

QUARTERLY REPORT
NORTHWEST ALABAMA MENTAL HEALTH CENTER
January 1 Through March 31, 2009
HCP PROJECT NO. 17239

1. Project Contact and coordination Information

- a. Project Leader:** Mr. Skip Newman, Executive Director,
Northwest Alabama Mental Health Center
- b. Address:** 1100 Seventh Avenue, Jasper, AL. 35501
Phone: 205/302-9017
Fax: 205/387-0599
Email: skip@nwamhc.com
- c. Responsible Organization:** Northwest Alabama Mental Health Center (NWAMHC)
- d. Regional and State Coordination:** The NWAMHC is coordinating implementation activities for its mental health network in northwestern Alabama. NWAMHC is keeping the Alabama Department of Public Health informed relative to its project implementation activities.

2. Network Health Care Facilities

- a. Network User Addresses:**
NWAMHC Clinic sites to be served:

Fayette County Office – 123 Second Avenue NW, Fayette, AL. 35555, RUCA Code No. 7, Phone: 205/932-3216, Census Tract No. 020300

Lamar County Office – 141 Second Avenue NW, Vernon, AL. 35592, RUCA Code No. 10, Phone: 205/695-9183, Census Tract No. 030100

Marion County Office – 427 Smokey Bear Rd., Hamilton, AL 35570, RUCA Code No. 10, Phone: 205/921-2186, Census Tract No. 984400

Marion County Office – 260 Baker Street, Winfield, AL. 35594, RUCA Code No. 10, Phone: 205/487-2124, Census Tract No. 984700

Winston County Office – 71 Carraway Drive, Haleyville, AL. 35565, RUCA Code No. 7, Phone: 205/486-4111, Census Tract No. 995700

Walker County Office & HQ – 1100 Seventh Avenue, Jasper, AL. 35501, RUCA Code No. 4, 205/302-9017, Census Tract No. 020200

Walker Baptist Medical Center- 3400 U.S. Highway 78 East, Jasper, AL. 35501, RUCA Code No. 4, 205/387-4000, Census Tract No. 020300

b. Participating Institutions

The Northwest Alabama Mental Health Center is a public non-profit corporation formed under Section 501 C 3 and is therefore an eligible entity under Section 254 of the 1996 act. The Walker Baptist Medical Center is a private non-profit corporation and is considered an eligible entity under Section 254 of the 1996 act.

3. Network Narrative

At this point, bids have not been taken however, the Northwest Alabama Mental Health Center has completed the design of its proposed network. The preferred option is for there to be a 1.0 GB connection serving the network hub in Jasper and the clinic in Winfield. The other five network sites will have a minimum bandwidth of 100 MB. The proposed network is approximately 149 miles in length. It is anticipated that the proposed network will consist of mostly aerial with some underground fiber optic cable. There are presently no plans to connect the new network to Internet 2, which has a node in Birmingham, however, a connection could be made. Network operations will be managed by NWAMHC staff.

4. List of Health Care Providers

The proposed network is not presently operational. The two network participants are the Northwest Alabama Mental Health Center and the Walker Baptist Medical Center which will provide psychiatric services over the network to Northwest's patients. The proposed network will be used to provide internet, voice, video and data services. Attached is a diagram of the proposed broadband network.

5. Quarterly Costs Incurred

To date, no costs have been incurred on this project since bids have not been taken and accepted for the proposed network. Network design costs were provided, at no cost, by the Alabama Department of Economic and Community Affairs. USAC has budgeted a total of \$254,433.34 as the maximum amount that will be available during FY 2008 with a total project cost not to exceed \$381,650.01.

6. Cost Allocation By Source

Since bids have not been taken, actual project costs are not known at this time. Northwest and the Walker Baptist Medical Center are both eligible users under this FCC program. However NWAMHC will pay all monthly recurring broadband costs incurred by Walker Baptist Medical Center. These costs will be paid from Northwest's general fund accounts. Northwest will only request FCC reimbursement for the FCC pro rata share of eligible recurring and non-recurring costs. The project budget contains no other grant or contributed funds. Since both participating entities are nonprofit corporations, neither one would be financially able to undertake this project without the subsidies provided by this FCC program. The proposed health care network will enable these two entities to provide improved levels of service to rural patients at a reduced cost.

7. Technical or Non-Technical Procedures For Ineligible Network Participants

No procedures have been developed to accommodate ineligible network users since no ineligible participants are anticipated.

8. Project Management Plan Update

There have been no changes relative to project leadership. Mr. John Skalnik continues to assist Mr. Skip Newman, Executive Director, of the Northwest Alabama Mental Health Center.

During the previous quarter, a draft of 465 Attachment was completed. USAC is presently reviewing the 465 Attachment. A draft of the RFP was also completed during the previous quarter. USAC staff is presently reviewing the draft RFP. The refinement of the 465 Attachment, the RFP and other related documents took longer than anticipated resulting in a revision of the project schedule. A revised project schedule is listed below.

