

Lifeline provider.⁴⁵¹ Automatic enrollment may also prevent ETCs from complying with certification and other requirements we adopt in this Order meant to reduce waste in the Fund. In states with automatic enrollment, automatically enrolled consumers are unable to attest, under penalty of perjury, that they are the only person in their household receiving Lifeline prior to enrollment.⁴⁵² In light of the rule changes we adopt today, states with automatic enrollment programs must modify those programs, as necessary, to comply with our rules, so that consumers are not automatically enrolled without consumers' express consent.

174. While we place limitations on how states' automatic enrollment processes can be utilized, we encourage coordinated enrollment and recognize coordinated enrollment as a best practice in light of the overwhelming support in the record and the benefits of coordinated enrollment. We also note that coordinated enrollment processes can increase the effectiveness of state eligibility databases which are currently in use and any national eligibility database which the Commission may adopt in the future.⁴⁵³

175. A number of states currently engage in or are implementing coordinated enrollment.⁴⁵⁴ For example, in 2007, Florida's Department of Children and Families (DCF) and the Florida Public Service Commission (FL PSC) established a coordinated enrollment system in which applicants to three Lifeline eligible programs (Food Stamps, Medicaid, and Temporary Assistance to Needy Families) can also apply for Lifeline benefits at the same time.⁴⁵⁵ When a consumer receiving benefits from DCF enrolls in one of these three DCF programs online, the consumer is also presented with the option to enroll in Lifeline.⁴⁵⁶ If the consumer affirmatively enrolls in Lifeline, the consumer selects an ETC from a list.⁴⁵⁷ The list of consumers and their ETC selections are sent to the FL PSC. The FL PSC then sends each ETC the list of consumers who selected that ETC as their Lifeline provider.⁴⁵⁸ Nebraska has a similar coordinated enrollment process in which at least some consumers apply for Lifeline at the

⁴⁵¹ For example, both TracFone and Virgin Mobile provide Lifeline service in New York. See Assurance Wireless, How To Qualify for Assurance Wireless, available at <http://www.assurancewireless.com/Public/HowToQualify.aspx> (last visited at Jan. 18, 2012); Safelink Wireless; New York Questions, available at https://www.safelinkwireless.com/Safelink/program_info/faq/newyork; see also USAC Low-Income Disbursement Tool, <http://usac.org/li/tools/disbursements/default.aspx> (reflecting Lifeline disbursements to Safelink and TracFone in New York) (last visited Feb. 5, 2012).

⁴⁵² *Supra* n.52, *supra* para. 120.

⁴⁵³ As AT&T argues, an eligibility database would enable coordinated enrollment on a wider scale. See AT&T Reply Comments at 2 ("We support the Commission requiring states to implement coordinated enrollment, a process that we see as logically linked to a national Lifeline consumer database.").

⁴⁵⁴ See, e.g., DC PSC Comments at 6-7 ("The DC PSC notes that, in the District of Columbia, there have been discussions to consolidate the utility discount program certification activities with the public assistance certification activities performed by the Income Maintenance Administration ('IMA'), which handles public assistance applications in the District of Columbia....The DC PSC intends to continue its efforts to promote Lifeline adoption through coordinated or automatic enrollment."); FL PSC Comments at 23.

⁴⁵⁵ See FL PSC Comments at 20, 23. Lifeline consumers in Florida whose eligibility is based on a program that DCF does not administer (Supplemental Security Income, Section 8 Federal Public Housing, Low-Income Home Energy Assistance, National School Free Lunch, or Bureau of Indian Affairs Programs) might be required to provide additional documentation proving participation in these programs. *Id.* at 20.

⁴⁵⁶ See *id.* at 23.

⁴⁵⁷ See *id.*

⁴⁵⁸ See *id.*

Nebraska social services office where those consumers apply for and receive other qualifying benefits.⁴⁵⁹

176. In response to the *Lifeline and Link Up NPRM*, many commenters argue that the Commission should maintain the current policy of encouraging coordinated enrollment as a best practice.⁴⁶⁰ Commenters report that coordinated enrollment is an efficient and effective means of increasing participation in the Lifeline and Link Up programs while protecting against waste in the Fund. Commenters argue that coordinated enrollment helps ensure that only eligible consumers are enrolled,⁴⁶¹ increases awareness in the program,⁴⁶² makes enrollment more convenient for eligible subscribers,⁴⁶³ and by doing so, expands program participation.⁴⁶⁴ Others suggest that the Commission should make monies available from the Fund for states to use toward implementation of coordinated enrollment.⁴⁶⁵ While some commenters support mandatory coordinated enrollment,⁴⁶⁶ the majority oppose such a mandate as administratively and technologically infeasible and financially burdensome.⁴⁶⁷ We decline at this time to impose coordinated enrollment obligations on states but instead, given the substantial benefits offered by coordinated enrollment, continue to encourage state social service agencies to coordinate enrollment in Lifeline with other qualifying benefit programs.

