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August 22, 2019

**By ECFS**

Marlene Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Re: **National Lifeline Association Notice of Oral *Ex Parte* Presentation,  
WC Docket Nos. 17-287, 11-42, 09-197 and 10-90**

Dear Ms. Dortch:

On August 22, 2019, John Heitmann of Kelley Drye & Warren LLP, met on behalf of the National Lifeline Association (NaLA) with Randy Clarke, Acting Legal Advisor for Wireline and Public Safety to Commissioner Geoffrey Starks to discuss the pending Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study filed by CTIA, the National Consumer Law Center, National Hispanic Media Coalition, OCA – The Asian Pacific American Advocates, and United Church of Christ, OC, Inc.,<sup>1</sup> and the Lifeline National Verifier. The discussions were consistent with the enclosed NaLA *ex parte* letter and exhibits attached to that letter,<sup>2</sup> and NaLA's comments filed on the Joint Petition.<sup>3</sup> In addition, a document depicting the National Verifier roll-out was shared and discussed during the meeting. A copy of that document is attached hereto as Exhibit 1.

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<sup>1</sup> See Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket Nos. 11-42, 09-197, 10-90 (June 27, 2019) (Joint Petition).

<sup>2</sup> See National Lifeline Association Notice of Oral Ex Parte Presentation, WC Docket Nos. 17-287, 11-42, 09-197 and 10-90 at 10 (filed Aug. 16, 2019), included as Exhibit 2.

<sup>3</sup> See National Lifeline Association Comments on Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket Nos. 11-42, 09-197, 10-90 (filed July 31, 2019) (NaLA Joint Petition Comments).

**KELLEY DRYE & WARREN LLP**

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Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically.

Respectfully submitted,



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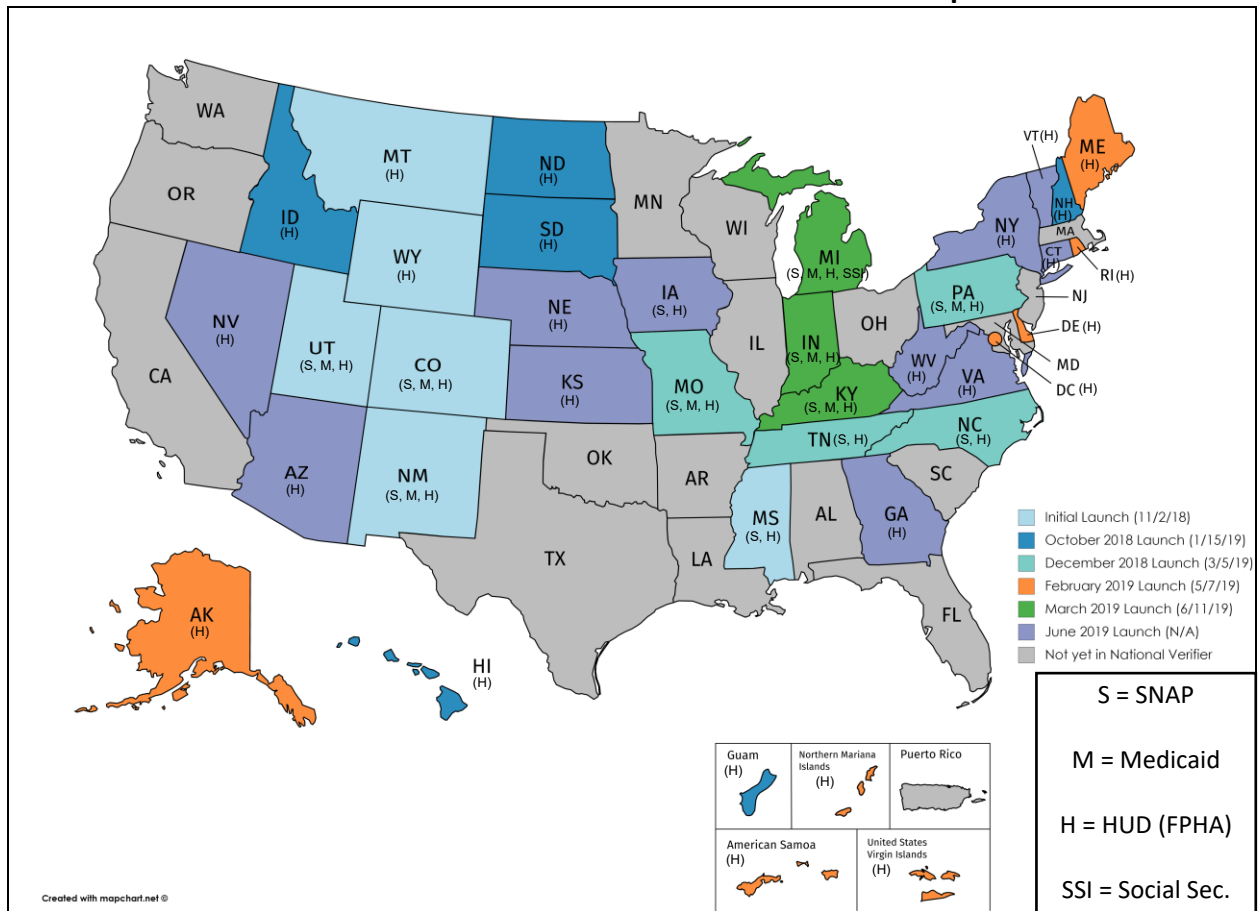
Enclosure

cc: Randy Clarke

# **Exhibit 1**

National Verifier Roll-Out

## National Verifier Automated Database Access Map



States with Potential Automation Challenges	
Alabama	Massachusetts
Arkansas	New Jersey
Connecticut	New York
Florida	Ohio
Illinois	Oklahoma
Louisiana	West Virginia

