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

In the Matter of	)	
	)	
Rural Health Care Support Mechanism	)	WC Docket No. 02-60
	)	

COMMENTS SUBMITTED BY
RURAL HEALTHCARE PROFESSIONAL MANAGEMENT GROUP[1]

I. Introduction

Kellogg & Sovereign® Consulting, LLC, Channelford Associates, Healthcare Funding Connection, PEM Filings, the Savita Group, and USF Healthcare Consulting (hereinafter "RHC Professional Management Group"), who together provide consulting services to more than 3,000 healthcare provider locations across the country join together to submit Comments on the Petition for Reconsideration. Combined, our companies have been assisting healthcare providers to navigate the administrative process necessary to obtain funding from the Telecommunication Services Program and the Healthcare Connect Fund for over 20 years.

KSLLC has been managing federal universal service applications since 1998. Our professional staff works with the Rural Health Care programs and E-Rate programs on a daily basis on behalf of over 350 clients with annual filing of approximately 650 applications accounting for funding in excess of $100 million each year. Accordingly, we have an in-depth knowledge and are well versed in all areas of the Federal Communications Commission (FCC) program administered by the Universal Service Administrative Company (USAC).

[1] The Rural Health Care Professional Management Group is a loose group of consultants actively working together to promote policy and administrative processes that will be beneficial to the rural healthcare providers for which each member of the group is currently engaged.

PEM Filings has been assisting rural healthcare locations since early 2008, specializing in providing consulting services about the USAC Rural Healthcare program. Our base of authorized locations is approximately 1,500 HCP locations, generating close to 3,000 circuit filings annually resulting in over $20 Million in commitments for its applicants. Healthcare Funding Connection manages the Telecommunications Program and Healthcare Connect Fund program for 36 health care clients in 19 states with over 200 locations. Last year we filled over 3,900 applications for our clients delivering over $10 Million in funding.

USF Healthcare Consulting has been a consultant for hospitals and clinics across 30 states since 2006. We serve over 1,100 healthcare facilities through the Telecommunications Program and the Healthcare Connect Program. The total credits that we assist in receiving, amount to over $14 million per year.

The Savita Group has been specializing in the Universal Service Rural Health Care Program since 2005. We have been retrieving millions of dollars for our 100 Midwestern clients. We put over 25 years of professional telecom experience into shepherding our rural customers through the Universal Services process.

Channelford Associates, Inc. acts as the RHCP filing agency for over 100 Rural Healthcare Program clients. These clients have a total of over 600 Health Care Provider sites. In Fund Year 2014, these HCPs have or will receive approximately $6Million in funding through the Healthcare Connect Fund and the Telecommunications Fund. We are also currently working with six clients to create single-owner consortia, for whom we expect to secure HCF funding in FY 2016 and beyond.

RHC Professional Management Group appreciates the opportunity to respond to the Wireline Competition Bureau's Public Notice seeking comment on the Schools Health and Libraries Broadband ("SHLB") Coalition Petition for Rulemaking ("Petition")

requesting changes to the Federal Communications Commission's ("FCC" or "Commission") Rural Health Care Program. [2]

II. No Changes without Funding Cap Increase

RHC Professional Management Group cautions the FCC not to make any new changes to the rules of the Rural Health Care Support Mechanism without first modifying Funding Cap. We recognize that since the inception of the program, the Rural Health Care Support Mechanism has not ever reached its funding cap of $400 Million, our projections are that the fund will in fact reach the funding cap within the next five years or less. The fund has been growing at a rate of 11.9467% on average since FY2008. Assuming the same growth *with no changes* the program will exceed its funding cap in FY2019 with an estimated demand of $419,899,236.58.[3] We urge the FCC to make no rule changes to the program unless a funding cap increase accompany the changes. As healthcare continues to change, the viability of the Rural Health Care Support Mechanism is essential to ensure that patients in rural areas have access to healthcare similar to their counterparts in urban areas.

We have calculated the demand on the fund if the funding amount increases from the current 65% to 85%. Assuming no change in participation rates, had the discount percentage been 85% in FY2014, the demand would have been $270,617,958.92.[4]

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[2] Petition for Rulemaking by Schools, Health & Libraries Broadband Coalition, California Telehealth Network, New England Telehealth Consortium, Health Information Exchange of Montana, Utah Telehealth Network, Colorado Telehealth Network, and Southwest Telehealth Access Grid Seeking Amendment of Part 54 of the Commission's Rules to Further Modernize the Rural Health Care Program, CC Docket No. 02-60 (filed Dec. 7, 2015) ("*The Petition")*.

