion of this item be conducted in *Executive Session* because the item relates to USAC's *procurement strategy and contract administration*.

Upon request of a Committee member any one or more of the above items are available for discussion by the Committee.

**Recommended USAC Rural Health Care Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

**RESOLVED**, that the USAC Rural Health Care Committee hereby approves the Committee meeting minutes of April 24, 2017, May 5, 2017, and May 31, 2017 and discussion in *Executive Session* of the item noted above.

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
700 12th Street, N.W., Suite 900  
Washington, D.C. 20005**

**RURAL HEALTH CARE COMMITTEE MEETING  
Monday, April 24, 2017**

**(DRAFT) MINUTES**

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) Board of Directors was held at USAC's offices in Washington, D.C. on Monday, April 24, 2017. Mr. Ronald Brisé, Committee Vice Chair, called the meeting to order at 1:07 p.m. Eastern Time, with a quorum of seven of the eight Committee members present:

Brisé, Ronald – Vice Chair  
Henderson, Chris – CEO  
Hernandez, Dr. Mike  
Kinser, Cynthia

Tinic, Atilla  
Wibberly, Dr. Kathy – Chair – *by telephone*  
Wein, Olivia

Members of the Committee not present:

Fontana, Brent

Other Board of Directors (Board) members and officers of the corporation present:

Bocher, Bob – Member of the Board  
Buzacott, Alan – Member of the Board  
Davis, Craig – Vice President of Schools and Libraries  
Feiss, Geoff – Member of the Board  
Gaither, Victor – Vice President of High Cost  
Garber, Michelle – Vice President of Lifeline  
Gerst, Matthew – Member of the Board  
Hays, Kate – Vice President of Stakeholder Engagement  
Lee, Karen – Vice President of Rural Health Care  
Poulin, Chera – Vice President of People, Culture and Change  
Robinson, Vickie – Vice President, General Counsel and Assistant Secretary  
Salvator, Charles – Vice President of Finance, Chief Financial Officer and Assistant Treasurer  
Scott, Wayne – Vice President of Internal Audit  
Shah, Hemang – Vice President of Strategy and Change Management  
Sweeney, Mark – Chief Operating Officer  
Taylor, Pete – Vice President of Information Technology and Chief Information Officer

Others present:

<u><b>NAME</b></u>	<u><b>COMPANY</b></u>
Albert, Blythe	USAC
Anderson, Latoya	USAC
Bethel, Tameca	USAC
Boler, Natasha	USAC
Carpenter, Nikki-Blair	USAC
Costa, Paloma	USAC
Daniels, Michael	USAC
Delmar, Teleshia	USAC
Gross Guinan, Gabriela	USAC
Karmarkar, Radhika	FCC
Kil, Benny	USAC
King, Lauren	USAC
Lear, Kathleen	MFS
Lechter, Jonathan	FCC
Litman, Travis	FCC
Mattey, Carol	Mattey Consulting
Miller, Jack	Solix, Inc.
Mitchell, Jeff	Lukas, Nace, Gutierrez & Sachs
Nuzzo, Patsy	USAC
Rovetto, Ed	USAC
Schwerz, Tory	USAC
Smith, Chris	USAC
Veith, Lisa	MFS
Vestergaard, Phil	USAC
Voth, Cara	FCC

**OPEN SESSION**

- a1. Consent Items.** Mr. Brisé presented this item to the Committee.
- A. Committee meeting minutes of January 31, 2017.
  - B. Approval for discussing in *Executive Session* agenda item: None.
  - C. Routine Procurements: Deemed consideration and approval in *Executive Session*: None.
  - D. Approval of Rural Health Care Support Mechanism 3rd Quarter 2017 Programmatic Budget and Demand Projection for the May 2, 2017 FCC Filing.

The Committee is requested to approve the 3rd Quarter 2017 (3Q2017) programmatic budget and demand projection for the Rural Health Care

(RHC) Support Mechanism for submission to the FCC in USAC's May 2, 2017 quarterly filing.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolution:

**RESOLVED**, that the USAC Rural Health Care Committee hereby approves the Committee meeting minutes of January 31, 2017; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee approves a 3rd Quarter 2017 programmatic operating budget for the Rural Health Care Support Mechanism of \$1.93 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$1.93 million for Rural Health Care Support Mechanism administrative costs in the required May 2, 2017 filing to the FCC on behalf of the Committee; and

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on April 24, 2017, a summary of the 3rd Quarter 2017 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required May 2, 2017 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million, but not more than \$2.0 million.

- i1. Information on Three USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports.** Mr. Chris Smith, Senior Manager of Internal Audit, presented this item for discussion.
- i2. Support Mechanism Business Update.** Ms. Lee presented this item for discussion:
  - Business Review.
  - Operational Metrics.
  - Update on Key Initiatives.

On a motion duly made and seconded, the Committee adjourned at 1:49 p.m. Eastern Time.

/s/ Vickie Robinson  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY  
700 12th Street, N.W., Suite 900  
Washington, D.C. 20005**

**RURAL HEALTH CARE COMMITTEE MEETING  
Friday, May 5, 2017**

**(DRAFT) MINUTES**

A meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Friday, May 5, 2017. Dr. Kathy Wibberly, Chair, called the meeting to order at 1:32 p.m. Eastern Time, with a quorum of six of the eight Committee members present:

- Brisé, Ronald – Vice Chair – *by telephone*
- Kinser, Cynthia – *by telephone*
- Tinic, Atilla – *by telephone*
- Wein, Olivia – *by telephone*
- Wibberly, Dr. Kathy – Chair – *by telephone*

Dr. Mike Hernandez joined the meeting by telephone at 1:33 p.m. Eastern Time. He participated in the discussion and voted on item a1.

Members of the Committee not present:

- Fontana, Brent

Other Board of Directors (Board) members and officers of the corporation present:

- Robinson, Vickie – Vice President, General Counsel and Assistant Secretary
- Lee, Karen – Vice President of Rural Health Care
- Salvator, Charles – Vice President of Finance and Chief Financial Officer and Assistant Treasurer – *by telephone*
- Talbott, Brian – Member of the Board

Others present:

<u>NAME</u>	<u>COMPANY</u>
King, Lauren	USAC
Nuzzo, Patsy	USAC

**OPEN SESSION**

- a1. Consideration of Contract Award for Temporary Staffing to Support Review of Funding Year (FY) 2017 Rural Health Care Program Applications. Ms.**



Robinson recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

On a motion duly made and seconded and after discussion, the Committee moved into Executive Session at 1:34 p.m. Eastern Time.