NLAD Opt-Out States with State Administrator
California
Oregon
Texas

States and Territories with HUD Access Only	
Alaska	New Hampshire
American Samoa	New York
Arizona	North Dakota
Connecticut	Northern Mariana Islands
Delaware	Rhode Island
District of Columbia	South Dakota
Georgia	Vermont
Guam	Virgin Islands
Hawaii	Virginia
Idaho	West Virginia
Kansas	Wyoming
Maine	
Montana	
Nebraska	
Nevada	

# **Exhibit 2**

NaLA Notice of Oral Ex Parte Presentation filed August 16, 2019

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Washington, DC 20554

Re: **National Lifeline Association Notice of Oral *Ex Parte* Presentation,  
WC Docket Nos. 17-287, 11-42, 09-197 and 10-90**

Dear Ms. Dortch:

On August 14, 2019, Brandt Mensh, President of Prepaid Wireless Group, LLC and Dave Dorwart, Chairman and CEO of Assist Wireless, LLC, and Chairman of the National Lifeline Association (NaLA), along with John Heitmann and Joshua Guyan of Kelley Drye & Warren LLP, met on behalf of NaLA with Evan Swarztrauber and Joseph Calascione, Advisors to Commissioner Brendan Carr; Commissioner Michael O’Rielly and his Wireline Legal Advisor Arielle Roth; and Trent Harkrader, Ryan Palmer, Jodie Griffin, Allison Jones (by phone), Micah Caldwell and Nathan Eagan from the Wireline Competition Bureau (Bureau) to discuss the pending Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study filed by CTIA, the National Consumer Law Center (NCLC), National Hispanic Media Coalition (NHMC), OCA – The Asian Pacific American Advocates, and United Church of Christ, OC, Inc. (UCC OC),<sup>1</sup> and the Lifeline National Verifier. On August 15, 2019, the same NaLA representatives also met with Nirali Patel, Wireline Advisor to Chairman Ajit Pai on the same topics. The discussions were

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<sup>1</sup> See Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket Nos. 11-42, 09-197, 10-90 (June 27, 2019) (Joint Petition).

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consistent with the attached exhibits and NaLA's comments filed on the Joint Petition.<sup>2</sup>

**The Commission Should Prioritize Access and Affordability for Consumers by Directing the Bureau to Promptly Grant the Joint Petition to Pause and Study the Mobile Broadband Minimum Service Standards and Voice Support Sunset**

In each meeting, we noted the broad support for both proposals in the Joint Petition – to pause any increases in the mobile broadband minimum service standard and retain full Lifeline support for standalone voice and voice-centric bundles – until the Commission can study the impact of such changes on access to and affordability of Lifeline services for low-income consumers and report on such findings in the *State of the Lifeline Marketplace Report* due in 2021.

We emphasized that the Joint Petition drew no opposition. It is supported by veterans' organizations, such as the National Association of American Veterans, Korean War Veterans Association and a coalition of groups providing services to veterans.<sup>3</sup> It is supported by public interest groups and consumer advocates, including those that originally advocated for the minimum service standards in the 2016 Lifeline Modernization Order.<sup>4</sup> It is supported by state commissions represented by the National Association of Regulatory Utility Commissioners

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<sup>2</sup> See National Lifeline Association Comments on Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket Nos. 11-42, 09-197, 10-90 (filed July 31, 2019) (NaLA Joint Petition Comments).

<sup>3</sup> See Letter from Constance Burns, President and CEO of the National Association of American Veterans to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 06-122, 11-42 (July 31, 2019); Letter from James R. Fisher, National Executive Director, Korean War Veterans Association to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 06-122, 11-42 (July 31, 2019); Letter from Robin McKinney, Co-Founder and CEO, CASH Campaign of Maryland, et al. to Marlene H. Dortch, Secretary, FCC, WC Docket No. 11-42 (Aug. 15, 2019).

<sup>4</sup> See Letter from Public Knowledge, New America's Open Technology Institute, Access Humboldt, Advocates for Basic Legal Equality, Asian Americans Advancing Justice, Center for Rural Strategies, Common Sense Media, Communications Workers of America, The Greenlining Institute, NAACP, Next Century Cities, and U.S. Conference of Catholic Bishops to Kris Monteith, Bureau Chief, Wireline Competition Bureau, FCC, WC Docket No. 11-42 (July 31, 2019); Comments of Free Press on Joint Petition to Pause Minimum Standards Changes, WC Docket No. 11-42 (July 31, 2019). In addition, the Joint Petition was filed by NCLC, NHMC, OCA – The Asian Pacific American Advocates, and UCC OC.