[3] The Universal Service Administrative Company, the Administrator of all Universal Service Programs, reports on its website that the FY2014 demand was $238,829,850.00. To determine when the fund will exceed the cap we simply added a factor of 1.119467 for each funding year after FY2014 to project growth.

[4] To determine this, we assume absolutely no changes except the increase in the discount rate. Which means the Telecommunications demand of $135,518,496.00 remains the same. We then determined what the funding demand would have been solely for the Healthcare Connect Fund. The 100% cost for FY2014 was $158,940,544.62. Had the discount rate been 85%, funding would have been $135,099,462.92 (almost matching the demand of Telecommunications). We then combine the new HCF demand with the original Telecommunications demand to derive the projection.

Assuming the same rate of increase of 11.9467%, the demand exceeds the cap in FY2018 with $425,012,592.24.

III. 65% Discount was an *Increase* not a *Decrease* in funding

RHC Professional Management Group and the healthcare providers for which the group collectively works on behalf of would ***love*** for the FCC to increase the Healthcare Connect Fund discount from 65% to 85%. An increase in funding would result in the healthcare provider spending less money on their broadband connections, leaving more money to pay for unfunded expenses, such as telemedicine carts, inside wiring, and other necessary expenses related to telehealth and telemedicine.
Our primary concern, as previously stated, is the funding cap. We already know that the fund will exceed the cap by FY2019 with *no changes.* The cap will be exceeded earlier (if not much earlier) with an increase in the discount to 85%.

Petitioner's state that the discount rate of 65% is not appropriate because they, as Pilot Projects, experienced a decrease in the discount rate transitioning from the Pilot Program (discount rate of 85%) to the Healthcare Connect Fund (discount rate of 65%). While we agree that transitioning from Pilot to the Healthcare Connect Fund results in a lower discount, it *only results in a lower discount for healthcare providers that participated in Pilot*. All other healthcare providers received a substantial increase in funding from 25% that they were receiving in the Internet Access Program to 65% in the Healthcare Connect Fund.

The FCC provided two reasons for why it chose a discount rate of 65% for the Healthcare Connect Fund. First, the National Organization of State Offices of Rural Health submitted comments previously stating that a discount rate of 65% is required to provide a "realistic incentive" to participate. [5] Second, the discount level also falls between the proposed discount level of 50% and 85% and the average discount rate

[5] In the Matter of Rural Health Care Support Mechanism, WC Docket No. 02-60, Report and Order, FCC 12-150, (2012) (*Healthcare Connect Fund Order*) ¶ 92

(excluding Alaska) in the Telecommunications Service Program is close to 65% and is a reasonable proxy. [6]

Concerning the Pilot Projects experiencing a decrease in funding from 85% to 65%, the FCC in the original Pilot Program Order required that all Pilot Projects submit a "Sustainability Plan" for a period of no less than 10 years, though it should be commensurate with the investment made by Pilot Program funds.[7] Each of the Petitioner's appears to have been compliant with this requirement from a review of all filings on the WC 02-60 docket. A cursory review of the Sustainability Plans filed by the Petitioners find that each of them appear to be aware that the subsidy of 85% was not guaranteed once the funding in Pilot was exhausted. The Colorado Telehealth Network states that "we have determined how much revenue is needed to pay monthly recurring operating expense of the network once the USAC subsidy is expended. CHCC will take responsibility for continuing the eligible member subsidy at that time." [8] It goes on to state for additional clarification that, "CHCC will replace existing USAC support with revenue from its Self-Sustainability Plan". [9] The Utah Telehealth Network's sustainability plan states that "Based upon the FCC's NPRM published in the Federal Registrar August 8, 2010, it is assumed that the USAC discount of 50% of MRC may be available in the future, at a minimum of currently eligible rural sites. Moving forward, it is in the intent of this project to utilize those discounts to the fullest extent possible." [10]

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[6] *Id.*

[7] *In the Matter of the Rural Health Care Support Mechanism,* WC Docket 02-60, Order, FCC 07-198, (2007) (*Pilot Program Selection Order)*. ¶ 108. *See also* Federal Communication Commission Frequently Asked Questions #24 at https://www.fcc.gov/general/rural-health-care-pilot-program (last accessed January 14, 2016). *See also* Universal Service Administrative Website http://www.usac.org/rhcp/participants/sustainability-plans.aspx (last accessed January 14, 2016).