### **EXECUTIVE SESSION**

- a1. Consideration of Contract Award for Temporary Staffing to Support Review of Funding Year (FY) 2017 Rural Health Care Program Applications.** Ms. Lee presented this item for consideration.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed the recommendation of USAC management, hereby authorizes USAC management to award competitively bid task orders for a not to exceed price of \$420,000, plus applicable taxes, for Rural Health Care temporary staffing and to award such task orders under the USAC Temporary Staff Augmentation Contract.

At 1:52 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Wibberly reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 1:53 p.m. Eastern Time.

/s/ Vickie Robinson  
Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**  
**700 12th Street, N.W., Suite 900**  
**Washington, D.C. 20005**

**RURAL HEALTH CARE COMMITTEE MEETING**  
**Wednesday, May 31, 2017**

**(DRAFT) MINUTES**

A meeting of the USAC Board of Directors (Board) Rural Health Care Committee (Committee) was held at USAC's offices in Washington, D.C. on Wednesday, May 31, 2017. Dr. Kathy Wibberly, Chair, called the meeting to order at 4:10 p.m. Eastern Time, with five of the eight Committee members present:

Brisé, Ronald – Vice Chair – *by telephone*  
Hernandez, Dr. Mike – *by telephone*  
Kinser, Cynthia – *by telephone*  
Robinson, Vickie – Acting CEO General Counsel, and Assistant Secretary  
Wibberly, Dr. Kathy – Chair – *by telephone*

Members of the Committee not present:

Fontana, Brent  
Tinic, Atilla  
Wein, Olivia

Other Board members and officers of the corporation present:

Lee, Karen – Vice President of Rural Health Care  
Lubin, Joel – Member of the Board – *by telephone*  
Salvator, Charles – Vice President of Finance, Chief Financial Officer and  
Assistant Treasurer – *by telephone*  
Sweeney, Mark – Chief Operating Officer  
Talbott, Dr. Brian – Member of the Board – *by telephone*

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Faunce, Donna	USAC
Gross Guinan, Gabriela	USAC
King, Lauren	USAC
Myers, Erica	USAC
Nuzzo, Patsy	USAC

## **OPEN SESSION**

- a1. **Approval of Rural Health Care Support Mechanism Revised 3rd Quarter 2017 Programmatic Demand Projection.** Ms. Robinson recommended that discussion of this item be conducted in *Executive Session* because this matter may include *pre-decisional matters pending before the FCC*.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

**RESOLVED**, that the USAC Rural Health Care Committee hereby approves the Committee discussing this item in *Executive Session*.

At 4:11 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential item listed above.

## **EXECUTIVE SESSION**

- a1. **Approval of Rural Health Care Support Mechanism Revised 3rd Quarter 2017 Programmatic Demand Projection.** Ms. Lee presented this item to the Committee for consideration.

On a motion duly made and seconded and after discussion, the Board adopted the following resolution:

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on May 31, 2017, a summary of the revised 3rd Quarter 2017 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with its filing to the FCC on or before June 1, 2017. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million, but not more than \$2.0 million.

At 4:42 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Wibberly reported that in *Executive Session*, the Committee discussed and took action on item a1. On a motion duly made and seconded, the Committee adjourned at 4:42 p.m. Eastern Time.

/s/ Vickie Robinson  
Assistant Secretary

**Universal Service Administrative Company  
Rural Health Care Committee Meeting**

**ACTION ITEM**

**Approval of Rural Health Care Support Mechanism  
4th Quarter 2017 Programmatic Budget and  
Demand Projection for the August 2, 2017 FCC Filing**

**Action Requested**

The USAC Board of Directors Rural Health Care Committee (Committee) is requested to approve the 4th Quarter 2017 (4Q2017) programmatic budget and demand projection for the Rural Health Care (RHC) Support Mechanism for submission to the FCC in USAC's August 2, 2017 quarterly filing.

**Discussion**

**4Q2017 Operating Budget**

The budget before the Committee includes the costs of administering the RHC Support Mechanism and an allocation of USAC common costs. As set forth in FCC rules and USAC's By-laws, each programmatic committee has authority over its programmatic budget.<sup>1</sup> The USAC Board of Directors has responsibility for the USAC common budget and for the overall consolidated budget.

The Committee is requested to approve \$1.70 million for Rural Health Care Support Mechanism programmatic activities in 4Q2017, which includes:

- \$1.31 million for compensation and benefits for 47 full time equivalents (FTEs) (including the dedicated Information Technology (IT) and Data support teams).
- \$0.07 million for beneficiary compliance audits.
- \$0.28 million for contract labor support.
- \$0.04 million for travel and miscellaneous administrative and outreach activities.

**Attachment A** to this briefing paper provides the details and the proposed 4Q2017 RHC Support Mechanism budget to 4th Quarter 2016 (4Q2016) actual expenditures.

The details to support the 4Q2017 allocation of USAC common costs to the RHC Support Mechanism are included with the Board budget materials under item aBOD03 072517.

**Attachment B** to this briefing paper provides a comparison of the RHC Support Mechanism budget to actual expenditures for the 6 months ending June 30, 2017. Explanations will be provided for significant variances.

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<sup>1</sup> 47 C.F.R. § 54.705(c); By-Laws of Universal Service Administrative Company, Article II, § 8.

### 4Q2017 Capital Budget

USAC management does not anticipate any direct capital expenditures attributable to RHC Support Mechanism during 4Q2017. Information on allocated capital expenditures not attributable to a specific program is provided under item aBOD03 072517.

### Collection Requirement

Because program demand now exceeds the \$400 million program cap, administrative expenses must be covered within the cap. Consequently, there is no collection requirement for administrative expenses.

### Summary of Demand

On a quarterly basis, USAC is required to submit to the FCC the RHC projected demand for the upcoming quarter and estimates of unobligated Pilot Program funds to be available for Healthcare Connect Fund (HCF) Program commitments. This report provides information on the RHC Support Mechanism for the period ending June 30, 2017, and seeks approval of funding requirements for 4Q2017. Included are:

1. Telecommunications Program funding requirements (or demand estimates);
2. HCF Program funding requirements (or demand estimates);
3. Unobligated Pilot Program funding available for HCF commitments;
4. RHC administrative expenses;
5. RHC projected interest income; and
6. RHC prior period adjustments.