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(NARUC)<sup>5</sup> (and additional state commissions specifically supported the proposal to waive the reduction in support for voice services),<sup>6</sup> which unanimously passed a resolution in July in support of the request for relief in the Joint Petition.<sup>7</sup> The Joint Petition is also supported by conservative groups like the Free State Foundation<sup>8</sup> and the Phoenix Center.<sup>9</sup> Finally, the Joint Petition is supported uniformly by Lifeline service providers and industry representatives.<sup>10</sup>

We explained that one reason that the Joint Petition is unanimously supported is that Lifeline stakeholders uniformly oppose the sunset of voice support for Lifeline subscribers. Voice-centric plans are still preferred by over 40 percent of Lifeline subscribers.<sup>11</sup> These

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<sup>5</sup> See Reply Comments of the National Association of Regulatory Utility Commissioners Supporting the Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards, WC Docket Nos. 11-42, 09-197, 10-90 (Aug. 15, 2019).

<sup>6</sup> See Comments of the Missouri Public Service Commission, WC Docket Nos. 11-42, 09-197, 10-90 (Aug. 1, 2019); Comments of the Public Utility Commission of Oregon, WC Docket No. 11-42, 09-197, 10-90 (July 31, 2019).

<sup>7</sup> See NARUC Resolution on the Lifeline National Verifier Launch and Minimum Service Standards (July 23, 2019) (NARUC National Verifier Launch and Minimum Service Standards Resolution), available at <https://www.naruc.org/meetings-and-events/naruc-meetings-and-events/2019-summer-policy-summit/final-resolutions/>.

<sup>8</sup> See Comments of Randolph J. May, President, The Free State Foundation, WC Docket No. 11-42 (July 31, 2019).

<sup>9</sup> See George S. Ford, PhD., “Phoenix Center Policy Paper No. 55, A Fresh Look at the Lifeline Program,” Phoenix Center for Advance Legal & Economic Public Policy Studies (July 2019) (Phoenix Center Policy Paper), available at <http://www.phoenix-center.org/pcpp/PCPP55Final.pdf>.

<sup>10</sup> See NaLA Joint Petition Comments; Q LINK WIRELESS LLC Comments on Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket Nos. 11-42, 09-197, 10-90 (July 31, 2019) (Q LINK Comment); Comments of Sage Telecom Communications, LLC d/b/a Truconnect in Support of Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards, WC Docket Nos. 11-42, 09-197, 10-90 (July 31, 2019); Comments of TracFone Wireless, Inc. in Support of Joint Petition to Pause Implementation of December 2019 Lifeline Minimum Service Standards Pending Forthcoming Marketplace Study, WC Docket Nos. 11-42, 09-197, 10-90 (July 31, 2019); Comments of Sprint Corporation, WC Docket Nos. 11-42, 09-197, 10-90 (July 31, 2019).

<sup>11</sup> See USAC, High-Cost and Low Income Committee Briefing Book, at 41 (April 29, 2019) (Lifeline Business Update, App. A: Lifeline Program Trends), available at <https://www.usac.org/res/documents/about/pdf/bod/materials/2019/High-Cost&Low-Income-Briefing-Book-April.pdf>.



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subscribers should be able to choose for themselves the mix of services that best meet their needs. As a reminder of one of the many reasons why voice remains an important choice for consumers, we noted that an estimated 13.7 million 911 calls are placed each year by Lifeline subscribers using their mobile voice service.<sup>12</sup>

We explained that the other reason that the Joint Petition is unanimously supported is that Lifeline stakeholders and observers can plainly see that a more than fourfold increase in the mobile broadband minimum service standard from 2 GB to 8.75 GB that was announced in the Bureau's July 25, 2019 Public Notice<sup>13</sup> would drastically skew the Commission's stated goal of achieving "balance between the demands of affordability and reasonable comparability" away from affordability for Lifeline-eligible Americans.<sup>14</sup> As observed in the recent NARUC resolution, "[i]n the *Lifeline Modernization Order*, the FCC contemplated a gradual increase in consumer data usage and did not anticipate that the transition from the initial data allowance levels using the 2016 formula would result in a leap to a substantially higher and more costly data requirement."<sup>15</sup> The Joint Petition recognizes that "the marketplace for mobile wireless services and Lifeline services has continued to evolve in ways the Commission could not predict in 2016."<sup>16</sup> Specifically, the Commission in 2016 did not anticipate the advent of "unlimited" data plans, which have skewed the average data usage at the core of the mobile broadband minimum service standard calculation and resulted in the more than fourfold "flash jump" scheduled for December 1, 2019.<sup>17</sup> In deciding to sunset the reimbursement for voice, the Commission also may have anticipated that by now more consumers would be using app-based

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<sup>12</sup> Based on a 2018 NaLA Lifeline provider survey (data extrapolated across all Lifeline subscribers).

<sup>13</sup> See *Wireline Competition Bureau Announces Updated Lifeline Minimum Service Standards and Indexed Budget Amount*, WC Docket No. 11-42, Public Notice, DA 19-704 (July 25, 2019).

