Palmetto State
Providers Network

Beyond Network Sustainability:
Building on a Pilot Program Success Story

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Agenda

• Introduction
• Transition to the Rural Health Care Program
  – Calculating Support
  – Consortium Application
• Rural Health Care Reform
  – Expanding Eligibility
  – Broadband Services Support
Pilot Program Success

- $7.9 million Award
  - 55 sites currently connected
  - 140+ total sites expected by 2012
  - Projecting 100% utilization
  - PSPN architecture dramatically reduced costs while increasing services and capacity

- Network Highlights
  - Network as a service
  - 10 MB – 1 Gb Ethernet at edge
  - Postalized pricing
  - Sustainability contemplates continued RHC support
About PSPN

• Provides broadband access to hospitals, community healthcare centers, and physicians’ offices across South Carolina – improving delivery of medicine and lowering costs.

• Organized as a subsidiary of the Health Sciences South Carolina (HSSC), which is a statewide collaborative bringing together South Carolina’s four largest healthcare delivery systems and its two academic medical schools, among others.

• Overall goal is to improve health status, education, and economic well-being for all South Carolinians.
About FRC, LLC

- Owned by SCANA Communications Inc & PalmettoNet
- Employs regional fiber optic network owned by SCANA & PalmettoNet for core backbone
- Competitively bid 10-year contract to provide network services to PSPN
The Pilot Program

• “[E]xpressly designed to explore, from the ground up, how to best encourage the deployment of broadband facilities necessary to support the enormous benefits of telehealth and telemedicine applications.”
  – RHCPP Selection Order at ¶ 15

• “A primary goal of the Pilot Program is to ensure the long-term success of rural health care networks . . . .”
  – RHCPP Selection Order at ¶ 54
Beyond the Pilot Program

• **Approved PSPN Sustainability Model**
  – Services only (no owned infrastructure)
  – Purchasing power drives down cost/price
  – RHC program support after 3 years (rural only)

• **RHC funding needed in FY 2012**
  – Pilot Program funding ending for some PSPN sites
  – Approved 10-year “Evergreen” contract in place
  – Need to determine RHC support calculation
PSPN Network

- Any-to-any connection, similar to Internet
- Flat rate for connections anywhere on network
- A single, PSPN Ethernet connection serves multiple purposes
  - Internet
  - Private broadband
  - EMR
  - Telemedicine, video, etc
- Provides one invoice to USAC vs multiple invoices
- PSPN manages entire network except HCP’s local LAN
- PSPN provides high bandwidth, private broadband for superior security and performance vs Internet
PSPN Network

• All sites obtaining Managed Ethernet services
  – 1000 Mbs for large hospitals; everyone else 10-100 Mbs
  – Typical customer support functions such as network monitoring

• Fees for 10 Mbs Service
  – Urban and rural sites pay service fees consisting of:
    • Port fee - $410 MRC
      – Non-site-specific distance sensitive costs
    • Local loop - variable MRC for rural; ≈ $700 MRC for urban
      – Costs of connection from site location to PSPN hub
Traditional HCP IT Connections

• Linear point-to-point circuits with single purpose
  – Results in many unnecessary connections to HCP
• Multiple vendors for local loop and long haul

• Longer connections often feature distance sensitive rates
• HCP manages multiple connections, security, performance, billing, etc.
RHC Discounts

- **Section 254(h)(2) – Advanced Services**
  - Pilot Program
    - 85% subsidy for both urban and rural
    - Limited in amount and time
  - Internet Access Support
    - 25% subsidy
  - *Proposed* Health Broadband Services Program
    - 50% subsidy

- **Section 254(h)(1)(A) – Urban-Rural Difference**
  - Discount equal to an amount necessary to provide “reasonably comparable rates” for “similar services” as between rural and urban areas of a State.
Calculating RHC Support

• **Eligible sites receiving eligibles services**
  – “Ethernet” is an eligible telecommunications service

• **Proposed RHC support calculation for PSPN**
  – Urban-Rural Difference
    • Discount = Rural base rate minus urban base rate
    • Example (10 Mbs):
      • Urban base rate = $700 urban local loop MRC
      • Rural base rate = $410 port fee plus $900 rural local loop MRC
      • ($410 port fee + $900 rural local loop) - $700 urban local loop = $610 in RHC support
  
  – Maximum Allowable Distance (MAD) does not apply
    • Distance from site to core will never exceed MAD;
    • Each site funding its share of edge-core connectivity; ability to reach back out from core to edge (or outside state) funded by others.
Beyond the Pilot Program

• *Consortium Application Process*
  – Sustainability depends on member participation
    • Member participation depends on PSPN managing the RHC application process on behalf of members
  – Rules specifically establish consortia as eligible entities. 47 CFR §§ 54.601(a)(2)(vii); 54.601(b)
    • RHC program forms both contemplate consortia participation yet require site-specific form filing.
    • Hybrid application process to support pilot migration?
    • Would like to work with USAC
RHC Reform – Eligibility

• **The Issue:** Rural for-profit health care clinics and sole practitioners are the only health care providers in many remote and rural communities, yet cannot afford needed investment for broadband and lack technical expertise/resources to address technology requirements.

• **Recommendation:** The FCC should recognize rural for-profit health care clinics and sole practitioners that either bill Medicare or have patient volumes consisting of a certain percentage of Medicaid beneficiaries as eligible “public health providers.” This would be an appropriate and logical extension of the FCC’s current policy of recognizing emergency departments of rural for-profit hospitals as eligible public health providers. This recommendation received overwhelming support among commenters. (Courtesy OHN.)
RHC Reform – Broadband Services

• **The Issue:** FCC proposed Health Broadband Services Program (HBSP) – 50% subsidy. Widely supported and uncontroversial.

• **Recommendation:** The FCC should implement HBSP in time for pilot projects to obtain FY 2012 services. Should consider supporting urban sites if part of consortia with non-\textit{de minimis} rural participation.