177. We also note that coordinated enrollment is, in many cases, facilitated through access to state social services databases which allow for real-time verification of eligibility.⁴⁶⁸ Verifying eligibility at the beginning of the application process, either through coordinated enrollment at a state social services agency and/or by accessing an eligibility database at the time of application increases efficiency and effectively manages consumer expectations by ensuring that consumers know early in the process whether they are eligible for a supported service.⁴⁶⁹

178. Some states and ETCs query eligibility databases after the consumer has submitted their application but before the ETC initiates service.⁴⁷⁰ While these processes are not, by definition,

⁴⁵⁹ See NE PSC Aug. 8 *ex parte* Letter at 1 (noting that some consumers receive lifeline applications from the NDHHS).

⁴⁶⁰ See NASUCA Comments at 24; *see also* Alaska Commission Reply Comments at 14.

⁴⁶¹ See AT&T Reply Comments at 2; *see also* NJ DRC Comments at 21.

⁴⁶² See, e.g., CenturyLink Comments at 20; DC PSC Comments at 6; NJ DRC Reply Comments at 24.

⁴⁶³ See CenturyLink Comments at 20.

⁴⁶⁴ See NJ DRC Reply Comments at iii. FL PSC Comments at 23; Benton/PK/UCC Comments at 5; MAG-Net Comments at 14.

⁴⁶⁵ See, e.g., Consumer Groups Reply Comments at 8 (arguing that “without financial incentives to address the cost of developing and implementing these systems, coordinated enrollment will languish as little more than a best practice”).

⁴⁶⁶ See, e.g., AT&T Reply Comments at 2; LCCHR Comments at 8-9; Benton/PK/UCC Comments at 5.

⁴⁶⁷ See, e.g., Alaska Commission Reply Comments at 13; FL PSC Comments at 23; MO PSC Comments at 17; NY PSC Comments at 10; NASUCA Comments at 24 (stating that the Commission lacks the authority to impose such a mandate); IN FSSA Comments at 1; MITS Reply Comments at 3.

⁴⁶⁸ See *supra* para. 165.

⁴⁶⁹ See TracFone Aug 3 *ex parte* Letter at 3. (“ETCs are able to access those data bases and determine whether applicants for the Lifeline programs are enrolled in qualifying programs, without imposing a documentation burden on those applicants.”).

⁴⁷⁰ NE PSC Aug. 8 *ex parte* Letter (“Once a subscriber obtains the application from the NPSC, NDHHS, or from the carrier, and submits it to the NPSC, the NPSC staff reviews the application for completeness. If the subscriber’s eligibility is based on Medicaid, Food Stamps or Kids Connection, then the NPSC staff accesses NDHHS (continued....)”).

coordinated enrollment, they assist in improving administration of the Fund. By enabling the carrier or state to check eligibility prior to service activation, eligibility databases will likely eliminate a substantial amount of waste in the Fund. In the *FNPRM*, we seek further comment on the feasibility of establishing and/or mandating the use of databases capable of providing real-time eligibility verification.⁴⁷¹

VII. REFORMS TO ELIMINATE WASTE, FRAUD & ABUSE

A. National Lifeline Accountability Database

179. In this Order, we establish a National Accountability Database (“database”) to detect and prevent duplicative support in the Lifeline/Link Up program. We direct USAC to establish a database to both eliminate existing duplicative support and prevent duplicative support in the future. To accomplish these purposes the database must have a number of core functions, including the ability to receive and process subscriber information provided by ETCs to identify whether a subscriber is receiving a Lifeline benefit from another ETC. The database will utilize subscriber data provided by ETCs to identify and reduce current instances of duplicative support. The database must also be capable of accepting queries from an ETC to enable them to determine if a prospective subscriber is already receiving Lifeline support from another ETC. The record indicates that the cost to the Fund of establishing the database with these functions will be substantially outweighed by the amount of duplicative support which will be eliminated through operation of the database.

