

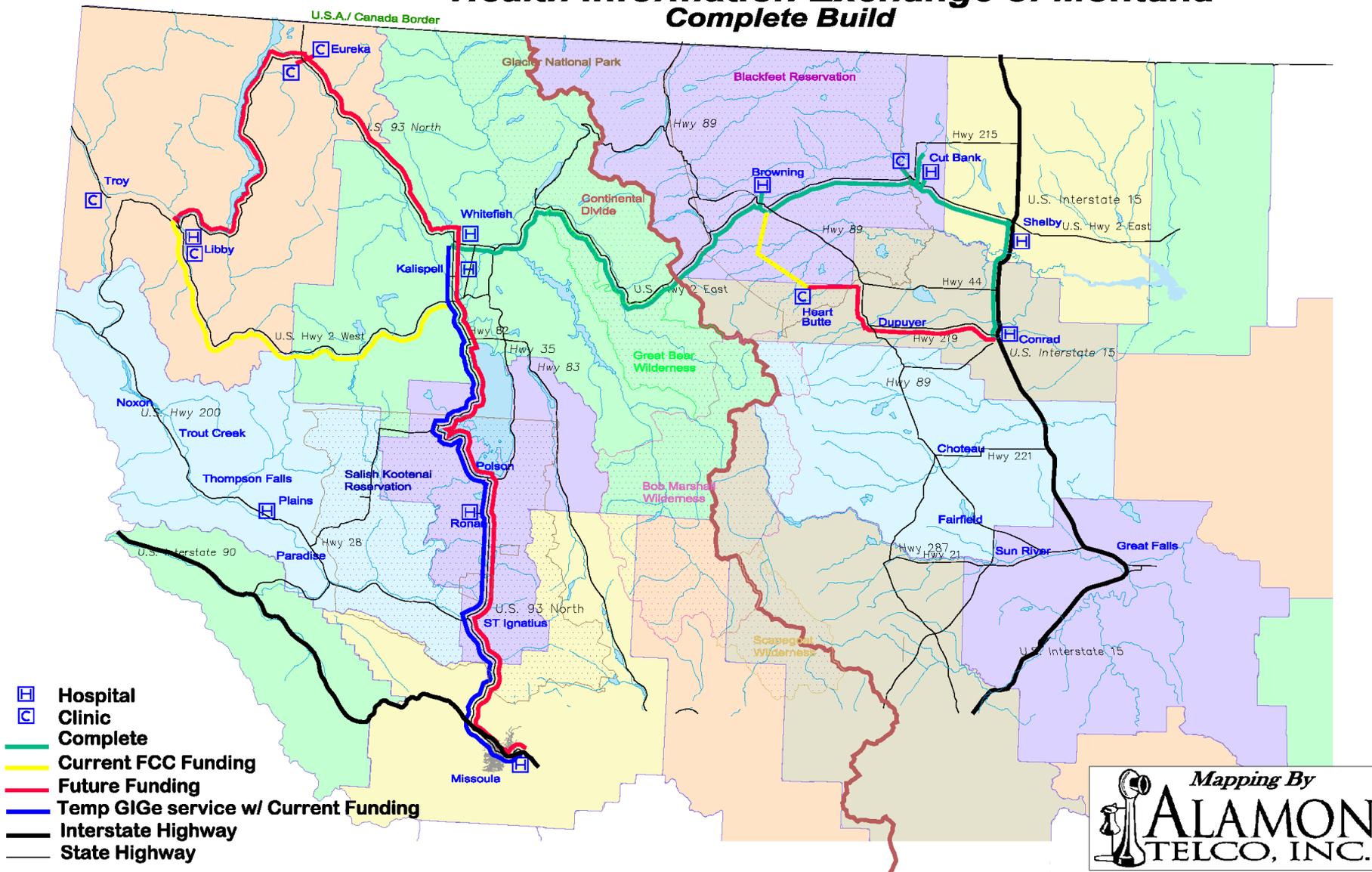


**HEALTH INFORMATION EXCHANGE OF
MONTANA**

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 Complete Build



Mapping By
ALAMON
 TELCO, INC.

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 2nd 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