Health Information Exchange of Montana

• Non-profit Regional Health Information Organization (RHIO)

• Electronic health records, health information exchange, remote digital imaging and telemedicine/telehealth

• Owned by 5 hospitals & 2 community health centers; strategic partnership with the University of Montana

• RHCPP Awardee; $26M requested; $13.6M awarded
Health Information Exchange of Montana

• **The Green Route**
  – 185 miles across Continental Divide
    • BNSF Railway Partnership; 24 fiber count backbone
    • Completed February 2011; awaiting final bill; likely to be under budget
      – RHCPP FCL $4,445,500
      – HIEM Match $784,500
  – Last-mile connections to 7 healthcare and education sites
    • Excess capacity bandwidth exchange partnership with non-profit telephone cooperative
    • Completed Spring 2011
      – RHCPP Cost $0
      – HIEM Cost $136,110 + electronics/optronics (RFP #5)
Health Information Exchange of Montana

• **The Yellow Route**
  
  – 90 miles from Kalispell to Libby, MT
    
    • 24 fiber count aerial route to connect 6 healthcare and healthcare education sites
      
      – Lincoln County (Libby) is the site of a major Super Fund clean-up and also has the 2\textsuperscript{nd} highest unemployment rate in the state (20.2% @ January 2011)
    
    • Funding commitment request to be filed in April
      
      – Summer 2011 construction
        
      – Estimated total cost $3.25M
    
    • Developing excess capacity partnership to provide matching funds and ongoing operations and maintenance support
Health Information Exchange of Montana

• The Navy Route

  – 130 mile route for temporary leased connections
    • Will provide:
      – 1Gb backbone between vendor neutral hubs in Missoula and Kalispell
      – Minimum 100 Mb connections to 13 healthcare and healthcare education sites
    • Vendors selected; USAC funding commitment requests filed last week

  – HIEM request for additional funding will allow replacement of these leased connections with the Red Route
Funding Commitment and Invoicing Dates Should be Extended

- Extend deadline to complete RHCPP funding commitment requests
  - 9 month further extension to 3/31/2012
  - Will ensure HIEM can deploy remaining $6.5 million in awarded funds

- Extend deadline for invoicing
  - 5 years from *each* FCL (rather than *initial* FCL)
  - Appropriate given time between FCLs
HIEM Request to Access Unused Funds

• HIEM was conceived as a $26 million dollar effort to be expended over 5 years
  • Initial FCC award reflected first two years of expenditures (about 62% of total).
  • Significant available RHCPP funding due to relinquished awards and idle projects.

• HIEM seeks to complete its originally proposed design
  • Will include connections to U.S. UCAN and Northern Tier Network as well as redundancy throughout the network
HIEM Request for Unused Funds

– Health care providers have special needs. Service quality, physical redundancy and bandwidth needs much greater than general residential and commercial customers

– Rates, terms and conditions should not be unilaterally dictated by telecommunications providers

– Existing carriers are, of course, free to bid on all HIEM RFPs and have been successful in some cases
HIEM Request for Unused Funds

- Funds are available – no need to draw funds new funds from consumers.

- Deployments will be done quickly and efficiently because HIEM is familiar with program rules and actively deploying now.

- Community needs in northwestern Montana are extraordinary, and can be met long before CAF and RHC items are fully implemented.
**Benefits of HIEM Request for Additional Funds**

• HIEM is a cooperative part of the rural broadband ecosystem

  – HIEM has worked closely with telcos to make this new fiber available to improve their reach, capacity and redundancy. Enormous benefit to HIEM, telcos, and communities.

  – Use of excess capacity helps to sustain HIEM’s network, minimizing or eliminating the need for additional program funds throughout the network’s useful life.
Building vs. Leasing – Case Study

• A competitively bid, 90 mile, 24 fiber strand build from Kalispell to Libby will cost $3.25M

• To lease this same capacity for 5 years plus connect health care facilities to the backbone (17 miles) would cost at least $5.3M

• At the end of five years, the facility goes dark unless HIEM returns to the government for additional funding

• Over 30 years, HIEM’s cost would balloon to more than $28.7M – hardly a “cost effective” option
Competitive Bidding Is Essential to Program Efficiency

– Competitive bidding effectively determines whether building new facilities is more cost effective than leasing existing facilities

– Participants must choose the most cost-effective bid, whether it be a lease or a build option
  • If Montana RLECs, who receive $71M in annual subsidies, cannot win a bid when they have existing fiber in the ground, then further examination is warranted.

– Today, excess capacity allows RLECs to deliver services to consumers that was not previously available, such as:
  • bandwidth exchanges
  • wholesale leasing of excess capacity
Summary of Construction Program and Excess Capacity Benefits

• Building facilities and using excess capacity to sustain networks:
  – Is a critical means to ensure program funds are used efficiently through one-time investments
  – Is consistent with the Act
  – Promotes infrastructure sharing, critical redundancies, and efficiencies
  – Avoids perpetual dependence on USF subsidies
Questions