<sup>14</sup> *Lifeline and Link Up Reform and Modernization, Telecommunications Carriers Eligible for Universal Service Support, Connect America Fund*, WC Docket Nos. 11-42, 09-197, 10-90, Third Report and Order, Further Report and Order, and Order on Reconsideration, FCC 16-38, ¶ 71 (2016) (2016 Lifeline Modernization Order).

<sup>15</sup> NARUC National Verifier Launch and Minimum Service Standards Resolution.

<sup>16</sup> Joint Petition at 2.

<sup>17</sup> See Joint Petition at 4 (citing *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Mobile Wireless, Including Commercial Mobile Services*, Twentieth Report, 32, FCC Rcd 8968, 9004 ¶ 51 (2017)).

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voice services, but that has not happened. Most Americans still use traditional mobile voice minutes for calls.

We also highlighted that NaLA's comments included a mobile broadband retail price survey of nearly three dozen carriers to demonstrate that plans that include 8.75 GB or more of data typically retail for \$40 or more a month.<sup>18</sup> That means an approximately **\$30 per month price increase for Lifeline subscribers**, if the Bureau does not act to prevent the new standard from going into effect on December 1, 2019. As part of its comments, Q LINK, which is one of the largest Lifeline providers, includes an affidavit from its CEO stating that "[a] mobile broadband MSS of 8.75 GB would result in a network cost to Q LINK that *exceeds the subsidy by many multiples*" and at 8.75 GB "Q LINK would be *forced to impose a substantial price increase on consumers for a mobile broadband MSS-compliant plan.*"<sup>19</sup> The vast majority of Lifeline-eligible Americans cannot afford such a price hike, a majority are unbanked and have no means to make a monthly payment (even if they have the money in a particular month),<sup>20</sup> and most wireless Lifeline service providers do not have the billing system infrastructure in place to collect monthly charges from Lifeline customers.

Unless the Joint Petition is granted, we explained that as of December 1, 2019, the vast majority of Lifeline subscribers who receive 2 GB of mobile data today will either be de-enrolled for failure to pay or will be transitioned to a voice-centric bundle with 1,000 minutes. Today such voice-centric bundles include 100 MB, 250 MB or even 350 MB of data from the largest service providers. However, because the Lifeline reimbursement for voice service is set to decline by two dollars to \$7.25 per subscriber per month on December 1, 2019 carriers will be forced to reduce the level of service included in plans that meet the mobile voice minimum service standard. Since ETCs cannot reduce the number of minutes, they will be forced to reduce the amount of broadband included in the bundle.<sup>21</sup> Therefore, without relief, after

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<sup>18</sup> See NaLA Joint Petition Comments at Attachment 1.

<sup>19</sup> Q LINK Comments, Affidavit of Issa Asad in Support of Q LINK WIRELESS, LLC's Joint Petition Comments (emphasis added).

<sup>20</sup> See Comments of Q LINK WIRELESS, LLC, WC Docket Nos. 17-287, 11-42, 09-197, at 2 (filed Feb. 21, 2018) (explaining that "56 percent of Q Link customers are 'unbanked,' meaning that they cannot easily purchase 'top-ups' under prepaid plans due to a lack of access to the financial system").

<sup>21</sup> See Q LINK Comments, Affidavit of Issa Asad in Support of Q LINK WIRELESS, LLC's Joint Petition Comments ("If the reduction in voice support from \$9.25 to \$7.25 was allowed to go into effect, Q LINK subscribers would face a price increase for their current voice MSS-compliant plan—or would need to switch to a plan that includes less broadband data to avoid a price increase.").

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December 1, 2019, the vast majority of wireless Lifeline subscribers will receive *fewer than* 350 MB of data instead of the 2 GB most of them receive today. Surely, the Commission in 2016 could not have intended for *this* to be the outcome of its minimum service standards rules. Because it is an unconscionable and legally indefensible outcome, today's Commission must direct the Bureau to promptly grant the relief requested in the Joint Petition.

We also explained that the 2 GB of mobile data that most Lifeline subscribers receive today is a robust mobile wireless offering and is in no way "second-class." While the rule require only 3G speed, Lifeline subscribers have access to the same wireless networks as everyone else. Lifeline wireless resellers generally resell the Sprint and T-Mobile networks. Mr. Dorwart and Mr. Mensh confirmed that those networks are increasingly transitioning away from 3G and toward 4G LTE, and new Lifeline subscribers are now generally receiving 4G LTE Android smartphones as 3G handsets are discontinued and are harder to purchase in the wholesale market. Therefore, market dynamics are increasing mobile broadband speeds for Lifeline subscribers just as they are for pre-paid and post-paid subscribers who are not eligible for Lifeline support. Further, as Q LINK explains in its comments, "2 GB of mobile broadband is a reasonable amount to meet the needs of most consumers. Despite the prevalence of unlimited post-paid plans, Verizon Wireless reports that its subscribers use on average between 1 and 2 GB of data per month."<sup>22</sup> Q LINK notes that with 2 GB, "a Lifeline subscriber can: visit about 2,000 web pages send about 84,000 emails (or instant messages) without attachments or 44,000 with attachments; stream approximately 82 hours of music per month; upload 5,200 photos to social media; and view 17 hours of standard video (or 7 hours of HD video)."<sup>23</sup>

