

Southern Ohio Health Care Network
April 2009 Quarterly Report for 1st Quarter of 2009

I. Project Contact & Coordination Information

A. The Southern Ohio Health Care Network (SOHCN) is incorporated as a 501(c)(3). The following is a list of SOHCN board members as of the close of the most recent quarter (March 31, 2009):

<u>Name</u>	<u>Position</u>	<u>Affiliation</u>
Marcus Bost	President	CIO, Adena Health System
Kristine Barr	Vice President	CIO/VP of Comm., O'Bleness Health System
Morgan Saunders	Vice President	Telecommunications Mgr., Holzer Consolidated Health Systems
Anthony Carna	Member	Neonatal Services, Nationwide Children's Hospital
Keith Coleman	Member	CFO, Adena Health System
Dr. Andy Eddy	Member	VP of Medical Affairs, Southeastern Ohio Regional Medical Center
Mark Harvey	Member	CIO, Holzer Clinic
Dr. Sathish Jetty	Member	CMIO, Adena Health System
Brian Phillips	Member	CIO, Ohio University College of Osteopathic Medicine
Tom Reid	Ex-officio	President, Reid Consulting Group
Eric Skomra	Member	IT Coordinator, Marietta Health Care Physicians, Inc.
Steve Trout	Member	Exec. Dir., Southern Consortium for Children

B. Contact information for responsible administrative officials:

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Tom@ReidConsultingGroup.com

C. The Southern Ohio Health Care Network Inc. Board of Directors is **legally** responsible for the conduct of activities supported by the FCC Rural Health Care Pilot Program (RHCPP) award. As the pilot project's fiduciary agent, Adena Health System is **financially** responsible for the conduct of activities supported by the FCC RHCPP award.

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D. The staff of Reid Consulting Group (RCG) has contacted and/or visited all eligible health care facilities in the thirteen (13) Phase I counties to explain the SOHCN project and collect FCC-required letters of agency (LOA) from each.

The SOHCN has been expanded to include a total of 34 counties. Phase II of the network build will be the 21 remaining counties not included in Phase I. RCG has commenced Phase II field work, contacting and visiting the eligible health care facilities to explain the project and collect LOAs.

As stated in our original application, Phase II implementation will likely be dependent on additional rounds of funding for the RHCPP, especially with the expanded geographic scope of the Southern Ohio Health Care Network.

Coordination with Region:

In April 2008, the Southern Ohio Health Care Network (SOHCN) agreed to merge with Holzer Consolidated Health Systems (HCHS), the other Rural Health Care Pilot Project receiving funding in southeastern Ohio. In August, HCHS and Adena Health System jointly petitioned USAC and the FCC to approve their merger request.

In the final quarter of 2008, the SOHCN board reviewed and offered comments/suggestions on the draft RFP prepared by Reid Consulting Group.

On December 5, 2008, FCC Wireline Competition Bureau Chief Dana R. Shaffer adopted an order accepting the merger request of the HCHS and SOHCN projects. As requested, the order names SOHCN as the successor to the HCHS Pilot Program project.

During the first quarter of 2009, USAC and RCG worked together to review the SOHCN's 465 Package. This often required RCG to act as the liaison between USAC and various SOHCN members to answer USAC's eligibility questions.

Upon successful completion of the 465 review process, the SOHCN's Form 465, 465-Attachment and RFP were posted publicly on March 31, 2009. RCG was able to use its newly created SOHCN listserv to periodically update HCPs, carriers, vendors and other interested parties on the 465 posting process throughout the first quarter of 2009 and will continue to do so for the duration of the project.

A mandatory pre-bid web conference was scheduled for all parties interested in responding to the SOHCN RFP on April 10, 2009.

Coordination with Government:

RCG is in regular contact with USDA Rural Development (both state and federal offices), Governor Voinovich's Office of Appalachia, and our region's three ARC local development districts: Ohio Mid-Eastern Governments Association, Buckeye Hills – Hocking Valley Regional Development District, and Ohio Valley Regional Development District. All of the above agencies are kept informed of SOHCN's progress.

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SOHCN is also in regular contact with the staffs of Rep. Zack Space (OH-18) and Rep. Charlie Wilson (OH-6). Both congressmen are adamant that SOHCN's expansion of broadband penetration must benefit not just the health care industry but entire communities throughout our region.