Projected 4Q2017 Telecommunications program demand requirements are \$81.28 million. USAC projects \$26.00 million for 4Q2017 demand associated with the HCF pursuant to the FCC's *Healthcare Connect Fund Order*,<sup>2</sup> for a total RHC Support Mechanism funding requirement of \$107.28 million, which includes \$7.28 million for appeals associated with prior funding years.<sup>3</sup>

The FCC has further directed USAC to use uncommitted Pilot Program dollars for demand associated with the HCF.<sup>4</sup> As of June 30, 2017, USAC estimates that there will be \$0.00 million in uncommitted Pilot Program dollars available for commitment through the HCF in 4Q2017. Total estimated HCF funds available for commitment in 4Q2017 will be \$26.00 million.

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<sup>2</sup> *Rural Health Care Support Mechanism*, WC Docket 02-60, Report and Order, 27 FCC Rcd 16678 (2012) (*Healthcare Connect Fund Order*).

<sup>3</sup> *The Wireline Competition Bureau and the Office of the Managing Director Provide Collection Instructions to USAC for the Healthcare Connect Fund*, WC Docket No. 02-60, Public Notice, 28 FCC Rcd 5697 (2013).

<sup>4</sup> *Healthcare Connect Fund Order*, 27 FCC Rcd at 16822, para. 363.

Prior Period Adjustments

Sixty days prior to the start of each quarter, USAC provides projected support mechanism demand and administrative expense data to the FCC. Thirty days prior to the start of the quarter, USAC submits projected universal service contributor revenue data to the FCC. The FCC uses these projections to establish the Universal Service Fund contribution factor for the upcoming quarter, and USAC uses the resulting contribution factor to invoice universal service contributors once the quarter begins.

Results for 2nd Quarter 2017 (2Q2017) contribute to an under-funded condition. The total prior period adjustment to the 4Q2017 funding requirement based on 2Q2017 actual results will increase the funding requirement by \$1.69 million. The explanation for the adjustment is provided below:

<b>Reason for the Prior Period Adjustment</b>	<b>Adjustment in Millions</b>
The 2Q2017 billings were lower than projected	\$2.72
Interest income was higher than projected for 2Q2017	(0.06)
Bad debt expense was lower than anticipated	(0.97)
<b>Total Prior Period Adjustment</b>	<b>\$1.69</b>

The total fund requirement of \$107.28 million is adjusted as follows: increased by the prior period adjustment of \$1.69 million, and reduced by projected interest income of \$1.17 million; resulting in a total projected 4Q2017 funding requirement for the Rural Health Care Support Mechanism of \$107.80 million. Because the demand has reached the \$400 million cap, administrative expense must be paid within the \$400 million program cap.

**Rural Health Care Support Mechanism  
Fund Size Projections for 4th Quarter 2017**

	<b>(millions)</b>
Rural Health Care Support	\$107.28
Prior Period Adjustment	1.69
Interest Income	(1.17)
<b>Total 4Q2017 Demand</b>	<b>\$107.80</b>

**Rural Health Care Support Mechanism  
Quarter-Over-Quarter Projections**

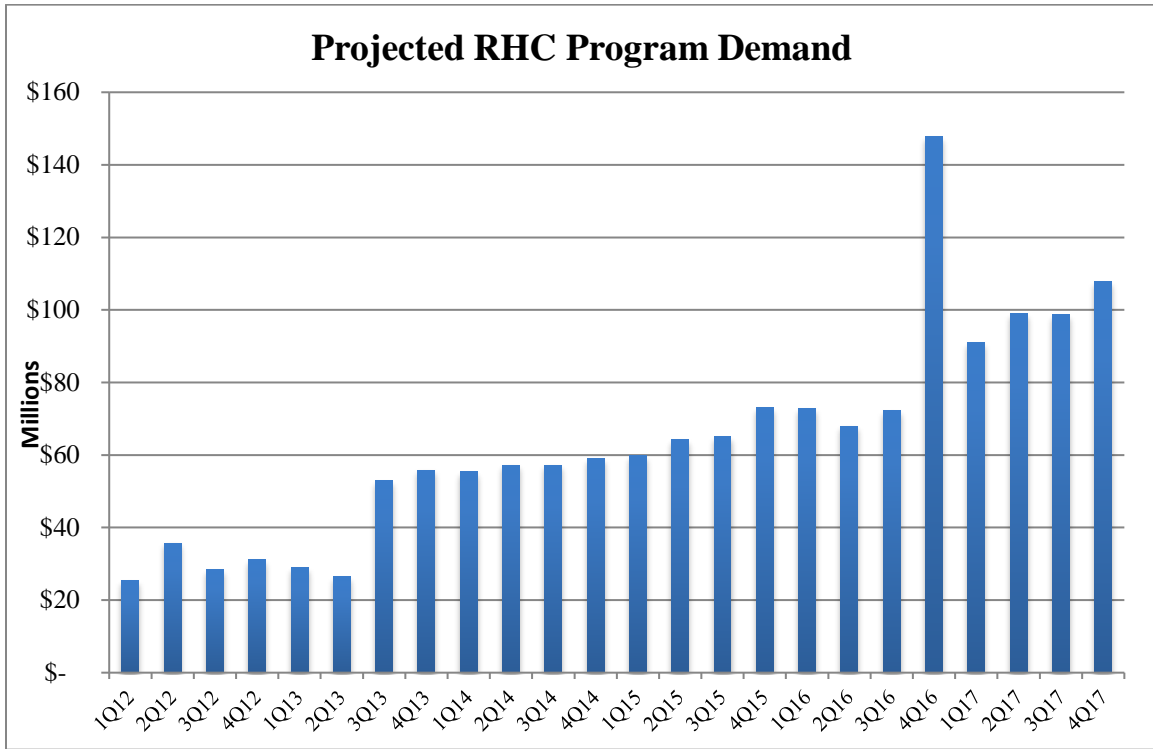
	<i>in millions</i>			
	<b>4Q2017</b>	<b>3Q2017</b>	<b>2Q2017</b>	<b>1Q2017</b>
Rural Health Care Support	\$107.28	\$0.72	\$98.90	\$89.80
Prior Period Adjustment	1.69	(1.10)	(0.35)	(1.41)
USAC Admin Expense <sup>5</sup>			3.33	3.35
Interest Income	(1.17)	(0.85)	(0.81)	(0.70)
<b>Total Demand</b>	<b>\$107.80</b>	<b>(\$1.23)</b>	<b>\$101.07</b>	<b>\$91.04</b>

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<sup>5</sup> Administrative expenses will be covered within the \$400 million program cap.

Rural Health Care Support Mechanism Summary

Projections from 1st Quarter 2012 through the current quarter are provided below.



Management Recommendation

USAC management recommends the Committee approve the budget and collection requirement as proposed.