We emphasized that the need for Bureau action on the Joint Petition is urgent. By September, Lifeline service providers need to plan their service offerings and make decisions regarding the purchase of handsets and where they might be able to make the business case for actively enrolling new subscribers. Further, providers will be required to start sending customer notices as early as October 1, 2019 (and November 1, 2019 in most other states) informing consumers that they will need to find a way to start paying likely \$30 or more for their Lifeline

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<sup>22</sup> Q LINK Comments at 12 (citing "Cell Phone & Service Buying Guide," Consumer Reports, available at <https://www.consumerreports.org/cro/cell-phones-services/buying-guide/index.htm> (last visited July 30, 2019) (explaining that 2 GB is considered medium data usage and is reasonable for someone who is "less reliant on WiFi and engages in a little bit of everything" and "Making sense of data: How much do you need?" Verizon, available at <https://www.verizonwireless.com/articles/making-sense-of-data-how-much-do-you-need/> (last visited July 30, 2019)).

<sup>23</sup> Q LINK Comments at 12 (citing *Estimated Smart Phone Data Usage*, What's a G?, [https://whatsag.com/estimated-data-usage/data\\_usage.php](https://whatsag.com/estimated-data-usage/data_usage.php) (last visited July 30, 2019)).

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broadband plans each month or transition to 1,000 minute plans that include fewer megabytes of data (because of the reduced subsidy).

Because very few (if any) Lifeline subscribers can be expected to pay \$30 or more a month for a plan that includes 8.75 GB of data, nearly 5 million (or about 58 percent<sup>24</sup> of) Lifeline subscribers will lose their broadband plans. And these Lifeline subscribers will then get transitioned to 1000 minute voice bundles that include less broadband data than they do today. About 3.5 million (about 42 percent<sup>25</sup> of) Lifeline subscribers who prefer voice-centric plans also will see their included allocation of broadband reduced. Nearly all – 8.5 million Lifeline subscribers will get less broadband, unless the Joint Petition is granted.

Finally, we also explained that Bureau grant of the Joint Petition in its entirety is necessary to protect not only the over 8.5 million remaining Lifeline subscribers but also those who will enroll in the months and years to come. Allowing current Lifeline subscribers to retain their affordable services at the current minimum service standards, but requiring new or transferring subscribers to endure massive price hikes or reductions in service is discriminatory, not administrable, and fundamentally unfair.<sup>26</sup>

We further explained to Commissioner O’Rielly that NaLA continues to support NARUC’s position supporting converting the existing Lifeline budget mechanism to a cap,<sup>27</sup> however, the Lifeline program is operating well below the budget in part because the minimum service standards have been a major cause of the reduced Lifeline participation in the last two and half years, especially in states where no additional subsidies are available (i.e., the “\$9.25 states”). Along with regulatory uncertainty caused by the proposed reseller ban and a seriously flawed National Verifier rollout, the Lifeline minimum service standards imposed by the Commission in 2016 have been a major cause of the reduced Lifeline participation rate to about

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<sup>24</sup> See USAC, High-Cost and Low Income Committee Briefing Book, at 41 (April 29, 2019) (Lifeline Business Update, App. A: Lifeline Program Trends), available at <https://www.usac.org/res/documents/about/pdf/bod/materials/2019/High-Cost&Low-Income-Briefing-Book-April.pdf>.

<sup>25</sup> See *id.*

<sup>26</sup> See Comments of NTCA – The Rural Broadband Association, WC Docket Nos. 11-42, 09-197, 10-90 at 4-5 (filed July 31, 2019).

<sup>27</sup> See NaLA 2017 Lifeline NPRM Comments at 80 (citing NARUC “Resolution to Ensure that the Federal Lifeline Program Continues to Provide Service to Low-Income Households” (adopted Feb. 14, 2018), available at <https://www.naruc.org/resolutions-index/2018-winter-policy-summit-resolutions/>).

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22 percent of those eligible (approximately 8.6 million subscribers, which is down 4.1 million subscribers since 2016) because carriers cannot see the necessary return on investment from the cost of acquiring new Lifeline subscribers and of providing prescribed levels of service to them. Rather than accepting the unintended consequences of the prescribed mobile broadband plans and sunset of support for critical voice services, the Bureau should grant the waiver requested in the Joint Petition and allow consumers to continue to choose robust voice and broadband bundled mobile services that they can afford.

**To Ensure That the National Verifier Meets its Goals to Reduce Barriers for Eligible Consumers, Minimize Program Costs, and Eliminate Waste, Fraud and Abuse, it Must Maintain or Return to Soft Launch and Not Proceed to Hard Launch in Any State Until a Robust API Solution and Access to State/Federal SNAP and Medicaid Databases Are in Place**

We noted the continuing industry support for implementation of an efficient and effective National Verifier. To be successful in meeting the stated goals for the National Verifier,<sup>28</sup> and as NARUC recently resolved on a unanimous and bipartisan basis,<sup>29</sup> the Commission must maintain or return to soft launch and not proceed to hard launch in any state until it achieves two important milestones in the development and implementation of the National Verifier.