SOHCN has partnered with Congressman Space to advance a set of 4 proposals known as Connecting Appalachia, which will improve health care in our region and deploy broadband infrastructure for economic development and education purposes.

In February 2009, RCG and SOHCN Board President Marcus Bost travelled to Washington, D.C. for a series of meetings to discuss SOHCN's objectives and progress. We met with representatives from HRSA's Office of Rural Health Policy, FCC's Wireline Competition Bureau, USDA's Rural Development Broadband Division, Congressman Space and Congressman Wilson's offices.

Coordination with Technology Community:

SOHCN's OARnet liaison is Dennis Walsh, director of partner relations for OARnet's Technology Infrastructure division. RCG President Tom Reid participates in a weekly conference call with Internet2 staff, partners and stakeholders. Walsh is slated to participate on the scoring team when SOHCN reviews its RFP responses.

II: List of Health Care Facilities Included in the Network

Please see attached Excel spreadsheet for a list of participating sites, addresses and all requested information on each.

III. Network Narrative

SOHCN has retained Reid Consulting Group to administer the network design and build. Reid Consulting Group specializes in data network planning, construction and maintenance, President Tom Reid has contracted with a network engineer, and they prepared the RFP currently posted at www.usac.org/rhc-pilot-program/tools/search-postings-2008.aspx#OH

RCG has conducted multiple rounds of engineering discussions with several interested carriers to explain the intended architecture and refine our understanding of carrier offerings.

The following slides provide an overview of the proposed network design:

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Foundation of Approach

- ¥ Achieve **Pervasive Access**
- ¥ Build-on and Create **Partnerships**
- ¥ Deploy **Open Architecture** solutions.

Draft

3 Sept 08



Open Architecture One Connection

- ¥ Supports secure intra-agency traffic.
- ¥ Any-to-any connectivity:
 - Within the SOHCN
 - To OSCnet
- ¥ Performance for HD telemedicine.
- ¥ Internet access options.



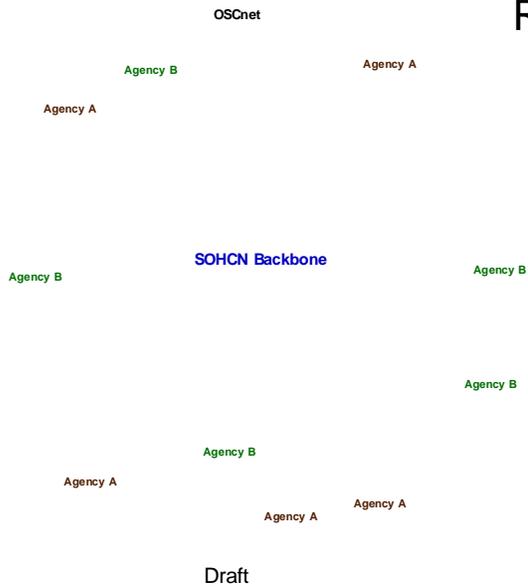
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Open Architecture Robust Backbone



- ¥ Fiber optic ring(s) for reliability.
- ¥ High speed backbone.
- ¥ Capacity to spare for other needs.
- ¥ Delivers metropolitan class service to Southern Ohio.

Draft

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SOHCN Backbone

Link Options



- ¥ Dedicated: 10/100/1000 Mbps from facility to SOHCN backbone. QoS from edge outward.
- ¥ Shared: 10/100/1000 Mbps from facility into Carrier Network. Aggregate link to SOHCN Backbone. QoS and performance specs. from edge device through the Carrier Network. Carrier Network dual homed into SOHCN backbone.