1. Background

180. As explained below, our ongoing oversight has revealed that a substantial number of subscribers are receiving duplicative Lifeline support, which includes individuals receiving two or more Lifeline benefits from ETCs as well as two or more individuals in a household receiving benefits from multiple ETCs. We conclude that without implementing additional measures to prevent duplicative Lifeline support, such waste will continue to increase, especially as additional ETCs begin offering Lifeline service. There is currently no mechanism for an ETC to verify, on its own, whether a prospective subscriber is receiving Lifeline benefits from another ETC because ETCs cannot view each other’s subscriber lists.⁴⁷² As a result, some subscribers receive Lifeline benefits from multiple carriers.

181. The Commission has taken steps to address waste and duplicative payments. The National Broadband Plan recommended that the Commission should “consider whether a centralized database for online certification and verification is a cost-effective way to minimize waste, fraud, and

(Continued from previous page)

information via a secured file and NPSC staff verifies that the subscriber is on the said program.”); OR PUC Aug. 24 *Ex Parte* Presentation at 2 (“When an applicant contacts the Oregon Commission or submits an Oregon-specific Lifeline application via mail, fax or online, the Oregon Commission’s staff searches the Oregon Commission database using the applicant’s complete Social Security number followed by the phone number and the first few letters of their first and last name...”); Letter from Sally Brown, Senior Assistant Attorney General, Washington, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 at 3 (filed Aug. 30, 2011) (describing three-way call between the consumer, ETC and social services agency at time of customer enrollment in Lifeline in order to verify Lifeline eligibility).

⁴⁷¹ See *infra* section XIII(A).

⁴⁷² See Sprint Reply Comments at 10 (“Lifeline service providers currently have no means to prevent duplicate discounts...and have experienced significant de-enrollment of otherwise eligible Lifeline customers because those customers fail to provide proof of their on-going eligibility during the verification process. A national database would effectively address both of these situations.”); Verizon and Verizon Wireless Comments at 10. We note that ETCs participating through the duplicates resolution process have been informed by USAC which of their customers in certain states are receiving duplicative support. However, this process is temporary and does not allow the ETC to determine whether a prospective customer is already receiving support from another ETC.

abuse.”⁴⁷³ In the *2010 Joint Board Referral Order*, the Commission asked the Joint Board to examine ways to eliminate waste, including how a database might streamline certification and verification and check for duplicative support “based on numerous such proposals in the record.”⁴⁷⁴ In the *2010 Joint Board Recommended Decision*, the Joint Board observed that many stakeholders recognize that a database could eliminate duplicative claims and “provide accurate and up-to-date information on customers’ eligibility,”⁴⁷⁵ but it concluded that it did not have “the level of operational details or associated tangible cost estimates necessary to implement a national database” at that time.⁴⁷⁶ The Joint Board recommended that the Commission seek further comment on whether to adopt a database and how it would be administered and implemented.⁴⁷⁷ In the *Lifeline and Link Up NPRM*, the Commission proposed several measures to modernize the Lifeline and Link Up programs and sought comment on both immediate and permanent measures to prevent waste in the Lifeline program, including the creation of a database to check for eligibility and duplicative support.⁴⁷⁸ The vast majority of parties filing comments support a database and provide recommendations regarding its design and implementation.⁴⁷⁹ In the *2011 Duplicative Program Payments Order*, the Commission established an interim process to eliminate duplicative support.⁴⁸⁰ This process has been successful in eliminating substantial amounts of duplicative support. Indeed, according to data provided by USAC, it is estimated that over \$35 million will be saved per year from the elimination of duplicative support in twelve states,⁴⁸¹ and we anticipate there will be additional savings as USAC expands its examination to additional states.

2. Discussion

182. To prevent waste in the Universal Service Fund, we now create and mandate the use by ETCs of a National Lifeline Accountability Database with specified features and functionalities, described more fully below, to ensure that multiple ETCs do not seek and receive reimbursement for the same Lifeline/Link Up subscriber.⁴⁸² This action represents an important step in addressing potential waste, fraud, and abuse in the program; addressing the concerns the Commission has identified in the last eighteen months; and responding to recommendations made by the Government Accountability Office in

⁴⁷³ NATIONAL BROADBAND PLAN at 173.

⁴⁷⁴ See *2010 Joint Board Referral Order*, 25 FCC Rcd at 5079 n.88 (noting that commenters believed a national database could prevent “double dippers who seek to obtain Lifeline-supported service from two different providers.”) (internal quotations omitted).

