

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Bridging the Digital Divide for Low-Income Consumers	)	WC Docket No. 17-287
	)	
	)	
Lifeline and Link Up Reform and Modernization	)	WC Docket No. 11-42
	)	
	)	
Telecommunications Carriers Eligible for Universal Service Support	)	WC Docket No. 09-197
	)	
	)	

**COMMENTS OF  
THE UNITED STATES TELECOM ASSOCIATION**

The USTelecom Association (USTelecom)<sup>1</sup> submits these comments in response to the Public Notice (Notice)<sup>2</sup> issued by the Wireline Competition Bureau (Bureau) of the Federal Communications Commission (Commission) seeking comment on the Emergency Petition (Petition) of TracFone Wireless, Inc. (TracFone) filed in the above referenced proceeding. In its Petition, TracFone seeks an order directing the Universal Service Administrative Company (USAC) to postpone the implementation date of the National Verifier until certain eligibility databases are available to the National Verifier. For the reasons discussed below, the Commission should deny the Petition. To best meet the Commission's goals for the National

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<sup>1</sup> USTelecom is the premier trade association representing service providers and suppliers for the telecom industry. Its diverse member base ranges from large publicly traded communications corporations to small companies and cooperatives – all providing advanced communications service to both urban and rural markets.

<sup>2</sup> Public Notice, *Wireline Competition Bureau Seeks Comment on 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*, DA 18-646 (released August 13, 2018) (*Notice*). See also, 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 No. 17-287, WC Docket No. 11-42, WC Docket No. 09-197 (filed August 9, 2018) (*Petition*).

Verifier USAC should move forward with hard launch of the National Verifier using non-automated eligibility determination processes when necessary.

In its Petition, TracFone asserts that USAC's implementation of the National Verifier has "suffered from significant flaws that have frustrated, rather than served," the policy goals identified by the Commission when it adopted rules for the National Verifier. Thus, TracFone petitions for changes to USAC's National Verifier rollout in order to "better satisfy the Commission's goals"<sup>3</sup> for the Lifeline program. Grant of the Petition, however, would actually undermine the three Commission goals identified by the Commission in establishing the National Verifier in its 2016 order (2016 Lifeline Order).<sup>4</sup>

The three key objectives identified by the Commission for the National Verifier were, "[1] to protect against and reduce waste, fraud, and abuse; [2] to lower costs to the Fund and Lifeline providers through administrative efficiencies; and [3] to better serve eligible beneficiaries by facilitating choice and improving the enrollment experience."<sup>5</sup> In establishing these goals, the Commission made a reasoned determination that the status quo was untenable and could best be resolved through establishment of the National Verifier. Any delay in deploying the National Verifier would maintain the status quo with respect to Lifeline eligibility determination, thereby frustrating the Commission's delineated goals.

For example, with respect to addressing instances of waste, fraud and abuse, the Petition ignores the underlying basis identified by the Commission when it established the

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<sup>3</sup> *Petition*, p. 3.

<sup>4</sup> Third Report and Order, Further Report and order, and Order on Reconsideration, *Lifeline and Link Up Reform and Modernization*, 31 FCC Rcd 3962, FCC 16-38 (released April 27, 2016) (2016 Lifeline Order).

<sup>5</sup> *Petition*, p. 2 (citing 2016 Lifeline Order, ¶ 128.).

National Verifier. Specifically, the Commission stated that the National Verifier would “close one of the main avenues historically leading to fraud and abuse in the Lifeline program:

*Lifeline providers determining subscriber eligibility.”*<sup>6</sup> The Petition ignores this Commission finding that management of eligibility by Lifeline providers was a main avenue for waste, fraud and abuse. By granting the delay requested in the Petition, however, the Commission would continue to place the responsibility for determining subscriber eligibility with Lifeline providers, thereby undermining this key goal of reducing waste, fraud and abuse.<sup>7</sup>

Similarly, the Petition misconstrues the Commission’s policy goal regarding efforts to lower costs of the Lifeline program through administrative efficiencies. Throughout its Petition, TracFone asserts that absent automated verification, costs for USAC’s administration of the program will increase substantially.<sup>8</sup> First, some of the Petition’s arguments in this regard are highly speculative, and thus not a solid basis for granting the Petition.<sup>9</sup> Further, TracFone fails to acknowledge that the Commission’s principal cost concerns were associated with *Lifeline providers’* administrative costs, and not those of USAC.

For example, in its 2016 Lifeline Order, the Commission concluded that by “removing the responsibility of determining eligibility from providers, the Lifeline program will also be a more attractive business opportunity *as providers recognize significant reductions in*

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<sup>6</sup> 2016 Lifeline Order, ¶ 129 (emphasis added).

<sup>7</sup> *Id.*, ¶¶ 128 – 129.

<sup>8</sup> See e.g., *Petition*, p. 9 (asserting that USAC will have to add “tens of millions of additional overhead expenses,” to administer the program.).

<sup>9</sup> See e.g., *Petition*, p. 9 (asserting that USAC will have to add “thousands of new employees” in order to conduct manual review of eligibility.); see also, *id.*, p. 10 (asserting that delays in processing time of even “a few minutes” could lead to prospective customers, “frustrated by the lag time . . . abandon[ing] the process altogether.”).