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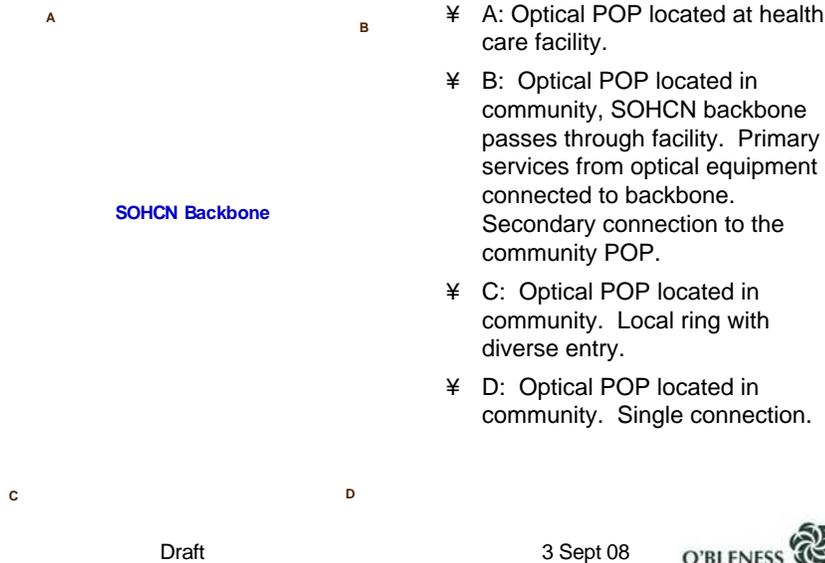
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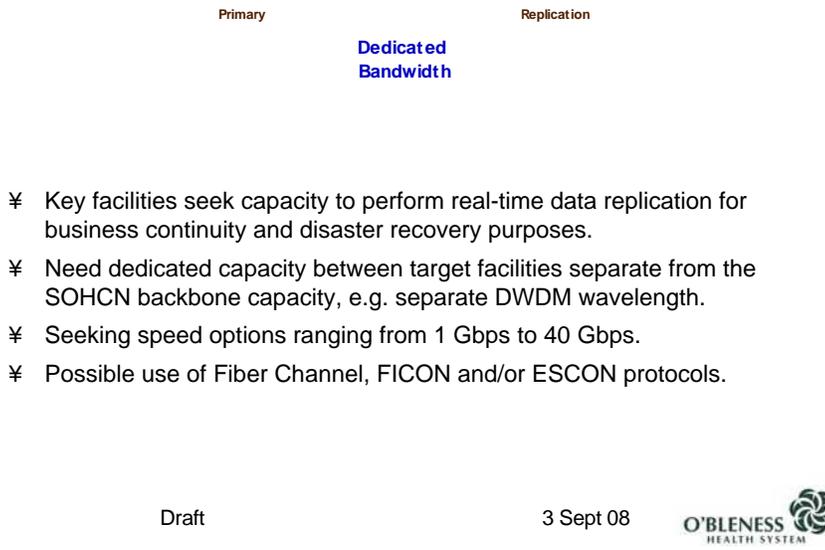
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Key Facility Connectivity Options



Data Replication Links



- ¥ Key facilities seek capacity to perform real-time data replication for business continuity and disaster recovery purposes.
- ¥ Need dedicated capacity between target facilities separate from the SOHCN backbone capacity, e.g. separate DWDM wavelength.
- ¥ Seeking speed options ranging from 1 Gbps to 40 Gbps.
- ¥ Possible use of Fiber Channel, FICON and/or ESCON protocols.

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IV. List of Connected Health Care Providers

SOHCN does not yet have any health care providers that are connected to the network and operational.

V. Non-Recurring and Recurring Costs

SOHCN has not yet incurred any non-recurring or recurring costs.

VI. Apportioned Costs & Funding Sources to Pay Them

SOHCN will not be able to initiate the process of apportioning costs until the Board has selected a winning bid. Adena Health System is prepared to pay its 15% match when costs are incurred. RCG has made preliminary inquiries with other government agencies, representatives and grant programs to identify funding sources for eligible health care providers that will not be able to afford their 15% matches.

VII. Requirements & Procedures Necessary for Ineligible Entities' Network Participation

All ineligible sites listed in Section II are owned by or in some way affiliated with SOHCN's eligible agencies. These ineligible locations understand their responsibility for paying 100% of their network participation costs.

VIII. Updates to Project Management Plan

A. As stated above, during the second quarter of 2008, the Southern Ohio Health Care Network was incorporated as a 501(c)(3). SOHCN formed a Board of Directors and elected officers.