⁴⁷⁵ *2010 Joint Board Recommended Decision*, 25 FCC Rcd at 15612, para. 38.

⁴⁷⁶ *Id.* at 15611, para. 37.

⁴⁷⁷ *Id.* at 15610, para. 36.

⁴⁷⁸ See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2788-93, paras. 52-64.

⁴⁷⁹ See, e.g., Solix Comments; Solix Reply Comments; Letter from Mitchell F. Brecher, Counsel for TracFone and West to Marlene Dortch, Secretary, Federal Communications Commission, *ex parte* Presentation, WC Dkt. No. 11-42 *et al.* (filed May 19, 2011) (West May 19 Presentation); Emerios Comments; Emerios Reply Comments; AT&T Comments at 11-15.

⁴⁸⁰ *2011 Duplicative Program Payments Order* 26 FCC Rcd at 9030-9032, paras. 15-18.

⁴⁸¹ See Letter from Karen Majcher, Vice President, USAC, to Sharon Gillett, Chief, Wireline Competition Bureau, Federal Communications Commission, WC Dkt. No. 11-42 *et al.* (filed Jan. 10, 2012) (*USAC 2011 IDV Process Letter*).

⁴⁸² To the extent a state agency or administrator enrolls consumers in the Lifeline program, the agency or administrator should perform the functions described below, in lieu of ETCs. In this section, obligations are placed on ETCs only to the extent there is no state agency or third party administrator that can perform this function.

its 2010 report.⁴⁸³

183. The database will have certain basic functions to prevent, detect, and eliminate duplicative Lifeline and Link Up support. This includes the ability to receive and process subscriber information provided by ETCs to identify whether a subscriber is receiving a Lifeline benefit from another ETC, and the ability to allow authorized users, including ETCs and states, to query the database to determine if a prospective consumer already is receiving Lifeline service.⁴⁸⁴

184. The database cannot serve its intended purpose unless ETCs (or states, where enrollment is performed by a state agency or third party) populate the database with the information necessary to detect duplicative support. We therefore adopt a rule requiring each ETC to submit the name, address, and phone number of each of its Lifeline subscribers,⁴⁸⁵ the subscribers' service initiation and de-enrollment dates (when de-enrollment occurs), the means through which the subscriber qualified for support (e.g., Medicaid or income), the last four digits of the Social Security number⁴⁸⁶ and date of birth of the subscriber, the amount of Lifeline support received by the subscriber each month (e.g., flat rate or Tribal Land support) as well as whether the subscriber has also received Link Up support, and if so, the address, and date of service initiation to which Tribal Link Up support applied. The database and related processes must be able to accommodate non-traditional addresses, such as addresses on Tribal lands not recognized by the U.S. Postal Service.⁴⁸⁷ This data will be utilized by USAC and ETCs to eliminate duplicative claims, will assist USAC in its auditing processes and may also facilitate the "auto-generation" of Form 497s in the future. ETCs must provide this information for existing subscribers to the database within 60 days of the Bureau providing notice that the database is ready to accept ETC information for new subscribers upon initiation of service thereafter.⁴⁸⁸

185. We set a target date to have the database operational as soon as possible and no later than a year from release of the Order. Once the database is operational and has been populated with the initial subscriber information necessary to check for duplicative support (i.e., ETCs' existing subscriber data provided within 60 days of Bureau notice), we direct USAC to identify those subscribers currently receiving duplicative support and resolve those claims for duplicative support pursuant to the "scrubbing" process explained below.⁴⁸⁹ We direct USAC to assist subscribers and ETCs in resolving disputes over

⁴⁸³ 2010 GAO REPORT at 35 (noting that the Commission must adequately address the risk of duplicative claims).

⁴⁸⁴ By "authorized users" we mean entities which are permitted to query the database to detect duplicative support. As we explain below, we establish a process for USAC to authorize database access for those parties who will require or would benefit from database access, such as ETCs, state administrators, state social services agencies, and third-party administrators (e.g., Solix in California).

⁴⁸⁵ Throughout this Order, the phrase "to the database" means to USAC, the third party administering the database and/or the database itself.

⁴⁸⁶ For those consumers living on Tribal lands who lack a Social Security number, an official Tribal identification card number may be provided in lieu of the last four digits of a Social Security number. This is the case everywhere noted in the Order where a consumer is required to provide the last four digits of a Social Security number.