Project Schedule

Pre-bid Conference	November 12, 2008
Advertise Broadband Network RFP	May 5, 2009
Advertise RFQ for Selection of NWAMHC Telecom Equipment Installation Services	June 15, 2009
Select Low Network Bidder	June 16, 2009
Select Most Qualified NWAMHC Equipment Installer	July 21, 2009
Formal Approval of Low Network Bidder and NAMHC Equipment Installer by NWAMHC Board	July 28, 2009
Initiate Network Installation	August 5, 2009
Initiate NWAMHC Equipment Installation	August 5, 2009
Complete Equip. Installation at Jasper Clinic HUB Site	December 5, 2009
Complete Equip. Installation at Walker Baptist Hospital	January 15, 2010
Complete Equip. Installation at Vernon Clinic Site	February 20, 2010
Complete Equip. Installation at Winfield Clinic Site	April 1, 2010
Complete Equip. Installation at Fayette Clinic Site	May 1, 2010
Complete Equip. Installation at Hamilton Clinic Site	June 1, 2010
Complete Equip. Installation at Haleyville Clinic Site	July 1, 2010
Complete NWAMHC Equipment Installation	July 1, 2010
Initiate Broadband Network Services to Some Sites	August 20, 2010
Complete Broadband Network Installation to all 7 sites	February 5, 2011

9. Network Sustainability

The new network will enable Northwest Alabama Mental Health Center to incur substantial savings by reducing travel costs between its six clinics. It will also be able to conduct staff training classes over the network, further reducing travel costs and lost staff time. The new

network will greatly reduce the time needed to transmit patient records. It will reduce the need for some telephone lines and will substantially reduce the number of long distance phone calls between clinics resulting in additional savings. Overall administrative costs will be reduced as a result of the new network. In addition, network hub and other unused distance learning classroom equipment was given to Northwest and will be used to create video conferencing capabilities at Northwest's six rural mental health clinics. These savings will enable NWAMHC to afford to pay the network's monthly recurring costs when the FCC program subsidy ends. Listed below are the estimated annual cost savings and estimated additional revenues resulting from the proposed broadband network. These cost estimates only apply to NWAMHC and do not include Walker Baptist Medical Center.

Estimated Annual Network Revenues and Savings

Estimated Annual Connectivity Cost (Based upon \$36,000.00 per site Annually)	\$216,000.00
 Estimated Annual Savings	
Psychiatric Travel Cost Savings	\$20,000.00
Intercompany Long Distance Phone Savings	24,000.00
Staff Training	34,400.00
Reduced Phone Number of Phone Lines	<u>6,900.00</u>
Total Estimated Annual Savings	89,300.00
 Estimated Annual Billing Increases	
Psychiatric Billing Increase	<u>120,000.00</u>
Total Savings and Increased Revenue	209,300.00
 TOTAL ESTIMATED ANNUAL NETWORK OPERATING COSTS	
	\$6,700.00

Therefore, Northwest will be able to afford to continue operating the new broadband network even after the FCC Pilot Program subsidy expires.

FCC/USAC Sustainability Issues

USAC Project Scenario. In its RFP, Northwest is soliciting bids from vendors who will provide the requested bandwidths. Therefore, this service is considered to be an Indefeasible Right of User (IRU), as a long-term lease of specified bandwidths, as defined in USAC Scenario No. 1.

Source of 15% Local Match. Northwest will pay the project's 15% local match from its General Fund Budget. The agency has sufficient revenues to pay the required 15% local match.

Commitments From Network Members. NWAMHC will pay all monthly recurring costs incurred by its network partner the Walker Baptist Medical Center. Walker Baptist Medical Center is considered to be a permanent member of the proposed broadband network as per verbal agreements made by hospital representatives to Messrs. Newman and Skalnik.

Sustainability Period. NWAMHC will be able to provide a 10 year projected project budget once bids for broadband serviced are received and accepted.

Budget Attached to Sustainability. The agency is not able to make budget projections until bids for the broadband service have been received and accepted.

Network Management. Annual broadband network management costs are estimated at \$9,500.00. Mr. John Skalnik will have overall responsibility for managing the new network. Mr. Skalnik expects to devote 5 percent of his time to this task at an estimated annual cost of \$4,500.00. The agency's MIS Director is expected to devote 10 percent of his time on network management activities resulting in an estimated annual cost of \$5,000.00. All of these network management costs will be paid from the organization's general fund account.

Continued RHC Funding. Since annual broadband costs are unknown at this time, the agency has not developed network operating cost projections. However, Northwest has developed this project with the view that it would be required to pay all network operating costs once the FCC's three years of assistance expires.

State and Federal Funding. Northwest does not expect to need additional Federal or state assistance in order to continue operating this new network, as a result of previously referenced annual cost savings and revenue increases.

Prepaid Lease Option. There are no prepaid leases involved in the implementation of this project.