[8] Colorado Health Care Connections Pilot Program Participants Quarterly Data Report due October 30, 2012, page 11.

[9] *Id.* page 12.

[10] RHCPP Quarterly Report, Utah Telehealth Network, Q18 – due October 30, 2012, page 37.

We agree the Pilot Projects did experience a decrease in funding when transitioning from the Pilot to the Healthcare Connect Fund. But, this was not unforeseen. In fact, the FCC was fiscally prudent in requiring the Pilot Projects to submit a minimum 10 year sustainability plan. The Pilot Projects were fully aware, or should have been fully aware, that the discount of 85% was only for the Pilot Program funding period.

RHC Professional Management Group states, once again, that an increase in the discount percentage from 65% to 85% would be wonderful for all applicants. But, we would caution the FCC that increasing the percentage must be done in concert with a **substantial increase** in the funding cap. We also note that a majority of healthcare providers did not experience a decrease in funding, but instead experienced an *increase in funding* when the FCC adopted the 65% discount rate.

IV. Definiton of Rural does not need to be Changed

The Petitioners seek for the FCC to modify the definition of rural. The Petitioners use Hi-Desert Medical Center located in Joshua Tree, California (San Bernadino County) as an example stating that it is a "good example of an HCF that is not rural under the current rule…". [11] Except Hi-Desert Medical Center is in fact rural under the current definition. Hi-Desert Medical Center is located in census tract 0104.19, which is a rural census tract in San Bernadino County. See Attachment A.

The Petitioner's also request that a process be created whereby a healthcare provider that is not located in a rural census tract can show that it meets certain criteria whereby USAC will deem it rural to participate in the program anyway. We note that any process that is outside an objective process is subject to arbitrary and capricious decisions by the Administrator due to the subjective nature of the process. In addition, we note that making the program more complicated than it already is only adds to the administrative burden.

[11] *The Petition* footnote 111.

V. Payment for Home Monitoring and Administrative Expenses

We again urge the FCC to thoughtfully consider the ramifications on the demand of the fund prior to approving funding for Home Monitoring devices or Administrative Expenses. With no additional changes to the program, we will reach the funding cap in the near future. No changes to be made to the program unless it accompanies a substantial increase in funding.

According to the American Hospital Association, there are 3,916 non-profit and public hospitals in the country.[12] Assuming that *only hospitals* can receive funding for home monitoring devices, and using the Petitioners number of 16 devices active per month[13], we estimate that the fund would pay for broadband for 62,624 per month. Again using the Petitioners figure of $50.00 per month per device, the total cost is $3,131,200.00 per month. If funding is at a subsidy level of 85%, the funding per month would be $2,661,520.00. Annual demand on the fund would be $31,938,240.00 with no increases.

We note that there are substantial waste, fraud and abuse concerns with regard to the request to fund Home Monitoring devices. For example, is the broadband expense eligible for funding even when the device is not being used? How will the Administrator determine the appropriate amount of support prior to the device being active? The FCC previously approved funding for mobile health clinics that support rural areas. The paperwork required in order to get funding is substantial and to date none of the consultants in the RHC Professional Management Group have applied for funding for a mobile health clinic.[14]

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[12] http://www.aha.org/research/rc/stat-studies/fast-facts.shtml (last accessed January 14, 2016). Added the number of non-government not-for-profit hospitals with number of state and location government community hospitals to derive a total figure of 3,916.

[13] *See* Letter from George S. Conklin, Senior Vice President and CIO of CHRISTUS Health to Marlene H. Dortch, Secretary, FCC, CC Docket No 02.60, Mar. 30, 2015.