In the fourth quarter of 2008, the FCC approved the merger request of the Southern Ohio Health Care Network and Holzer Consolidated Health Systems. The resulting joint project will fulfill the objectives stated in **both** original funding proposals.

At the SOHCN Board's meeting of October 2008, members unanimously agreed to create a co-vice presidency and appointed HCHS Telecommunications Manager Morgan Saunders vice president in order to more accurately reflect SOHCN project leadership post-merger.

There were no changes to the project's management structure made in the first quarter of 2009.

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B. Project Plan/Schedule

USAC's 465 Package review process took longer than we expected, which put the project a bit behind the schedule included in our last quarterly report. Here is the updated schedule:

<u>Year:</u>	<u>Quarter:</u>	<u>Objectives:</u>
2009	2 nd	Accept and evaluate Phase I proposals
2009	2 nd	Award winning bid for Phase I
2009	3 rd – 4 th	Implement Phase I network build
2009	3 rd	Submit and post Phase II RFP
2009	3 rd	Accept and evaluate Phase II proposals
2009	4 th	Award winning bid for Phase II
2010	1 st	Have Phase I sites fully operational
2010	1 st – 3 rd	Implement Phase II network build

IX. Network's Self-Sustainability

At USAC's request, Reid Consulting Group has prepared and submitted the following SOHCN Sustainability Plan.



Southern Ohio Health Care Network (SOHCN)



WC Docket No. 02-60

Sustainability Plan

15 January 2009

On behalf of RHCPP Recipients

Adena Health System – Chillicothe, Ohio
Holzer Health Systems – Gallipolis, Ohio
O’Bleness Health System – Athens, Ohio
and
All SOHCN Members

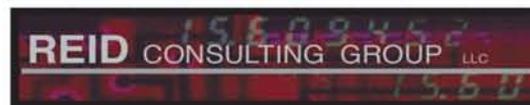
Contacts:

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SOHCN Sustainability Plan



Southern Ohio Health Care Network Fiber-Optic Backbone



The Challenges

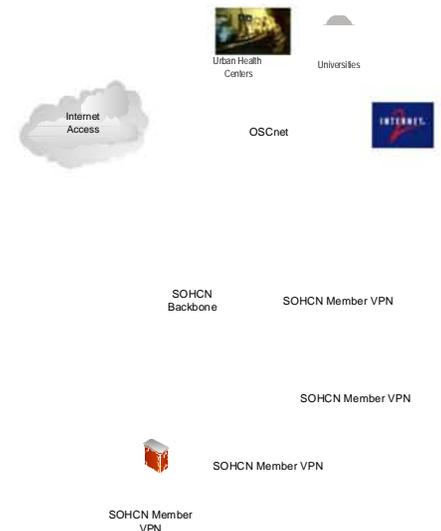
The Southern Ohio Health Care Network (SOHCN) is a consortium of health care providers serving a population of 1.7 million across thirty-two rural counties spanning over 16,000 square miles of Southeast Ohio. The SOHCN service area includes the ten poorest and all six ARC-distressed counties in Ohio. Federal health-care designations blanketing the SOHCN region include Health Professional Shortage Areas (HPSA), one-dozen Critical Access Hospitals (CAH) and 40+ Federally Qualified Health Centers (FQHC).

Given these circumstances, health care professionals in Southeast Ohio are all too familiar with the challenges of practicing medicine in an impoverished, geographically isolated region. Broadband medical tools will provide the critical leverage needed to increase efficiency, improve outcomes and lower costs, but the required high-quality network connections remain unavailable.

The Solution

SOHCN objectives include:

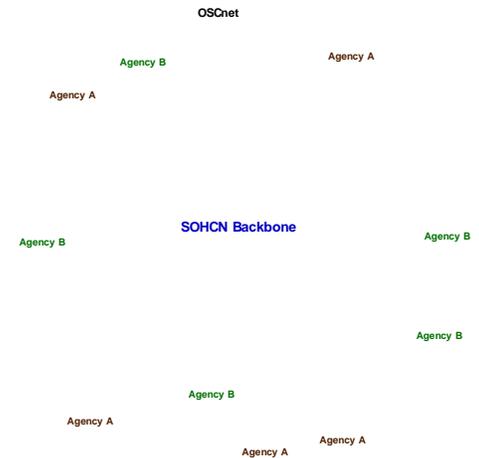
- Create an inclusive and sustainable broadband health care network open to all providers in the service area.
- Enhance sustainability of rural medical practices.
- Develop deeper, mutually beneficial collaboration among health care providers.
- Expand telemedicine capacity through immersive telepresence based on high-definition video, high-fidelity audio and the latest diagnostic equipment.
- Deliver high-impact continuing education programs for physicians and allied health professionals.
- Support a progressive community health record project and efforts to create a regional health information organization (RHIO).
- Participate in statewide efforts to build a unified health care information infrastructure and cooperative clinical services.