First, the Commission must continue to work with USAC and Lifeline stakeholders, including service providers, to develop and implement robust service provider application programming interface (API) connectivity to the National Verifier.<sup>30</sup> We appreciate the efforts of the Bureau to work with USAC and Lifeline service providers on an API,<sup>31</sup> including outreach to service providers to meet with USAC next week to discuss the solution. However, the process

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<sup>28</sup> See 2016 Lifeline Modernization Order, ¶¶ 128-131.

<sup>29</sup> See July 2019 NARUC Resolution.

<sup>30</sup> Without an API: (1) consumers will be forced to enter personal information twice creating a substantial burden and barrier to participation as well as potential data integrity issues that will further increase costs by forcing manual National Verifier review of exceptions and higher call center volumes; (2) the National Verifier will need to screen 100 percent of all applicants, rather than avoiding a substantial portion of these costs by taking advantage of ETC screening tools; (3) ETCs will be unable to offer online enrollment, making it more difficult and costly to enroll eligible subscribers, especially in rural areas; and (4) ETCs will be unable to monitor their agents through the enrollment process to prevent attempts at fraud or abuse.

<sup>31</sup> See CTIA Notice of Oral *Ex Parte* Presentation, WC Docket No. 17-287, 11-42 (filed Mar. 13, 2019).

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needs to move faster and the API must allow service providers assisting applicants through the eligibility determination and enrollment process to receive error codes so that service providers can help applicants to identify and correct failures. The API also must allow service providers to assist applicants in uploading the documentation required to complete the process successfully. Without robust API connectivity, the National Verifier serves as a barrier to program participation causing enrollments to drop dramatically in hard launch states.<sup>32</sup>

Second, the Commission must require USAC to secure access to the appropriate eligibility databases before hard launch of the National Verifier in any additional states and to go back to soft launch where access to necessary databases has not been obtained. Because the vast majority of Lifeline applicants demonstrate eligibility through participation in Medicaid and Supplemental Nutrition Assistance Program (SNAP),<sup>33</sup> the Commission should order USAC not to move to hard launch of the National Verifier, and return to soft launch where applicable, in any state until access to both Medicaid and SNAP databases has been secured.<sup>34</sup>

We described NaLA members' experience from the initial waves of hard launch that conducting reverification without access to both Medicaid and SNAP databases results in requiring far too many subscribers to respond to an unduly burdensome manual reverification process that is not well designed for Lifeline subscribers. We also highlighted the positive outcome in Pennsylvania where the National Verifier had access to both SNAP and Medicaid databases and the failure rate (subscribers not found in the databases) is estimated to be about 15 percent. That means only 15 percent of Lifeline subscribers need a closer look to determine whether they qualify for Lifeline through income or another eligibility program, are eligible pursuant to SNAP or Medicaid and there is a lag in the database, or perhaps their eligibility has

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<sup>32</sup> See USAC High Cost and Low Income Committee Briefing Book, at 42 (July 29, 2019), available at <https://www.usac.org/about/about/leadership/materials/hcli.aspx>.

<sup>33</sup> The July 2019 National Verifier Plan notes that 60 percent of enrollments used Medicaid or SNAP, but that data was skewed by inclusion of eligibility programs that were removed in 2016. See National Verifier Plan (January 2019) at 14. NaLA ETCs routinely report that about 90 percent of their subscriber bases are enrolled through participation in Medicaid or SNAP.

<sup>34</sup> See Comments of NaLA on the Emergency Petition of TracFone Wireless, Inc. for an Order Directing USAC to Alter the Implementation of the National Verifier to Optimize the Automated and Manual Eligibility Verification Processes, WC Docket Nos. 11-42, 09-197 (Sept. 12, 2018). For example, in the following hard launch and soft launch states (which represents a majority of them), USAC has secured access only to the HUD database: Alaska, American Samoa, District of Columbia, Delaware, Guam, Hawaii, Idaho, Maine, New Hampshire, North Dakota, Northern Mariana Islands, Rhode Island, South Dakota, US Virgin Islands and Wyoming. This database accounts for less than 1 percent of all Lifeline enrollees nationwide.

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run out (their benefits have lapsed or they got a job and no longer qualify). It also suggests that the ineligible population in the Lifeline program is likely a very small number (i.e., a low single-digit percentage). There is no reason that other states should be different than Pennsylvania if the National Verifier obtains real-time API access to the right databases and applies appropriate matching criteria (e.g., no address match required).

Without access to adequate state databases, the reverification process breaks down. In Mississippi, where the National Verifier has access to the SNAP database, but not the Medicaid database, the failure rate is estimated to be 56 percent. And 10,000 Mississippians already have lost their Lifeline service, even though an electronic check for Medicaid eligibility was not made (and a decision evidently was made not to wait for implementation of access to the national Centers for Medicare and Medicaid Services (CMS) Medicaid database that the Commission secured last year).

