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August 19, 2004

**EX PARTE**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**Re: In the Matter of Rural Health Care Support Mechanism, WC Docket No. 02-60**

Dear Ms. Dortch:

On August 19, 2004, Kathleen Grillo, Katherine O'Hara, and Ann Rakestraw met with Gina Spade, Dana Bradford, Belinda Nixon, and Regina Brown. The purpose of the meeting was to discuss Verizon's positions in the above-referenced proceeding.

The attached presentation was used during the meeting. Verizon reiterated its position that prior to acting on the issues raised in the Further Notice of Proposed Rulemaking, the Commission should: (1) ascertain the impact on the Rural Health Care Program of each proposed "rural" definition based on each proposal's accuracy, ease to administer, transparency and consistency; and (2) assure that any efforts to promote the development of rural mobile health clinics are strictly limited to rural clinics, competitively neutral, and protect against waste, fraud, and abuse. Verizon also discussed the arguments set forth in its Opposition to the pending American Samoa Telecommunications Authority petition for reconsideration. The positions expressed in the meeting were consistent with Verizon's filing in this proceeding.

Pursuant to Section 1.1206(b) of the Commission's rules, one electronic copy of this notice is being filed in the above-referenced proceeding.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Kathleen Grillo".

Kathleen Grillo

Attachment

cc: Gina Spade  
Dana Bradford  
Regina Brown  
Belinda Nixon

# Rural Health Care

August 19, 2004



# Universal Service Rural Health Care

- The Commission recently adopted changes designed to increase participation in the rural health care program. It should allow time to assess the impact of these changes before expanding the program further.
- The \$400 million cap should not be a spending target. The costs of universal service are borne by consumers; the Commission should reject proposals not necessary to make rural providers' rates "reasonably comparable" to urban rates.
- Any rules should be technologically and competitively neutral.



## Universal Service Rural Health Care

- Any change in the definition of Rural must be:
  - **Accurate** - Over-inclusion of urban areas as rural or the under-inclusion of rural areas must be avoided.
  - **Easy to Administer** - Easily determined Program-eligible areas. Granular approaches that do not incorporate geographic boundaries may prove difficult to manage.
  - **Consistent** - The Commission should adopt a methodology that remains stable, and does not fluctuate from year to year.
  - **Transparent** - The underlying inputs used for the definition of ‘rural’ should be readily available to the public to allow health care providers to determine their eligibility and to understand the factors used by the FCC.



# Universal Service Rural Health Care

- Current definitions for rural do not meet the general principles set forth above.
- The Commission should refer this matter to the Joint Board, or alternatively, convene a Rural Task Force / Advisory Committee to determine the appropriate definition of rural.
- Until the Commission has a chance to rule on the recommendation, it should use an interim definition that allows applicants to qualify for support if they meet either the old criteria (1990 census data, with the Goldsmith Modification), or are considered “rural” based on 2000 census data, which has no Goldsmith Modification.
- There is no policy justification for grandfathering recipients who are no longer determined to be “rural.”

