

March 16, 2009

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W., TW-A325
Washington, D.C. 20554

Ex Parte Notice

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

Dear Ms. Dortch:

The National Telecommunications Cooperative Association (NTCA) files this letter in support of expanding and making permanent the Rural Health Care Pilot Program (RHCPP). NTCA agrees with comments filed January 27, 2009 by the Telecommunications Industry Association (TIA) that the Federal Communications Commission (FCC or Commission) should immediately raise the current cap on funding available to RHCPP participants. NTCA also agrees with TIA that the FCC should adopt the RHCPP as a permanent program, and the Commission should use the current docket of WC 02-60 as the vehicle to consider and allow the RHCPP to achieve permanent status.¹

1. Background

On November 19, 2007, the Commission selected 69 public and non-profit health care participants for the RHCPP with approximately \$139 million of funding each year for 3 years.² This amount is well below the \$400 million annual Rural Health Care (RHC) support mechanism within the Universal Service Fund (USF).³ The RHCPP was established by the Commission under Section 254(h)(2)(A) of the Communications Act of 1934, as amended, to advance telehealth and telemedicine among rural communities by ensuring that rural health care providers pay no more than their urban counterparts for telecommunications needs to provide health care services.⁴ The RHC funding years run from June 30 to July 1; hence Funding Year 2007 (Year One) began July 1, 2007, and ended June 30, 2008, and Funding Year 2009 (Year Three) ends June 30, 2010.⁵

1 Telecommunications Industry Association (TIA) Ex Parte Filing, WC Docket No. 02-60 (filed Jan. 27, 2009), p. 1.

2 *In the Matter of Rural Health Care Support Mechanism*, WC Docket No. 02-60, FCC 07-198, Order (rel. Nov. 19, 2007) (Order).

3 Order, ¶ 23.

4 *Id.*, ¶8.

5 *Id.*, ¶ 33, n. 88; 47 C.F.R. §54.623.

The RHCPP participants, as directed by the Commission in the November 19 Order, filed their first set of quarterly reports for the period ending December 31, 2008. A review of several quarterly reports reveals that RHCPP participants have identified the health care providers who will participate in the proposals.⁶ Participants have either begun or completed the competitive bidding process necessary to select vendors who will help the rural health care providers create, deploy, maintain a broadband infrastructure or provide services over the infrastructure.⁷ Other RHCPP participants reported that they have not incurred any expenses attributable to the RHCPP funds for various reasons.⁸ Some asserted that they are still awaiting approval by the Universal Service Administrative Company (USAC) of the RHCPP participant's sustainability plans.⁹ Some participants noted difficulty in reaching some health care providers due to the 15% ownership stake requirement of the RHCPP.¹⁰ The next set of reports is due April 30, 2009.

2. *Discussion*

The FCC should adopt the RHCPP as a permanent program. The Commission will have ample data by the end of 2009 to judge the efficiency and benefits of the participants' proposals. This data base will aid the Commission in determining whether to make the RHCPP a permanent program. In the midst of the Commission's focus on many significant rural issues such as the DTV transition, intercarrier compensation, universal service fund reform, the USAC OIG audits, and expiration of the separations freeze, the Commission should not forget to put consideration of the RHCPP as a permanent program on its project calendar for 2009. Much of the funding, if not all remaining funding, will expire July 1, 2010, the end of Funding Year 2009.

The RHCPP offers great benefits to the participants' rural health care providers, their patients and their communities. NTCA rural telco members live in the communities being served by the RHCPP, serve on the board of directors for rural hospitals, use the participants' health care facilities and have offered their assistance to the participants in obtaining the RHCPP grants and providing service as vendors. One NTCA member, for example, organized the efforts for the entire RHCPP grant and helped the participant work through every detail the FCC wanted in the proposal to connect rural hospitals together with a fiber network. The Commission accepted the proposal, and the rural health care network is now in the bidding process. NTCA agrees with TIA that the RHCPP has bolstered rural investment and promoted rural health care.¹¹

6 See, e.g., Bacon County Health Services, Inc., quarterly report filed Jan. 30, 2009, p. 2-4; Rural Nebraska Healthcare Network, quarterly report filed Jan. 28, 2009, p. 2; West Virginia Telehealth Alliance quarterly report filed Jan. 30, 2009, p. 1; Indiana Telehealth Network quarterly report filed Jan. 30, 2009, pp. 1-5; Utah Telehealth Network quarterly report filed Jan. 30, 2009, p. 2; University Health Systems of Eastern Carolina, quarterly report filed Jan. 30, 2009, p. 2; and Wyoming Network for Telehealth, quarterly report filed Jan. 30, 2009, p. 2.

7 See, e.g., Bacon County, p. 5; Rural Nebraska Healthcare Network, p. 4; West Virginia Telehealth Alliance, p. 2; Iowa Health Systems quarterly report filed Jan. 30, 2009, p. 1; Wyoming Network, p. 1.

8 See, e.g., Rural Nebraska Healthcare Network, p. 5; West Virginia Telehealth Alliance, p. 2; and Indiana Telehealth Network, p. 7.

9 See, e.g., Rural Nebraska Healthcare Network, p. 6; Bacon County, p. 4; West Virginia Telehealth Alliance, p. 4;

10 See, e.g., Bacon County, p. 1; and Utah Telehealth Network, p. 4.

11 TIA Ex Parte Filing, p. 4 (filed Jan. 27, 2009), WC Docket No. 02-60.

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The Commission should use the current docket of WC 02-60 as the vehicle to consider and allow the RHCPP to achieve permanent status. This docket already serves as the repository for the RHCPP quarterly reports and the Commission's record supporting its decision to implement the RHCPP. The docket also contains an extensive history on the development of the USF Rural Health Care funding mechanism and the RHCPP.

The Commission should immediately raise the current cap on funding available to RHCPP participants. As noted in the Order, more entities applied for funding than was available, and many successful participants did not receive all they sought. Some of the participants may have had to scale back their projects due to limited funds. Right now the program is limited to \$139 million, and the Commission should consider raising that cap while still staying below the authorized \$400 million. These are funds separate and apart from the 2009 American Recovery and Reinvestment Act (Stimulus Act), which requires all funds to be distributed by September 30, 2010.¹² The rural health care providers will still need a reliable funding source long after the Stimulus funds are spent, so the Commission should keep this funding source open and available beyond 2010.

3. *Conclusion*

The RHCPP is what rural hospitals need to propel their health care needs by giving them access to cutting edge technology. Rural healthcare in remote rural areas is difficult, from the needs of the patients to the recruitment of physicians and more. Making the RHCPP a permanent program and raising the funding cap may save the rural hospitals and clinics. For these reasons, the Commission should expand and should make permanent the Rural Health Care Pilot Program.

In accordance with the Commission's rules, this letter is being electronically filed with the Secretary's Office. If you have any questions, please do not hesitate to contact me at 703-351-2016.

Sincerely,
/s/ Daniel Mitchell
Daniel Mitchell
Vice President, Legal and Industry

/s/ Karlen Reed
Karlen Reed
Regulatory Counsel, Legal and Industry

KJR/kr

cc: Michael J. Copps, Acting Chairman
Jonathan S. Adelstein, Commissioner
Robert M. McDowell, Commissioner
Dana R. Shaffer, WCB, Chief

¹² The American Recovery and Reinvestment Act of 2009, P.L. No. 111-5 (2009).