The SOHCN has already been awarded \$16.1 million under the FCC Rural Health Care Pilot program (RHCPP). The SOHCN originated with a partnership between the Adena Health System and O'Bleness Health System, resulting in an application for \$14.3 million in funding from the RHCPP. In addition, Holzer Consolidated Health System also received an award for \$1.8 million. Holzer agreed to join the SOHCN, pooling the collective resources to magnify the impact further. A formal merger request was approved by the FCC in late 2008.

With the FCC funding we are partnering with carriers to build the SOHCN Fiber-Optic Backbone that will deliver:

1. Connection of rural health care providers, large and small, to the robust network, subsidized by as much as 85%
2. Fiber-optic rings to provide the reliability necessary to support real-time health care innovations
3. Metropolitan-class broadband services in Appalachia available to businesses in the SOHCN communities at urban-market rates
4. Expanded residential broadband services



Key Sustainability Factors

Our keys to network sustainability include the following:

- Support from three of the largest non-profit health care systems in the region (Adena Health System, O'Bleness Health System & Holzer Consolidated Health Systems)
- Partnering with telecommunication carriers to build and operate the fiber optic network
- Buy down of capital costs with the FCC funds to keep recurring costs within the budget range of our participating rural providers
- Expenses for existing T-1s and other communications facilities will remain committed to the SOHCN project
- Increased reimbursement for telemedicine services in the future
- Efficiencies gained through use of broadband health care tools
- More effective sharing of medical expertise and information within the region

Broadband health care tools will allow the SOHCN to improve the quality and reduce the cost of health care services:

- Critical and intensive care consultations from urban medical centers to rural hospitals using HDTV quality picture and sound
- At-home telemedicine for chronic conditions, improving health and reducing hospitalizations
- Communities of interest sharing best practices, responding to public health emergencies and delivering continuing medical education



The SOHCN Inc. is a 501(c)(3) operated by an independent board under the fiduciary oversight of the Adena Health System Inc., 272 Hospital Road, Chillicothe, Ohio 45601

Project Partners

The SOHCN has secured the support and involvement of numerous partners. These partnerships will propel the SOHCN beyond mere sustainability into full realization of our broad agenda.



- Buckeye Hills – Hocking Valley Regional Development District (BH-HVRDD)
- Ohio Valley Regional Development Commission (OVRDC)
- Ohio Mid-Eastern Governments Association (OMEGA)



Sustainability Details in the SOHCN RFP

We have included sustainability provisions in the SOHCN RFP. The following excerpts highlight the key provisions impacting sustainability. Of course, the overall design and procurement process is also key, but we refer readers of this sustainability plan to the full RFP for additional details.

1.3. Foundation of Approach

The SOHCN seeks to fulfill its mission based on three guiding principals:

1. Provide pervasive access to broadband services for the health care entities and the community at large
2. Achieve this ambitious mission by building on and creating partnerships with Carriers
3. Deploy open architecture solutions to provide full interoperability across the SOHCN, the State of Ohio and the nation

1.4. Partnerships with Carrier(s)

Through this RFP, we intend to form partnerships with one or more Carriers to create and operate the SOHCN. This model features the health care providers as the “anchor tenants” to justify the investment by Carriers in our underserved region. The FCC funding provides the basis for the SOHCN Members to afford high-speed connectivity. From Carriers, we seek commitments to serve the health care facilities and to expand broadband in communities across the service region. Community broadband commitments could include:

- New types of broadband services
- Extended range of existing broadband services

1.6. Importance of Community Broadband

The reasons for the SOHCN focus on improving community broadband are simple:

- a. Physician homes have emerged as a critical target for broadband deployment, providing essential after-hours coverage for rural facilities.
- b. The quality and efficiency of in-home patient care can be significantly improved by using technologies that rely on residential broadband connectivity.
- c. The financial strength of the rural health care providers depends on the overall economic well being of the region. Broadband for small businesses and residential customers provides an essential ingredient for economic growth.