⁴⁸⁷ See *supra* paras. 165-66, in which we note record support for the fact that residential addresses are frequently non-existent on Tribal lands and, where present, often differ significantly from residential addresses off Tribal lands (citing SBI Comments at 14-16).

⁴⁸⁸ As noted below, ETCs operating in states that check for duplicative Lifeline and Link Up support are not obligated to provide such data to the national database.

⁴⁸⁹ We anticipate that this process will be similar to the process described in the June 21, 2011 Guidance Letter. See generally *June Guidance Letter*. That process involved collecting subscriber lists from ETCs, determining those consumers who have duplicative service, facilitating the selection of a default ETC, and allowing the consumer to override the default ETC selection. See *id.*, at 3-5.

duplicative support as necessary and establish processes to manage the “exceptions” to the definition of “duplicate” adopted elsewhere in this Order.⁴⁹⁰ Once the database is capable of being queried by authorized entities to detect duplicative support on an ongoing basis, we direct USAC to provide notice to the Commission, and the Bureau shall release a public notice that the database is fully operational. ETCs’ obligation to query the database to detect duplicative support, as explained below, will be effective 30 days following release of the Bureau notice.

186. We direct USAC, in coordination with the Bureau and the Office of the Managing Director (OMD), to take all necessary steps to develop and implement, as quickly as possible, a database and associated processes capable of performing the functions outlined in this section of the Order consistent with our rules. We direct USAC to submit an implementation plan covering all of its responsibilities as it relates to the operation of the database and its related duties discussed below in this section to OMD and the Bureau for review and approval no later than 10 days after the effective date of this Order.

187. Finally, as we discuss in more detail below, we also direct the Bureau and USAC to take all necessary steps so that as soon as possible, and no later than the end of 2013, there will be an automated means to verify eligibility for a significant majority of Lifeline subscribers. In the near term, we expect that our documentation and certification requirements will substantially reduce the number of ineligible consumers while the Commission seeks targeted comment on the issues involved in creating an eligibility database.⁴⁹¹ We reiterate that to the extent that states have developed a database or other electronic means to check subscriber eligibility, ETCs must use those databases.⁴⁹²

a. Functionality of Database and Obligations of ETCs

188. The database must have certain capabilities to detect and eliminate duplicative support. These include, among other things, the capability to: (1) receive and process subscriber information provided by ETCs sufficient to identify whether a subscriber is receiving a Lifeline benefit from another ETC; (2) allow ETCs and other authorized entities to query the database to determine if a prospective subscriber seeking Lifeline service is already receiving a Lifeline benefit; and (3) maintain the proprietary nature of the data housed in the database by protecting it from theft, loss or disclosure to unauthorized persons.

189. We also require ETCs to, among other things, provide to the database subscriber name, address, phone number, the last four digits of Social Security number, date of birth, Lifeline service initiation and de-enrollment date(when applicable), and amount of federal Lifeline support being sought for that subscriber.⁴⁹³ To the extent that a state agency or other authorized third party has not already done so with respect to a new subscriber, ETCs must also query the database prior to enrolling a new subscriber to determine whether a prospective subscriber is already receiving Lifeline from another ETC. ETCs are prohibited from receiving support for any prospective subscriber already receiving Lifeline benefits from another ETC.

190. *ETC Duty To Provide Particular Data To the Database.* The database must be designed both to identify subscribers currently receiving duplicative support and to avoid future instances of

⁴⁹⁰ See, e.g., *supra* para. 81 (discussing the fact that some consumers may not have postal addresses).

⁴⁹¹ See sections VI (Certification of Consumer Eligibility); XIII.A (Eligibility Database).

⁴⁹² See *supra* para. 91.

⁴⁹³ We include phone numbers because, among other things, they will assist with USAC auditing procedures and will assist in the transfer of benefits between consumers.

duplicative support by providing a means for ETCs and other authorized users to query the database to determine if prospective subscribers are already receiving Lifeline service from another ETC. To perform these functions, the database must be able to match subscriber records from different ETCs. ETCs must provide the subscriber information described below for existing subscribers to the database within 60 days of the Bureau providing notice that the database is capable of accepting subscriber information for new subscribers thereafter.⁴⁹⁴