**Recommended Rural Health Care Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTIONS:

**RESOLVED**, that the USAC Rural Health Care Committee approves a 4th Quarter 2017 programmatic operating budget for the Rural Health Care Support Mechanism of \$1.70 million; and

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on July 24, 2017, a summary of the 4th Quarter 2017 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required August 2, 2017 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million, but not more than \$2.0 million.

**Rural Health Care Program**

4Q2017 Budget  
(in thousands)

<b>Expense Category</b>	<b>4Q2017 Budget</b>	<b>4Q2016 Actuals</b>	<b>Increase/ (Decrease)</b>	<b>Explanations</b>
Compensation & Benefits	\$ 1,307.39	\$ 1,465.58	\$ (158.19)	Wages, employment benefits, and payroll taxes for 47 FTEs, vs 51 in 2016
External BCAP Costs	73.87	227.85	(153.98)	Less outsourced audits and more co-sourcing
Professional Fees & Contract Labor	277.35	150.50	126.85	Increased contract labor for application processing and data support
Travel, Meetings and Conferences	9.75	2.42	7.33	More travel in 4Q2017
Other Expenses	32.01	9.22	22.79	More employee training
<b>Total Programmatic Operating Costs</b>	<b>\$ 1,700.37</b>	<b>\$ 1,855.57</b>	<b>\$ (155.20)</b>	
<b>Direct Capital Costs</b>	-	-	-	
<b>Total Direct Costs - Rural Health Care Program</b>	<b>\$ 1,700.37</b>	<b>\$ 1,855.57</b>	<b>\$ (155.20)</b>	
Common Operating Costs Assigned to Rural Health Care Program	1,301.91	1,321.55	(19.64)	Allocation of indirect operating costs based on the CAM
Common Capital Costs Assigned to Rural Health Care Program	52.25	69.43	(17.18)	Allocation of indirect common capital budget based on the CAM
<b>Total Common Costs Assigned to Rural Health Care Program</b>	<b>\$ 1,354.16</b>	<b>\$ 1,390.98</b>	<b>\$ (36.82)</b>	
<b>Total Rural Health Care Program with Allocations</b>	<b>\$ 3,054.53</b>	<b>\$ 3,246.55</b>	<b>\$ (192.02)</b>	

**Rural Health Care Program**

For the Six Months Ending June 30, 2017

(in thousands)

<b>Direct Operating Expenses</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>	<b>%</b>	<b>Explanation of Variance</b>
Compensation & Benefits	\$ 2,445.9	\$ 2,689.6	\$ 243.7	9%	
External BCAP Costs	68.8	305.0	236.2	77%	Fewer outsourced audits; partially offset by more co-sourced audits
Professional Fees & Contract Labor	523.9	200.0	(323.9)	-162%	Dedicated Data team previously in common budget and higher dedicated IT contract labor
Travel, Meetings and Conferences	7.4	84.0	76.6	91%	Lower spending on user experience trainings and meetings
Other Expenses	27.6	61.8	34.2	55%	Lower spending on training, printing, and graphics
<b>Total Direct Operating Expenses</b>	<b>\$ 3,073.6</b>	<b>\$ 3,340.4</b>	<b>\$ 266.8</b>	<b>8%</b>	
<b>Indirect Expense / Allocations</b>					
USAC Administration	2,503.0	2,542.4	39.4	2%	
<b>Total Expense</b>	<b>\$ 5,576.6</b>	<b>\$ 5,882.8</b>	<b>\$ 306.2</b>	<b>5%</b>	

**Universal Service Administrative Company  
Rural Health Care Committee Meeting**

**INFORMATION ITEM – *Executive Session Option***

**Information on One USAC Internal Audit Division  
Rural Health Care Support Mechanism Beneficiary Audit Report**

**Information Presented**

This information item provides a summary of the results for one Rural Health Care Support Mechanism Beneficiary Audit Report listed in **Exhibit I** to this briefing paper.

**Discussion**

A general discussion of the findings contained in the draft audit report is appropriately held in open session. To the extent that Committee members wish to discuss specific details of the audit findings, USAC staff recommends that, in accordance with the approved criteria and procedures for conducting USAC Board of Directors (Board) and committee business in *Executive Session*, this matter should be considered in *Executive Session* because discussion of specific audit plans, targets and/or techniques would constitute a *discussion of internal rules and procedures*.

An audit was performed on one Rural Health Care Support Mechanism beneficiary. The purpose of the audit was to determine whether the beneficiary complied with Federal Communication Commission (FCC) rules and program requirements. **Exhibit I** to this briefing paper highlights the results of the audit.

*Summary of Rural Health Care Support Mechanism Beneficiary Audit Reports*

<b>Entity Name, State</b>	<b>Number of Findings</b>	<b>Material Findings</b>	<b>Amount of Support</b>	<b>Monetary Effect of Findings</b>	<b>USAC Management Recovery Action</b>	<b>Entity Disagreement</b>
St. Vincent/SHO Consortium, Indiana	0	<ul style="list-style-type: none"> <li>No Findings.</li> </ul>	\$55,590	\$0	\$0	N/A
<b>Total</b>	<b>0</b>		<b>\$55,590</b>	<b>\$0</b>	<b>\$0</b>	

## Universal Service Administrative Company Rural Health Care Committee Meeting

### INFORMATION ITEM

#### Rural Health Care Support Mechanism Update

##### Information Presented:

This information item provides the Rural Health Care Committee (Committee) with an update on the Rural Health Care (RHC) Support Mechanism.

##### Discussion:

##### Program Highlights – 2nd Quarter 2017

- *Funding Year (FY) 2017 Application Update.* The total gross demand in the FY 2017 filing window was \$567,276,742. This dollar amount comprised a total of 5,758 unique health care providers (HCPs) and 16,080 funding requests. In addition, RHC Division has administrative expenses totaling \$12,982,570.
  - *Telecom:* \$271,743,511; 3334 HCPs; 7,330 Funding Requests
  - *Healthcare Connect Fund (HCF) Consortia:* \$237,001,528; 213 Consortia; 1,760 Funding Requests
  - *HCF Individual:* \$58,531,704; 3889 HCPs; 6,990 Funding Requests

Note: These demand estimates are preliminary and represent **gross demand**, not **net demand**. Most of the funding requests are yet to be reviewed, and the usual adjustments and withdrawals that are part of this process have yet to occur. Consequently, we do expect this gross demand to come down over the course of the review process.