In states like Wyoming, Idaho and the Dakotas where the National Verifier does not have access to either SNAP or Medicaid databases, the failure rates are estimated to be over 90 percent.<sup>35</sup> Such failure rates push thousands of eligible Lifeline subscribers into an unduly and unreasonably burdensome manual reverification process that requires them to mail or upload a new lengthy application form and proof of eligibility documentation, and potentially proof of address and identity.<sup>36</sup> We noted that requiring proof of eligibility documentation is contrary to the requirements of the Commission's Lifeline recertification rules, which reflected a well-reasoned balancing of program access and integrity.<sup>37</sup> NaLA members find that no more than 1

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<sup>35</sup> See Attachment 3 National Verifier Map – State Database Access showing the states with database access to both SNAP and Medicaid, access to SNAP or Medicaid and the many states that have been launched without access to SNAP and Medicaid.

<sup>36</sup> In addition, we urged the meeting attendees to work with USAC and service providers on a solution that would allow the continued use of SNAP cards as eligibility proof. USAC abruptly announced a change in policy requiring either an issue or expiration date on SNAP cards, which is not done in 45 of 50 states. See Sprint Written *Ex Parte* Presentation, WC Docket Nos. 17-287, 11-42, 09-197 at 5 (filed Mar. 18, 2019). NaLA supports the proposal that the Commission and USAC accept SNAP cards accompanied by a receipt showing a recent food purchase using that card where the receipt contains the last 4 digits of the SNAP recipients account number so that it can be matched to the card. USAC and the Bureau have been considering that proposal for months without action.

<sup>37</sup> See *Lifeline and Link Up Reform and Modernization, Lifeline and Link Up, Federal-State Joint Board on Universal Service, Advancing Broadband Availability Through Digital Literacy Training*, WC Docket Nos. 11-42, 03-109, CC Docket No. 96-45, WC Docket No. 12-23, Report and Order and Further Notice of Proposed Rulemaking, FCC 12-11, ¶¶ 134, 139 (2012); *Lifeline Industry Written Ex Parte Presentation*, WC Docket Nos. 09-197, 10-90, 11-42 (filed June 16,

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in 10 subscribers can complete the manual reverification process, which means that the process is not reasonably designed and does not work well for this population and instead serves as a barrier blocking eligible subscribers from program participation.

With appreciation, we noted that the National Verifier is building access to the national CMS Medicaid database, and USAC says it is “on track to establish a connection in Q4 2019.”<sup>38</sup> We emphasized that this integration should be completed as soon as possible and then all subscribers not previously verified should be “dipped” against that database before the Commission or USAC considers any additional de-enrollments of Lifeline subscribers. Prior to proceeding further with reverification, the Commission and USAC should study the success or failure rate of both electronic and manual reverification efforts by state and make adjustments necessary to ensure that eligible Lifeline subscribers are not de-enrolled due to inadequate database access or manual processes that are not well designed for this vulnerable class of consumers.

We also explained that hard launching a state without access to adequate state databases also hinders the enrollment process going forward. USAC data show that the National Verifier has fully processed *only 109,000 applications since initial launch in June 2018*.<sup>39</sup> Only 62 percent of applications were verified as eligible using state or federal databases, but in states with only the HUD database, the *average verification was only five percent*. Finally, adding NLAD checks, *only 49 percent were fully qualified automatically and only 56 percent of the subset of qualified consumers were enrolled*. The data remains difficult to parse as presented, but it does not paint a picture of an efficient and successful National Verifier meeting its goals.

Finally, we discussed the fact that access to state databases is not a one-way street and the states must also work with USAC and the Commission to provide access. In some states, however, the Commission will need to allow reasonable time to address necessary legislative changes, privacy concerns or logistical issues. However, the National Verifier should remain in soft launch in these states so that eligible Lifeline subscribers are not placed at risk of de-

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2017) (explaining that the Lifeline rules require proof of eligibility at enrollment, not at recertification and nothing in the 2016 Lifeline Modernization Order changed the determination not to require proof at recertification or gave the Bureau or USAC the authority to require Lifeline subscribers to re-verify their eligibility to be migrated into the National Verifier); TracFone Wireless Written *Ex Parte* Presentation, WC Docket Nos. 09-197, 10-90, 11-42 (filed June 12, 2017).

<sup>38</sup> National Verifier Plan (January 2019) at 8.

<sup>39</sup> See USAC High Cost and Low Income Committee Briefing Book, at 42 (July 29, 2019), available at <https://www.usac.org/about/about/leadership/materials/hcli.aspx>.



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enrollment. In some states, the Commission and USAC should work with Lifeline service providers on flexible approaches to take advantage of state database access that the service providers currently use (e.g., New York). The Commission can meet its obligation to launch the National Verifier nationwide in 2019 by moving to soft launch, but continue to work on these issues prior to moving to hard launch so that eligible Lifeline subscribers do not lose service.

Pursuant to Section 1.1206(b) of the Commission's rules, this letter is being filed electronically.