191. Based on a review of the record and our experience with the process established in the *2011 Duplicative Program Payments Order*, we require ETCs (or other authorized users) to provide to the database the name, address, and phone number of each of its Lifeline and Link Up subscribers. We also require ETCs, to the extent that they do not already do so, to request that their subscribers provide the last four digits of their Social Security number to the ETC and their date of birth, and, once received, for the ETC to provide that information to the database. We find that both date of birth and the last four digits of the Social Security number are necessary to perform the identification verification check described below.⁴⁹⁵

192. We are mindful that many ETCs do not currently collect subscribers' dates of birth and the last four digits of subscribers' Social Security number and may not have retained information regarding the means through which the subscriber qualified for Lifeline. However, we expect that the burden of collecting such information from both new and existing subscribers would be small because all ETCs must annually re-certify all of their subscribers and this information could be collected along with other information necessary for re-certification at that time. New subscribers can provide their date of birth and last four digits of their subscribers' Social Security number at the time of their application for Lifeline.⁴⁹⁶ As discussed in the *FNPRM* attached to this Order, we remain interested in expanding the use and functionality of the database to improve checks for initial and continuing eligibility.⁴⁹⁷

⁴⁹⁴ As noted below, ETCs operating in states that check for duplicative Lifeline and Link Up support are not obligated to provide such data to the national database.

⁴⁹⁵ See, e.g., Letter from Mitchell F. Brecher, Counsel, TracFone, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 at 2 (filed Dec. 5, 2011) (noting that by collecting the last four digits of customers' Social Security numbers and date of birth, TracFone has been able to "confirm that customers are who they say that they are who they claim to be."); Letter from Joan M. Griffin, Counsel, Emerios, to Marlene H. Dortch, Secretary, FCC, WC Dkt. No. 11-42 *et al.*, Attach A. FCC National Database Industry and Collaboration Proposal at 5 (filed Aug. 3, 2011) (Emerios Database Proposal) (arguing that the name, address, date of birth and last four digits of Social Security number are necessary to verify the identity of an applicant); Nexus Nov. 18 *ex parte* Letter (arguing that a privately organized database to check for duplicate support "could also incorporate additional safeguard measures, such as 'third party ID Verification' which consists of ETCs collecting information such as the subscriber's date of birth and the last four digits of his or her Social Security number.").

⁴⁹⁶ As explained *supra* section VI, ETCs must also determine customers' eligibility as well and therefore can provide the means of qualification to the database.

⁴⁹⁷ Several commenters support AT&T's proposal that subscribers should be identified with a unique identifier or Personal Information Number (PIN). AT&T Comments at 11-15. However, we do not adopt AT&T's proposal. To the extent that AT&T's PIN proposal could eliminate duplicative support, we conclude that the burden and uncertainty of implementing AT&T's system for that purpose would outweigh the benefits of such a proposal. AT&T's proposal assumes that a third party at the state level (e.g., state PUC) would issue and manage PIN numbers (see AT&T Comments at 11) and there is no guarantee that states would be willing or economically able to take-on such an administrative function in the absence of explicit federal support. We note that we are seeking comment on the extent to which the Commission should provide support to states to implement eligibility databases in the attached *FNPRM*.

193. USAC has had substantial experience with standardizing (*i.e.*, placing in a proper format) and verifying addresses (determining whether the address is valid and deliverable) as part of the duplicates resolution process, and commenters and USAC have found that the standardization and verification of addresses and names makes the identification of duplicative benefits faster and more reliable.⁴⁹⁸ However, as USAC has explained, substantial time and effort was expended to correct information provided by ETCs. Moreover, the ETCs have the direct relationship with the subscriber with whom the ETC may have to interact with to obtain the necessary information to correct the subscriber's address, we direct ETCs to standardize and verify addresses in their records prior to submission of the address data to the database.⁴⁹⁹ We expect that having ETCs verify and standardize the address data on the front-end will substantially reduce the total time needed to load the database with the necessary subscriber information and will therefore speed up the process of identifying and eliminating duplicative support. At least three months prior to the ETCs providing subscriber information to the database pursuant to the scrubbing process below, USAC shall provide, subject to Bureau review and approval, detailed information to the ETCs regarding address standardization and address verification requirements and the proper format to use in submitting such information. We direct USAC to work with the ETCs to develop a process to ensure that all Lifeline subscribers' addresses can be loaded into the database, including the minority of cases where a subscriber's valid address cannot be verified. That is, the database must be able to accommodate those situations, such as on Tribal lands, where a U.S. postal address is not available or recognized.⁵⁰⁰ This process is subject to Bureau review and approval. We also require the database to include the functionality to standardize and verify addresses to speed the process of loading customer information into the database.