- *New Federal Communications Commission (FCC) Orders.* Three FCC Orders were issued in June 2017. In the first Order released on June 8, 2017, the Commission amended its rules to formally incorporate statutorily-required skilled nursing facilities (SNFs) into the RHC program as required by the Rural Healthcare Connectivity Act of 2016. In the second Order released on June 23, 2017, the Commission provided a waiver of the HCF program requirement that all invoices for the HCF program to be submitted within a six months of the end of the funding commitment. The waiver allowed HCPs that received FY 2016 commitment decision letters issued in April 2017 or later, to receive a full six months to invoice from the date of the FCL. In the third Order, released on June 30, 2017, the Commission waived certain RHC program rules to allow relief to remote Alaskan HCPs impacted by the pro-ration in the amount of committed funding for the second window in FY 2016. This waiver was limited to certain remote Alaskan HCPs and was only for this limited period for FY 2016.

- *FY 2017 Application Review.* RHC staff has reviewed FY 2017 applications on an ongoing basis and will make final decisions after all applications have been reviewed. RHC staff recognizes that these funding decisions will occur after the funding year starts on July 1, and RHC is committed to finalizing the reviews as quickly as possible.
- See **Attachment A** for additional operational metrics.

### Program Administration

RHC staff continues to focus on strong program administration and ensuring program integrity through focused management of financial resources, implementation of lessons learned from FY 2016 to inform FY 2017 program administration, enhanced program outreach to applicants and recipients, review of appeals, and establishment of an enterprise risk management process to identify exigent risks and implement appropriate risk mitigation strategies.

*FCC Orders.* As noted above, in June 2017, the FCC released three Orders related to the Rural Health Care Program. The first Order, released on June 8, 2017, implements the Rural Healthcare Connectivity Act of 2016. Specifically, the Order amends section 254(h)(7)(B) of the Communications Act of 1934 (the Act), to include skilled nursing facilities (SNFs) as HCPs that are eligible to receive RHC Program support. The Order does not modify or alter USAC's implementation of the 2016 statute to date as SNFs have been eligible in the RHC Program since January 1, 2017. In FY 2017, the total gross demand requested by SNFs is approximately \$11 million.

The second Order, released by the FCC's Telecommunications Access Policy Division, on June 23, 2017, allows certain HCPs and service providers to submit their funding year 2016 HCF program invoicing forms to USAC within six months of the issuance date of their FCLs. This Order ensures that impacted HCPs and service providers (associated with commitments resulting from the applications submitted during the September 1, 2016 – November 30, 2016 filing window period) have sufficient flexibility to complete and submit their invoicing forms to USAC.

The third Order, released on June 30, 2017, issued a limited waiver allowing, but not requiring, service providers to reduce their rates for service on a one-time basis for HCPs located in remote regions of Alaska which requested Telecom and/or HCF program support in the second filing window in FY 2016 and were affected by the pro-ration in the amount of funding commitments.

Based on continued partnership with the FCC, USAC has ensured that these Orders have been seamlessly integrated into the RHC program and RHC staff trained to answer any associated questions that may arise based on these Orders.

*FY 2017 Application Review.* Drawing on lessons learned in the FY 2016 cycle, this filing window opened on March 1, 2017, in advance of the 2017 funding year, which will

begin on July 1, 2017. On April 30, 2017, USAC received approval from the USAC Board to procure up to \$420,000 for temporary contractor support in an effort to complete the review of all funding requests submitted in the March – June 2017 (FY 2017) filing window. On May 15, 2017, temporary contractor support joined RHC staff to support application review. As of June 30, 2017, USAC has spent approximately \$55,684 with 31% of applications processed by this temporary contractor support. The temporary contractors have reviewed 5,040 funding requests totaling \$24,810,910. The current projected total cost of the contractor support is approximately \$325,000.

To ensure equitable review and final funding decisions of all applications submitted, RHC staff has continued to review FY 2017 applications on an ongoing basis and will make final decisions after all applications have undergone review. RHC staff recognizes that these funding decisions will occur after the funding year has commenced and is committed to finalizing those funding decisions as expeditiously as possible.

Similar to the FY 2016 Window 2 applications received from September through November 2016, funding commitments will only be made after: (1) USAC has assessed the total dollar value of all qualifying funding requests filed during the filing window period; and (2) USAC has determined whether this dollar value exceeds the amount of available funding. If the total dollar value of all qualifying funding requests filed during this filing window period including RHC administrative expenses exceed the \$400 million cap, USAC will pro-rate funding commitments in accordance with FCC rules, barring additional guidance or direction from the Commission.

To support timely review of FY 2017 applications while continuing to ensure strong program integrity, RHC staff has implemented additional scrutiny where necessary to review more complex applications. In addition, RHC staff has worked closely with USAC's Office of the General Counsel (OGC) to implement a focused heightened review process based on FY 2016 experiences, in an effort to ensure and augment program integrity. These approaches ensure that RHC resources are applied to each application appropriately, and allow RHC staff to streamline review of applications while ensuring strong program integrity.

*Program Outreach and Customer Service.* Consistent with feedback received from the RHC Committee in the April 2017 Board discussions, RHC staff has focused on increased, proactive outreach to applicants and recipients. This quarter, the RHC Division held four (4) webinars: three (3) training webinars about submitting Request for Services and Funding Request Forms; and one (1) special webinar co-hosted by the FCC which included information about the FY 2017 filing window period. These outreach efforts were intended to provide timely information to program participants, ensure visibility of key upcoming milestones, clarify program requirements, and answer questions related to the evolution of the program. RHC staff is planning to implement a restructured customer service framework (e.g., new call center approach) and intends to monitor the nature and number of generalized questions (versus specific, case-based inquiries) and average resolution time to ensure successful program administration and outreach.



In addition to these proactive outreach efforts, the RHC's internal customer service functions, also known as RHC Assist, addressed individually received questions or comments through the quarter. From April 1, 2017 through June 30, 2017, RHC Assist received over 3,684 emails and 3,444 phone inquiries related to program eligibility requirements, funding requests, and invoicing-related matters.

Upon the close of the FY 2017 filing window, RHC Division sent out a customer support survey on June 30, 2017. Below are some of the comments received in response to this survey:

“RHC team went above and beyond to review my submission before the deadline. This was 100% my fault, but they got my submission reviewed and approved. Great Job [sic] and many thanks!” – Raul Venegas, United Health Centers

“Your staff is great, caring and informative. Otherwise, Dani, Blythe and Jennifer were kind, helpful and resourceful. They are a credit to your organization.” – Liza Sanders, CDCR

“You guys are amazing! Anytime I have an issue, you guys are always there for me and take care of things right away. Thank you for all the work that you do!” – Lesley LaFile, CatholicHealth.net

“Always, always helpful!” – Tina Dockter, CFVH.org

Given the increased interest in the RHC programs and continued RHC Assist volume, the RHC team is implementing new procedures to ensure that the quality of our customer service capabilities are consistent, accurate, and timely. In particular, RHC is developing training materials to ensure that RHC Assist and other RHC staff adopt consistent responses to frequently asked questions. Further, to ensure that RHC maximizes the use of program staff to administer and oversee the program, RHC is exploring opportunities to streamline its customer service capabilities. Specifically, aligned with broader efforts to reorient USAC's call center approach, RHC staff has developed and implemented procedures to ensure consistent responses to basic (“Tier 1”) questions. For more participant-specific (“Tier 2” or “Tier 3”) questions received, RHC staff will continue to provide timely responses based on the unique circumstances of the inquiry. Pursuing this more sophisticated strategy for addressing questions received will improve both response time and overall applicant/participant satisfaction with the RHC program.