*administrative and compliance costs.*”<sup>10</sup> Moreover, in justifying its conclusion, the Commission repeatedly cited to a broad range of commenters emphasizing the programmatic value and savings benefits associated with removing these administrative costs from providers and shifting them to USAC.<sup>11</sup>

The Petition further ignores the Commission’s cost-savings conclusions in the 2016 Lifeline Order by incorrectly asserting that Lifeline providers, “through years of experience,” have “developed processes” for determining such eligibility more “efficiently.”<sup>12</sup> TracFone’s assertion, however, ignores the findings in the 2016 Lifeline Order that the overall costs to Lifeline providers for making eligibility determinations “most likely exceed \$600 million per year.”<sup>13</sup>

Moreover, contrary to TracFone’s assertions in the Petition, when the Commission established the National Verifier it anticipated that manual review would be required in many instances. For example, throughout its 2016 Lifeline Order, the Commission repeatedly acknowledged that “the National Verifier will have both electronic *and manual methods* to process eligibility determinations.”<sup>14</sup> The Petition nevertheless seeks to overturn an administrative and operational reality associated with implementation of the National Verifier

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<sup>10</sup> *2016 Lifeline Order*, ¶ 130 (emphasis added).

<sup>11</sup> *Id.*, fn. 359 (citing multiple instances of commenters recommending that the Commission remove Lifeline “providers” from eligibility determinations, and shifting this role to a “third-party verifier.”).

<sup>12</sup> *Petition*, p. 8.

<sup>13</sup> *2016 Lifeline Order*, ¶ 130.

<sup>14</sup> *Id.*, ¶ 126 (emphasis added); *see also*, *2016 Lifeline Order*, ¶ 133 (stating that, “the eligibility certification process will have both manual and electronic components to accommodate the needs of subscribers.”); *id.*, ¶ 134 (noting that “both the manual and electronic approaches will apply program rules, including identity verification, as necessary, to determine a subscriber’s eligibility.”).

that the Commission expressly envisioned in its 2016 Lifeline Order.

In its 2017 rulemaking in this proceeding (the “2017 Notice”), the Commission further acknowledged the reality that in some instances USAC would need to “conduct a manual review of all eligibility documentation for potential Lifeline subscribers in [a] state.”<sup>15</sup> Consistent with the concerns raised in the Petition, the Commission acknowledged the fact that such an approach would be “costly, burdensome, and inefficient.”<sup>16</sup> Despite these concerns, however, the Commission clearly intended that in states with no means of verifying Lifeline eligibility via a state database, it still intended to move forward with a full transition to the National Verifier. Rather than proposing any delay in implementation of the National Verifier, the Commission only asked how it could “encourage states to work cooperatively with USAC to avoid unnecessary costs.”<sup>17</sup>

Where USAC has been unable to obtain access to a state database for eligibility determinations, the eligibility determination should not fall back to service providers as proposed by TracFone in its Petition. As USTelecom has previously noted, delay in access to a state database will not preclude the National Verifier’s ability to accept proof provided directly from the customer to USAC until a state database is available to the National Verifier.<sup>18</sup> Delayed access or no access to a state database should not impede moving forward with the National Verifier transition so that providers can be removed from the eligibility determination

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<sup>15</sup> Fourth Report and Order, Order on Reconsideration, Memorandum Opinion and Order, Notice of Proposed Rulemaking, and Notice of Inquiry, *Lifeline and Link Up Reform and Modernization*, 32 FCC Rcd 10475, FCC 17-155, ¶ 61 (released December 1, 2017).

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *See*, Comments of the United States Telecom Association, WC Docket No. 17-287, WC Docket No. 11-42, WC Docket No. 09-197, pp. 5 – 7 (submitted February 21, 2018).

process.

Rather than indefinitely delay implementation of the National Verifier, the Commission should move forward with transitioning the eligibility determination from service providers while continuing to work with individual states and USAC to obtain access to eligibility databases where possible. Indeed, the Petition notes that USAC is currently in the process of obtaining access to a nationwide database maintained or to be maintained by the Centers for Medicare and Medicaid Services.<sup>19</sup> The Commission should work with USAC to expedite this process, but without halting the deployment of the National Verifier.

To ensure the Commission's laudable objectives for the Lifeline program and National Verifier are achieved, USTelecom strongly encourages the Commission and USAC to engage in dialogue with the states, especially those with a Lifeline administrator. Given the varying degrees of eligibility verification within each of the states, the Commission and USAC should continue to understand the capabilities within the states, and how best to address variations within each to ensure that eligibility verification and other administrative duties are as efficient as possible.

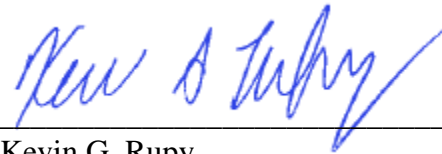
The Commission should not let delayed access to certain databases or unresolved administrative issues hinder, delay or interrupt the full transition to the National Verifier. The Commission should therefore deny the Petition, but continue to work with USAC and individual states to ensure timely access to the necessary databases.

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<sup>19</sup> *Petition*, p. 7.

Respectfully submitted,

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