

ARIZONA TELEMEDICINE PROGRAM

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Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20054

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Dear Secretary:

The following comments are in response to the FCC's proposed rule-making to improve the rural health care universal service mechanism.

- Eligible health care providers. Nursing homes, and long-term care facilities, should be included as eligible health care providers.
There is an increasing trend to utilize telehealth technologies in rural nursing homes, long-term care facilities, and for the provision of home health care. Agencies providing these types of care should have equal access to the Universal Services discount program as it is made available to other types of providers.
- Eligible services--Discounts on Internet access charges.
NOSORH recommends that discounts on internet access charges are appropriate. In rural America, current Internet access charges are a detriment to the provision of health care. Many rural health care providers have no access to the Internet due to their inability to pay for high access charges.
- Changing the Calculation of Discounted Services The Maximum Allowable Distance (MAD) policy should be eliminated. In remote frontier and rural areas, this policy is a detriment to health care accessibility. The existing mechanism encourages the "Telco's" to legally raise the rates they charge to customers because they know the client would still pay the same under the discounted mechanism.
- Simplifying the Application Process: The application process required for rural providers should be simplified. It is important to recognize that small, rural providers are often not part of a system of care in which the corporate administration completes the application process on behalf of the rural entity. Technical assistance should be provided to assist rural health care providers in understanding how to get information from the "Telco's", and in processing the Universal Services discount application.

Furthermore, the process takes too long with the result that the fiscal years are crossed where expenses are encumbered in one year and the credits appear in another year. This puts a financial burden on small rural hospitals that cannot easily

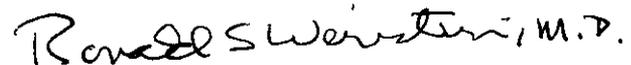
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accommodate the expense float. Many rural providers agree to putting in high speed telecommunications lines "only" because the cost to do so is reduced by USF credits.

Pay the providers, not the "Telco's": By paying the "telco's" rather than the providers the delay in the already cumbersome process is exacerbated. The "telco's" do not have enough incentive to work with the providers in obtaining USF credits. Either they should be incentivized more or the payments should go to the providers.

- Annual Renewal Policy for USF Support: The annual application process currently in effect should be replaced with a multi-year process, unless major changes have occurred in the connectivity during the year which require reporting. The annual renewal process is overly burdensome and does not reflect the fact that the health care provider has probably signed a multi year contract with a "Telco" and does not anticipate a change in service. We recommend the use of an annual, simple "no change" form to be completed and submitted by the health care provider. A multi-year form could be offered as an option.
- Rural Definition: The FCC should adopt the same definition of rural as that adopted by the Federal Office of Rural Health Policy. The definition is called Rural Urban Area Commuting Codes (RUCAs) and was developed by the WAMI Rural Health Research Center at the University of Washington and the U.S. Department of Agriculture's Economic Research Service.
- National Defense: Insofar as is possible, the Universal Service Discount Service should be used as a national vehicle to promote national defense, through providing incentives to promote safety of life and property through the use of wire and radio communications. Terrorism and bioterrorism knows no land, air, or water boundaries, and rural residents are as vulnerable as urban residents given the current threats to our national security. The FCC should provide incentives to provide for national connectivity of current state-wide telehealth and telemedicine networks, in order that those networks can serve as vehicles for rapid, secure communications in times of emergency, as well as for training and education related to bioterrorist response.

Sincerely,



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