*Appeals.* RHC Division did not meet its appeal resolution goal this quarter with 29% of appeals completed within 90 days of receipt. RHC received 33 appeals in 2Q 2017, a 50% decrease in appeals from the 66 appeals submitted last quarter. RHC Division also resolved fewer appeals in 2Q 2017 with 14 appeals being resolved this quarter compared to 18 appeals in 1Q 2017. The decrease in appeals received during 2Q 2017 may be attributed to RHC Division issuing fewer FY 2016 denials during 1Q 2017 as RHC staff closed out the FY 2016 activities. The decrease in resolved appeals was due to new and

complex appeal issues related to the heightened scrutiny reviews and denials based on supporting documentation for rural and urban rates. The average days to issue appeal decisions was 105 days in 2Q 2017, which is higher compared to last quarter (46 days).

	<b>2Q2017</b>	<b>1Q2017</b>
<b>Appeals Received</b>	33	66
<b>Appeals Resolved</b>	14	18
<b>Avg. Days to Resolve</b>	105	46
<b>% Completed within 90 days</b>	29%	100%

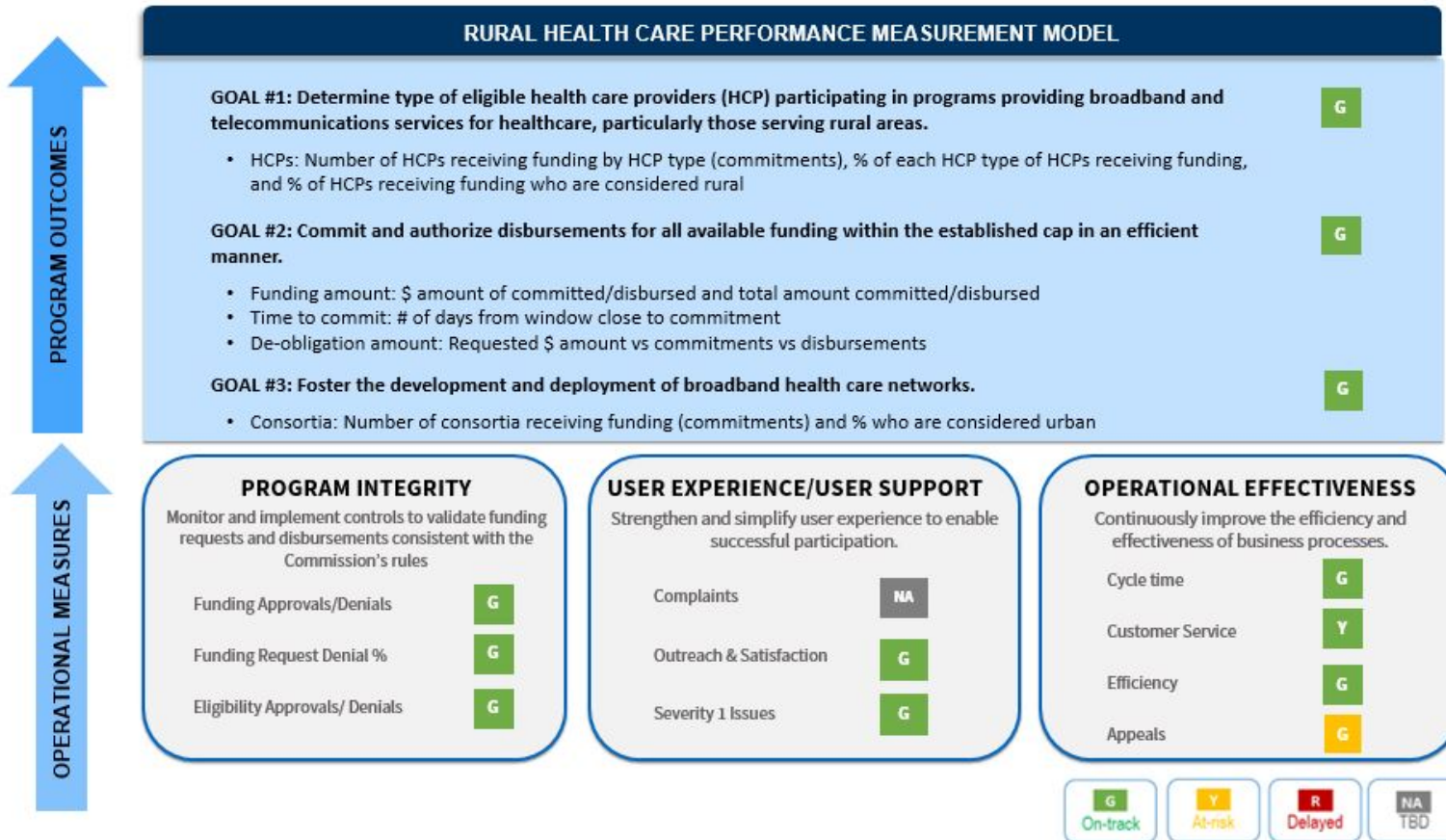
The total number of pending appeals at the end of 2Q 2017 was 91, which is higher than the 84 appeal pending at the end of 1Q 2017. To address both the increased volume and complexity of appeals, RHC is drawing on lessons learned from other USF programs, to ensure that USAC applies the appropriate rigor, coupled with efficient review, of the appeals submitted. In addition, RHC is continuing its work to integrate the findings from appeal review to inform front-end application review and identify opportunities for more effective program administration.

[Attachment A: Additional Metrics]

**Attachment A: Additional Metrics**  
(Data as of 6/30/2017 unless otherwise noted)

**RHC Strategy Dashboard**

**Vision:** RHC awards timely funding to recipients to provide telecommunications access to rural health care facilities and ensures high program integrity through strong administration of program requirements and transparency of program results.



