

Pennsylvania Mountains
Healthcare Resource Development

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Federal Communications Commission
Office of the Secretary

Thomas Buckley
Senior Deputy Division Chief
Telecommunications Access Policy Division
Wireline Competition Bureau, FCC
445 12th Street SW
Washington, DC 20554

RE: Merger of PMHRD and JVN RHCPP projects -- WC Docket No. 02-60

Dear Mr. Buckley,

The following items summarize our responses to questions submitted by the FCC in relation to the proposed merger of the Pennsylvania Mountains Healthcare Resource Development (PMHRD) and the Juniata Valley Network (JVN) Rural Health Care Pilot Program projects.

Background on Reasons for the Merger

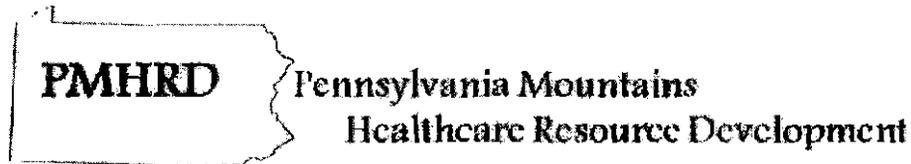
Several unanticipated events resulted in the collapse of the JVN project and subsequent request to merge with the PMHRD project. These events included the following:

- 1) Lack of "critical mass" of participants in the project. After final details of the RHCPP funding were published, several original participants were found to be unable to get subsidies for their networking connectivity and were unable to contribute their fair share to the project costs. They had to withdraw.
- 2) Originally, costs for the purchase of video conferencing equipment (and other supporting equipment) were included in the RHCPP request. Subsequently, it was determined that these costs would not be funded as a part of the project and further weakened the projects viability.
- 3) Finally, with time running out to secure FCLs, talks were initiated between the two projects and it was determined that a combined project could be accomplished with PMHRD that would include a similar set of objectives to the original plans.

PMHRD will provide the project management for the overall network implementation. The dollars anticipated for the JVN hospital participants should be well under the original \$3.3M in the project. In return for the project management services, PMHRD hospitals will be able to access any funds available

No. of Pages
List A 10

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(beyond connecting the JVN facilities) to provide networking to many additional clinics and doctors' offices.

PMHRD's role in the Project

PMHA, the original named RHCPP project coordinator, is a "for profit" entity. It was clear that a "not for profit" organization was required to facilitate the network project activities and funding process. The PMHA hospitals were already working on creating a 501(c)(3) organization for other activities and it was determined that this organization, Pennsylvania Mountains Healthcare Resource Development (PMHRD), would be the most expeditious means to accomplish this end. PMHRD became the entity of fiduciary responsibility for the original PMHA project during the process of the 465 submission to USAC. PMHRD will provide project management; coordinate the billing & collection of funds from the participants and payments to the network provider.

Funding of Projects

PMHRD and JVN jointed request that all of the funds originally designated for the JVN project (\$3,310,048) will be transferred to the PMHRD project. Each of the participants has agreed to fund the balance of the cost for project participation – typically the 15% of actual costs required as local contributions toward the project. All cost savings through elimination of redundancy between the projects will be directed into broadening the reach of the network to local clinics and hospital owned doctor's practices (not-for-profit health care entities).

Project Objectives Clarification

Three of the original JVN project objectives did not fit together well with the original PMHRD project objectives. Those three (listed below):

- 5) Improve the capability to broadcast medical educational programming to local schools in the region. These programs would include educational content on diabetes, nutrition, obesity, and asthma.
- 7) Complete an initial network planning study to study the costs and feasibility of creating a wireless broadband health care network in the entire JVN region that could be accessed by home health care nurses and paramedics.



**Pennsylvania Mountains
Healthcare Resource Development**

- 8) Increase the interaction between local health care facilities, the Lewistown Hospital School of Nursing, and School Based Health Clinics.

The local intermediate units (school districts) withdrew their participation in the project after approval and subsequently the interest and ability to complete original objectives 5) & 8) eliminated. These were not core to the delivery of improved health care to the region and were considered incremental benefits. Objective 7) was a lesser priority activity and was eliminated in favor of maintaining a high level of focus on the core objectives of the new consolidated project.

Should you have any further questions on the proposed merger, feel free to contact me,

Thank you,

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