Widespread broadband adoption across the region will improve the long-term sustainability of health care broadband through the economies of scale.

3.1. Master Services Agreement with the SOHCN Inc.

The SOHCN Inc. will execute a master services agreement (MSA) with the Carrier(s) selected to implement the SOHCN. The SOHCN Members will decide which connection options to exercise. The SOHCN MSA will in no way obligate the Southern Ohio Health Care Network to purchase any guaranteed set of products or services.

3.2. Connections to SOHCN Member Facilities

Installation of connections under the SOHCN MSA will be as a result of contracts between individual SOHCN Members and the Carrier(s) under the terms and conditions of the SOHCN MSA(s). Beyond the capital buy down for eligible facilities, the SOHCN members are responsible for paying all costs related to the services for which they contract under the SOHCN MSA(s). In no way does the SOHCN Inc. bear responsibility for such costs, collections and/or bad debt.

3.3. Connections to Community Entities in Service Area

The SOHCN intends to benefit the general community as well as the SOHCN Members. Explain your company’s willingness to extend the terms, conditions and pricing in the SOHCN MSA to Community Entities.

3.4. Duration of Agreement and Contracts

1. The MSA between the SOHCN Inc. and the Carrier(s) shall become effective immediately upon signing by selected Respondent(s) and the SOHCN Inc.
2. The term of this MSA will be for a period of eleven (11) years, during which time SOHCN Members may purchase connections, equipment, supplies and services as specified in the bidder's response.

The contracts for service with SOHCN Members for connections to their facilities will be for a period of up to ten (10) years depending on when, during the term of the MSA, the SOHCN Member elects to install the connection(s) for their respective facilities.

3.5. Capital Buy Down Formula and the Standard Rate Formula

In the pricing sections for connections we seek the results of two rate formulas:

- *Standard Rate Formula* = Respondent's standard approach for pricing connections.
- *Capital Buy Down Formula* = Respondent front-loads the cost of the connection by offering a one-time price that includes related capital expenses so that a lower monthly recurring price can be offered.

3.6. Long-Term Sustainability

The FCC requires that the networks built with RHCPP funds offer long-term sustainability. After the eleven (11) year term of the MSA, will you commit to hold the rates for existing connections as a "not to exceed" cost for the connections on an on-going basis? For how many years will you commit to this "not to exceed" pricing? What other offers regarding sustainability does your company offer to the SOHCN?

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X. Network's Role in Advancing Telemedicine

Given that our network has yet to be built, we have not had a measurable impact on telemedicine in our part of the state. However, in late September 2008, we were notified that our proposal to the USDA Rural Development's Distance Learning & Telemedicine program was successful. The \$277,695 grant award will provide four of the health care facilities in Phase I with telemedicine equipment and training. We submitted a 2009 USDA DLT proposal this March and are waiting to hear if it too will be successful.

XI. Compliance with HHS Health IT Initiatives

We have not completed the competitive bidding process or network build yet. However, when we do, we intend to comply with all HHS initiatives and interoperability standards in order to support the creation of the Nationwide Health Information Network.

When the SOHCN is fully operational, it will be a tremendous support for our fledgling RHIO, the Appalachian Health Information Exchange (AHIE). AHIE has been floundering without broadband connectivity in Southern Ohio. The SOHCN will provide AHIE with central data storage of patient and public health information.

XII. Coordination with HHS in Public Health Emergencies

The SOHCN is not yet operational and so has not been capable of facilitating coordination with HHS. While we hope to never encounter public health emergencies in our region, we are confident that the connectivity an operational SOHCN will provide our participating health care facilities will enable them to fully cooperate with HHS and its Centers for Disease Control and Prevention.

This report was prepared and submitted by Reid Consulting Group LLC, 4 Elizabeth Drive, Athens, OH 45701. Questions? Call (740) 590-0076