### No. of HCF and Telecom HCPs Receiving Funding (Committed) in FY 2016 by HCP Types

	FY2016 Distinct Count of HCPs	FY2016 % of each type of HCPs receiving funding	FY2015 Distinct Count of HCPs	FY2015 % of each type of HCPs receiving funding
Rural health clinic	2982	41.5%	3184	45.6%
Not-for-profit hospital	1506	21.0%	1493	21.4%
Community health center or health center providing health care to migrants	885	12.3%	845	12.1%
Community mental health center	807	11.2%	818	11.7%
Local health department or agency	676	9.4%	383	5.5%
Post-secondary educational institution	129	1.8%	63	0.9%
Dedicated ER of rural, for-profit hospital	32	0.4%	36	0.5%
Part-time eligible entity	4	0.1%	2	0.03%
Skilled Nursing Facility	0	0%	0	0%
<i>Consortium of the above</i>	4	0.1%	5	0.1%
<i>Offsite data center</i>	81	1.1%	80	1.1%
<i>Offsite Admin office</i>	75	1.0%	74	1.1%
<i>Ineligible Entity</i>	0	0%	0	0%
<b>TOTAL</b>	<b>7181</b>	<b>100%</b>	<b>6983</b>	<b>100%</b>

Note: \*'Consortium of the above' is used when the consortium lists itself as a member site.

### No. of HCF and Telecom HCPs Receiving Funding (Committed) in FY 2016 by Rurality

	FY2016 Distinct Count of HCPs	FY2016 % of HCP	FY2015 Distinct Count of HCPs	FY2015 % of HCP
RURAL	6164	85.84%	6316	90.45%
URBAN	856	11.92%	507	7.26%
RURALITY NOT APPLICABLE	161	2.24%	160	2.29%
<i>Consortium of the above</i>	5		6	
<i>Offsite Admin office</i>	81		80	
<i>Offsite data center</i>	75		74	
<i>Ineligible Entity</i>	0		0	
<b>TOTAL</b>	<b>7181</b>		<b>6983</b>	

Note: \*'Consortium of the above' is used when the consortium lists itself as a member site.

**No. of days from FY 2016 window close to "Commitment" by Program Category**

	Distinct Count of HCPs	Count of Funding Requests	Average # of Days
TELECOM	2569	5749	88.64
HCF INDIVIDUAL	3237	5594	116.68
HCF CONSORTIUM	125	861	122.31
<b>TOTAL</b>	<b>5931</b>	<b>12204</b>	<b>109.21</b>
* commitment made prior to window close date will be considered as zero days * Close date of Filing Window 0: 8/31 * Close date of Filing Window 1: 6/30 * Close date of Filing Window 2: 11/30			

**Note:** Data is for forms received prior to second filing window (*i.e.*, from March 1, 2016 to Sept. 1, 2016).

**No. of days from FY 2016 window close to "Review Complete" by Program Category**

	Distinct Count of HCPs	Count of Funding Requests	Average # of Days
TELECOM	2741	6342	43.2
HCF INDIVIDUAL	3261	5662	43.9
HCF CONSORTIUM	127	899	49.87
<b>TOTAL</b>	<b>6129</b>	<b>12903</b>	<b>45.66</b>
* commitment made prior to window close date will be considered as zero days * Close date of Filing Window 0: 8/31 * Close date of Filing Window 1: 6/30 * Close date of Filing Window 2: 11/30			

**Note:** Data is for forms received during second filing window (*i.e.*, from Sept. 1 to Nov. 30, 2016) for which commitments have not been made as of June 30, 2016.

### Amount of Gross Demand/Committed/Disbursed Funding Requests per FY 2016 by Program Category

	FY2016 GROSS DEMAND AMOUNT	FY2016 COMMITTED AMOUNT*	FY2016 AUTHORIZED DISBURSEMENTS
TELECOM	\$ 289,690,725	\$ 194,925,021	\$ 101,213,109
HCF INDIVIDUAL	\$ 78,381,234	\$ 38,292,384	\$ 5,205,489
HCF CONSORTIUM	\$ 188,176,592	\$ 113,783,496	\$ 16,415,197
<b>TOTAL</b>	<b>\$ 556,248,551</b>	<b>\$ 347,000,901</b>	<b>\$ 122,833,795</b>

\* Committed Amount reflects the pro-rated amount. Total FY2016 funding is \$390.3 M, which includes \$6.2 M not yet completed, \$24.3 M held for pending appeals, and \$12.8 M in RHC admin expenses.

### De-obligation Amounts

#### Telecom Program

	Requested	Committed	% Difference	Disbursed
FY2015	\$ 196,417,540	\$ 180,845,464	-7.9 %	\$ 167,906,357
FY2016	\$ 289,690,725	\$ 194,925,021	-32.7%	\$ 101,213,109
Total	\$ 486,108,265	\$ 375,770,486		\$ 269,119,466

#### HCF Program

	Requested	Committed	% Difference	Disbursed
FY2015	\$ 172,244,857	\$ 117,637,261	-31.7%	\$ 77,389,754
FY2016	\$ 266,557,726	\$ 152,075,880	-42.9%	\$ 21,620,686
Total	\$ 438,802,583	\$ 269,713,141		\$ 99,010,440

**No. of Consortia Receiving FY 2016 Funding (Committed) by Consortia Size**

	Count of Consortia	Count of Members	Count of Funding Request
<10 Members	96	365	1116
10 - 25 Members	37	574	108
26 - 50 Members	19	551	17
> 50 Members	18	2233	15
<b>Total</b>	<b>170</b>	<b>3723</b>	<b>1256</b>

**No. of HCF Consortia Member Receiving FY 2016 Funding (Committed) by Rurality**

	Distinct Count of HCPs	% of HCP	FY2016 Committed Amount
RURAL	1695	62.66%	\$ 53,100,356
URBAN	854	31.57%	\$ 30,049,769
RURALITY Not Applicable	156	5.77%	\$ 30,579,154
Consortium of the above	4		\$ 19,476,976
Offsite Admin office	78		\$ 1,722,094
Offsite data center	74		\$ 9,380,084
Ineligible Entity	0		\$ -
<b>TOTAL</b>	<b>2705</b>		<b>\$ 113,729,280</b>

### No. of FY 2016 Approved and Denied Funding Requests by Program

	Count of Approved Funding Request	Count of Denied Funding Request	% Approved	% of Denials
TELECOM	5767	538	91.47%	8.53%
HCF	6455	106	98.38%	1.62%
<b>TOTAL</b>	<b>12222</b>	<b>644</b>	<b>94.99%</b>	<b>5.01%</b>

**Note:** Data is for forms received for FY 2016 (*i.e.*, from March 1, 2016 to Sept. 30, 2016) and reflects denials issued through first quarter 2017. Funding decisions have not been made for forms received during second filing window (*i.e.*, from Sept. 1 to Nov. 30, 2016).