[14] 47 C.F.R. § 54.609(e)

Concerning Administrative Expenses, none of the Universal Service Support Mechanisms provide funding for Administrative Expenses. The FCC has, at length, reviewed this issue in the past. We do note that UASC is currently reporting 260 active consortia in the Healthcare Connect Fund. If each of those were to receive funding of up to $100,000.00 to participate in the fund to cover administrative expenses, the fund demand would grow by an additional $26,000,000.00 just in the first year assuming no increase in active consortia.

VI. Conclusion

An increase in funding from 65% to 85% would be wonderful for all applicants. But an increase in the subsidy cannot occur without an increase in the funding cap. The RHC Professional Management Group also notes that the Healthcare Connect Fund does appear to be successful at least based on anecdotal evidence. But the program is *so new*. We are currently only in our 2nd full year of funding for all applicants. To date, none of the consortia applicants have been required to file annual reports. It would be premature to say that the Healthcare Connect Fund is not meeting its goals.

Respectfully submitted by,

Camelia L. Rogers, MPP
Program Director, Rural Health Care
Kellogg & Sovereign Consulting, LLC
1101 Stadium Drive
Ada, OK 74820-8459
Phone: 580-332-1444
Fax: 580-332-2532

Steve Rau
Channelford Associates, Inc.
2006 Channelford Road
Westlake Village, CA 91361
Phone: 805-495-3255
Fax: 888-228-2119

Mark Boggs
Healthcare Funding Connections
P.O. Box 692
Prospect, KY 40059
Phone: 502-292-2225

David Wagner
PEM Filings
50 Waterbury Road Suite 357
Prospect, CT 06712
Phone: 203-437-6546
Fax: 800-574-3869

Stacey Bilsland
The Savita Group
15941 S. Harlem Ave, Suite 271
Tinley Park, IL 60477
Phone: 815-464-5248
Fax: 815-464-5248

Geoff Boggs
USF Healthcare Consulting, Inc.
P.O. Box 326
Prospect, KY 40059
Phone: 502-228-1907
Fax: 888-284-0010

Attachment A

Hi-Desert Medical Center - ...

KSLLC RHC | OUSF | FCC-RHC | Kellogg & Sovereign Cons... | Podio

HI-DESERT MEDICAL CENTER

6601 White Feather Road, Joshua Tree, CA 92252 | 760-366-3711

Google Custom Search | Search

Find a Doctor | Pay Your Bill | Find a Job

Home | About Us | Our Services | HDMC News | Upcoming Events | Get Involved | Find A Job | Contact Us | Helen Gray Center | Health Resources

HDMC News

- Tenet assumes operation of Hi-Desert Medical Center
- CCC administrator receives national leadership award
- HDMC designated as a Cooling Station
- More HDMC News

Community Events

- Community Health Lectures and Blood Drive Schedule
- Our Community Support Groups
- HDMC Diabetes Education
- List of events at HDMC!

How Can We Help You?

- FREE patient education videos
- Your hospital stay / visiting hours
- Make an appointment
- Maps & directions
- Send flowers to a patient
- Pay your bill
- Request a copy of your medical records

As ambassadors of health, Hi-Desert Medical Center is a tobacco-free environment effective July 1, 2014.

PHYSICIANS AND STAFF

Free Online Postal Address ...

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census2010CountySubRegions,
census2000CountySubRegions,
census2010Counties,
census2000Counties,
census2010States

Input address data

Pre-parsed	True
Input Street Address	6601 WHITE FEATHER RD
City	Joshua Tree
State	CA
Zip	92252

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Minor Civil Division	
County Subregion	
County	SAN BERNARDINO
State	CA
ZIP	92252
ZIP+1	

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Compare To	Google Maps, Bing Maps, Yahoo Maps

Census Information

Census Year	1990	2000	2010
Census Block			2020
Census Block Group			2
Census Tract			0104.19
Census County FIPS			071

result.asp | Eligible Rural Areas Search ...

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California	San Bernardino	Rural only in 0091.07, 0091.09, 0092.01, 0103.00, 0104.10, 0104.11, 0104.12, 0104.13, 0104.17, 0104.19, 0104.20, 0104.23, 0104.24, 0107.00, 0108.03, 0108.04, 0109.01, 0110.01, 0111.02, 0112.03, 0112.04, 0112.05, 0112.06, 0113.00, 0114.01, 0114.03, 0114.04, 0116.00, 0121.03, 0250.00, 0251.00, 9401.00