10. Network Benefits

The primary goal of this project is to use FCC assistance to install a broadband network that will facilitate the delivery of telepsychiatry and other related services on a real time basis between NWAMHC's six mental health clinics and the Walker Baptist Medical Center. When completed the new broadband network will also provide internet, data, and video services to the six rural mental health clinics. Psychiatric services will be able to be delivered to the six clinics from the network hub at the Jasper clinic or directly from Walker Baptist Medical Center also in located in Jasper. The new network will further enable Northwest to greatly increase the amount of psychiatric services it delivers due to reduced travel times resulting from the implementation of this project. It will take about six months after the network becomes fully operational for these and other network benefits to be accurately determined.

11. Network Compliance With HHS Health IT Initiative

Participant actions to this point in time have been concentrated upon designing the proposed network and assessing broadband capabilities of the area's various telecommunications firms. Therefore, no progress has been made relative to compliance with these various HHS initiatives. However, the new network will comply will do its best to incorporate these initiatives into its new broadband network.

12. Coordination with HHS, CDC, Local Public Health and EMA Agencies

The participant will coordinate with HHS, CDC as well as state and county public health and emergency management agencies. Northwest will make the network available to these agencies during national, state or local emergencies.

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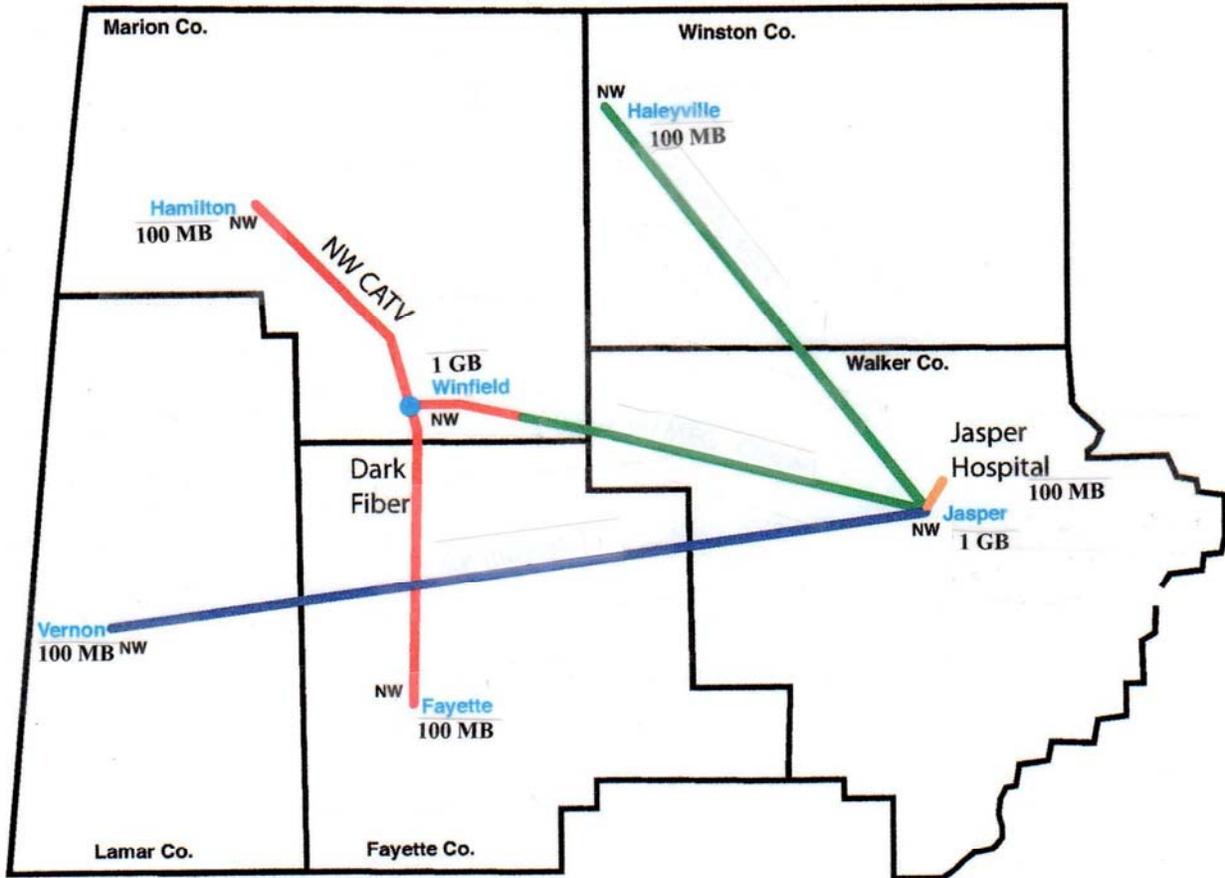
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FUTURE MENTAL HEALTH NETWORK FOR NORTHWEST ALABAMA MENTAL HEALTH

02/09/2009



Legend

- Existing
- NW Northwest Mental Health