### No. of Eligibility Determination by HCP from January 1, 2016 to December 31, 2016

	Count of HCPs Granted	Count of HCPs Denied	% of Approval	% of Denial
TELECOM	1185	169	88%	12%
HCF	3089	448	87%	13%
* January 1st is the first date of FY16 Form 465 can be submitted				

**Note:** Data is as of December 31, 2016, because eligibility determinations are not tied to a funding year.

### No. of Forms Processed and Overall Time to Review (OTTR) per Form (HCF: 460, 461, 462, 463; and Telecom: 465, 466, 467, invoice) per Quarter

	Target (Days)	April		May		June	
		Number Processed	Avg Days to Review (days)	Number Processed	Avg Days to Review (days)	Number Processed	Avg Days to Review (days)
Form 460 Eligibility Determination (HCF)	30	789	14.2	681	19.7	314	21.2
Form 465 Eligibility and Request for Services (Telecom)	3	274	1.9	347	1.7	112	1.4
Form 461 Request for Services (HCF) with RFP	30	102	9.1	147	7.9	19	13.7
Form 461 Request for Services (HCF) without RFP	4	222	3.1	239	2.5	47	2.6
Form 462 - HCF Funding Request - Individual	45	4,748	172.7	N/A	N/A	N/A	N/A
Form 462 - HCF Funding Request - Consortia	50	741	146.3	N/A	N/A	N/A	N/A
Form 466 - Funding Request / Certification (Telecom)	30	3,569	161.6	N/A	N/A	N/A	N/A
Form 463 (HCF Invoicing) Line Items	16	2,138	8.4	2,335	8.4	3,218	8.5

**Note:** N/A applies to funding request forms received during second filing window (*i.e.* from Sept. 1 to Nov. 30, 2016) that are reviewed but not committed as of 6/30/17.



## Appeals

	Apr.	May	June
Appeals Received	18	3	10
Appeals Resolved	5	5	3
Avg. Days to Resolve	126.4	117	105

# Rural Health Care Program Highlights

# RHC Cost Scorecard – Q2 2017

Briefing Book Excludes all materials discussed in Executive Session  
 Vision: RHC awards timely funding to recipients to provide telecommunications access to rural health care facilities and ensures high program integrity through strong administration of program requirements and transparency of program results.

## RURAL HEALTH CARE PERFORMANCE MEASUREMENT MODEL

PROGRAM OUTCOMES

**GOAL #1: Determine type of eligible health care providers (HCP) participating in programs providing broadband and telecommunications services for healthcare, particularly those serving rural areas.** G

- HCPs: Number of HCPs receiving funding by HCP type (commitments), % of each HCP type of HCPs receiving funding, and % of HCPs receiving funding who are considered rural

**GOAL #2: Commit and authorize disbursements for all available funding within the established cap in an efficient manner.** G

- Funding amount: \$ amount of committed/disbursed and total amount committed/disbursed
- Time to commit: # of days from window close to commitment
- De-obligation amount: Requested \$ amount vs commitments vs disbursements

**GOAL #3: Foster the development and deployment of broadband health care networks.** G

- Consortia: Number of consortia receiving funding (commitments) and % who are considered urban

OPERATIONAL MEASURES

### PROGRAM INTEGRITY

Monitor and implement controls to validate funding requests and disbursements consistent with the Commission's rules

Funding Approvals/Denials G

Funding Request Denial % G

Eligibility Approvals/ Denials G

### USER EXPERIENCE/USER SUPPORT

Strengthen and simplify user experience to enable successful participation.

Complaints NA

Outreach & Satisfaction G

Severity 1 Issues G

### OPERATIONAL EFFECTIVENESS

Continuously improve the efficiency and effectiveness of business processes.

Cycle time G

Customer Service Y

Efficiency G

Appeals G

G On-track	Y At-risk	R Delayed	NA TRD
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# Rural Health Care (RHC) Program Highlights

- RHC Organization
- New FCC Orders
- Funding Year (FY)  
2017 Application  
Update
- FY2017 Application  
Review

## RHC Organization

**RHC Program VP:** Karen F. Lee

karen.lee@usac.org

**Director:** Nicole Theodoropoulos

nikoletta.theodoropoulos@usac.org

**Senior Manager, Operations** (eligibility, funding requests/commitments, invoicing): Michael Daniels

michael.daniels@usac.org

**Senior Manager, Program Integrity** (appeals, audit, operational improvements): (hiring in process)

**Program Manager, Outreach:** Jennifer Contreras

jennifer.contreras@usac.org

## New FCC Orders Released Since April 2017

- Skilled Nursing Facilities (SNF) – June 8, 2017
  - Order amends section 254(h)(7)(B) of the Communications Act of 1934 to include SNFs
  - Order does not modify USAC’s implementation of 2016 statute
- HCF Invoicing Deadline – June 23, 2017
  - Order allows certain health care providers (HCPs) and Service Providers to submit invoicing forms within six months of the issuance of the Funding Commitment Letter (FCL)
  - Order ensures that all HCPs and Service Providers have sufficient flexibility to invoice
- Alaska Order – June 30, 2017
  - Order issued a limited waiver allowing Service Providers to lower the cost of service, one time, for HCPs in remote regions of Alaska which requested support in the second filing window of FY2016

## FY2017 Application Update

- Total RHC Demand: **\$567 million, 16,080 funding requests** (plus RHC administrative costs of \$12.98 million)
  - HCF Consortia: \$237 million, 1,760 funding requests
  - HCF Individual: \$58 million, 6,990 funding requests
  - Telecom: \$272 million, 7,330 funding requests

Note: These demand estimates are preliminary and represent **gross demand**, not **net demand**. We do expect this gross demand to come down over the course of the review process.

- FY2017 funding requests (applications) had a total increase of **21.2%** over FY2016; FY2017 had an approximately 2% total increase in gross dollars requested.
- Temporary contractors began work on May 15, 2017
  - Reviewed 31% of processed applications (\$25 million in funding requests)
  - Reviewing low risk, low dollar forms
  - USAC costs to date are approximately **\$56,000**

## RHC Program Next Steps

- Continue FY2017 application review
- Ensuring program integrity
  - Integration of lessons learned from FY2016
  - Implementation of focused heightened review process
  - Establishment of enterprise risk management process
  - Enhanced program outreach





**Universal Service  
Administrative Co.**