Respectfully submitted,



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Enclosure

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# **ATTACHMENT 1**



## The FCC Should Prioritize Access and Affordability for Consumers by Granting the Joint Petition to Pause and Study Mobile Broadband Minimum Service Standards and Voice Support Sunset

The FCC should grant the Joint Petition filed by CTIA and the public interest groups to pause the **minimum service standards** and **voice support sunset** until it can study the impact of such changes on access to and affordability of Lifeline services as part of preparing the State of the Lifeline Marketplace Report.

- The December 1, 2019 formula will reduce the reimbursement for 1,000 minutes of voice to \$7.25 and increase the broadband data minimum to 8.75 GB
- If not waived, these two rule changes will undermine the program's goals of **access** (by making Lifeline service less available and by sun-setting support for voice) and **affordability** (by effectively imposing a \$30 price increase on mobile broadband Lifeline service)
- Full support for voice services should be available everywhere – not just in rural America
  - There is no support for the voice phase out in the record
  - Those specifically supporting retaining full voice support include veterans organizations (National Association of American Veterans and the Korean War Veterans Association); state commissions (NARUC, Oklahoma, Pennsylvania, Michigan, Minnesota, Missouri, Nebraska, Florida, Oregon and California); public interest groups and consumer advocates (including NASUCA, AARP, NAACP, NCLC, NHMC, Free Press, UCC, OC, New America's OTI and Public Knowledge); conservative organizations (Free State Foundation and the Phoenix Center) and ETCs and industry representatives (CTIA, TracFone, NTCA and WTA, GCI, Sacred Wind Communications and GVNW Consulting)
- The FCC should act now to prevent unintended minimum service standards-driven price increases on Lifeline broadband subscribers
  - The December 1, 2019 minimum service standard formula-based increases will require 8.75 GB of broadband data
  - Today plans that include at least 8.75 GB typically retail for \$40 and higher, making these "household" sized plans too expensive for consumers based on the current Lifeline subsidy level
  - If left unchanged, the December 2019 minimum service standards will ***effectively impose a \$30/month price increase on Lifeline subscribers – a price increase that these subscribers cannot afford***
- The Lifeline minimum service standards have been a major cause of the reduced Lifeline participation, especially in states where no additional subsidies can be combined with the standard Lifeline subsidy of \$9.25
  - From 12.7 million in 2016 to 8.6 million subscribers, a decline of 4.1 million subscribers (or 32%)
  - Participation rate decline from an estimated 32% to 22% of those eligible
  - Carriers cannot see the necessary return on investment from the cost of acquiring new Lifeline subscribers and of providing prescribed levels of service to them
- Waiving automatically escalating Lifeline minimum service standards will allow consumers to choose among options of voice and data, including bundles, that strike the best balance between affordability and access

## **ATTACHMENT 2**



## Lifeline National Verifier Implementation: Getting It Right by Putting Low-Income Consumers First

**To Ensure That the National Verifier Meets its Goals to Reduce Barriers for Eligible Consumers, Minimize Program Costs and Eliminate Waste, Fraud and Abuse, it Must Maintain or Return to Soft Launch and Not Proceed to Hard Launch in Any State Until a Robust API Solution and Access to State/Federal SNAP and Medicaid Databases Are in Place**

- A **service provider API** is essential to facilitating consumer access to Lifeline and minimizing waste, fraud and abuse
  - A service provider API must enable ETCs to help consumers identify and submit documentation required when any element of electronic verification is not successful
  - A service provider API is essential for both online and in-person distribution models
  - Until a service provider API solution is implemented, the FCC should grant all ETCs a waiver to enable batch submission of consumer documentation for an eligibility determination by the National Verifier
  - USAC should publish enrollment data by month and state, for periods before and after National Verifier launch to ensure that stated goals are met
- **Adequate database access** is essential to a successful National Verifier that achieves stated goals
  - Soft launch status should be maintained (or returned to) in each state until the National Verifier has implemented electronic/automated access to state/federal SNAP and Medicaid databases
  - USAC and the Commission should expedite implementation of access to the nationwide CMS/Medicaid database
  - USAC should secure access to all state SNAP and Medicaid databases that are reasonably accessible, while exploring solutions and alternatives for states in which such access will be delayed

### **The Reverification Should Be Adjusted Based on Lessons Learned**

- Reverification should not be completed – and de-enrollments should not occur – in any state prior to gaining electronic/automated access to SNAP and Medicaid databases
- USAC should provide reverification failure cause reports to enable ETCs to improve reverification outreach efforts
- Database search criteria should be refined to guard against false negative eligibility determinations
- Recertification should be suspended for 2019 and restarted in 2020 to mitigate unnecessary burdens on and confusion for consumers
- For SNAP participants, EBT card plus current receipt showing a food transaction should be acceptable proof of eligibility where the EBT card does not have an issue or expiration date
- USAC and the FCC should study the success/failure rate of both electronic and manual reverification efforts by state and make adjustments necessary to ensure that eligible Lifeline subscribers are not de-enrolled due to inadequate database access or manual processes that are not well designed for the vulnerable class of consumers eligible for and served by the Lifeline program

## **ATTACHMENT 3**

## National Verifier Map – State Database Access