194. We also mandate that ETCs provide the dates of service initiation and termination (when it occurs) of each subscriber and the amount of support being sought for the subscriber (e.g., flat rate or Tribal Land support) to the database. This information, along with name, address, and phone number will help facilitate the preparation of Form 497s and USAC's auditing efforts. Indeed, commenters have argued that the forgoing information can be used to provide a basis for carrier reimbursement and "autogenerate" Form 497s.⁵⁰¹ While we do not adopt such an approach in this Order given limited comment on implementing such a process, we expect that automating the reimbursement process through the autogeneration of Form 497s would both reduce fraud and ETCs' compliance burden. Information

⁴⁹⁸ See MS PSC Comments at 7-8 (noting that one of the requirements for a database to function properly would be to devise input requirements that would allow defined parameters with the same fields an input parameters and the database must be designed such that all data is submitted in a consistent manner); DC PSC Comments at 3 (arguing that subscriber information should be provided "in compatible formats, to reduce the administrative burden of comparing lists in different formats.").

⁴⁹⁹ See *USAC 2011 IDV Process Letter* at 2 (describing the data steps necessary to correct ETC address data). Several ETCs have indicated that their consumer data is currently not in a standardized format. Cincinnati Bell Comments at 6; see also TSTCI Reply Comments at 2. However, we find that some carriers have already implemented similar standardization processes without an explicit requirement, indicating that the burden of doing so is limited. See TracFone June 1 *ex parte* Letter at 1. As explained, some consumers rely on non-standardized addresses (*e.g.*, Tribal lands, rural route numbers). See *supra* para. 81; *infra* paras. 165-66. In those cases, we direct USAC to work with ETCs through the exception management process described below so that such customers can receive Lifeline service and ETCs can receive reimbursement from the fund where appropriate.

⁵⁰⁰ See Emerios Reply Comments at 9 (noting that there was widespread support for using a consistent format for address data and in those cases where a USPS address does not adequately characterize a location, rules can be defined in the database to take care of most of these situations).

⁵⁰¹ See, *e.g.*, Emerios Comments at ii (arguing that requiring ETCs to use to the duplicates database to obtain reimbursement would eliminate the need for ETCs to file Form 497 in its current form and create incentives for ETCs to use the platform).

regarding support levels will also provide USAC with an additional auditing tool through which USAC can compare an ETC's subscriber records with the records provided to the database.

195. We also direct ETCs (or other authorized users) to provide the means of qualification for Lifeline (e.g., Medicaid, SNAP, TANF) to the database.⁵⁰² We find that the inclusion of such information in the database would assist in the transition to any eligibility database adopted pursuant to the attached *FNPRM*. Moreover, Commission analysis of such data on an aggregated basis would provide valuable insight regarding the operation of the Lifeline program.⁵⁰³ The database must retain all data related to consumers who receive Lifeline and Link Up for ten years after the consumer receives Link-Up or de-enrolls from Lifeline. As explained in more detail below, we also direct ETCs seeking Link Up support to provide each subscriber's name, residential address, and date of Link Up service to the database to assist in USAC's auditing efforts, and the database must retain the record of Link Up assistance for ten years in order to facilitate USAC's oversight over the Fund. The Commission may revisit these obligations in the future so that the processes outlined in this Report and Order adequately address potential vulnerabilities to the Fund that may arise.

196. *Timely Transmission of Data.* Many commenters argue that for the database to effectively provide a means for ETCs to determine if prospective subscribers are already receiving Lifeline support, subscriber data must be provided as rapidly as possible from the ETC to the database at the time the consumer signs up for service.⁵⁰⁴ Without real-time or near real-time updates to the database, there is an increased risk that some subscribers will receive duplicative benefits for at least some period of time, causing unnecessary confusion.⁵⁰⁵ At the same time, many ETCs argue that it may be burdensome, particularly for smaller ETCs with limited resources and larger ETCs with less flexible back-office systems, to provide subscriber information to a database in real-time.⁵⁰⁶

⁵⁰² We recognize that ETCs may not have retained this information during subscriber sign-up. Therefore, ETCs are required to collect such information for existing customers either before or during the first annual recertification process established in this order. We find that this approach will minimize the burden on ETCs.

⁵⁰³ For example, California currently collects such information, indicating that the majority of customers qualify for Lifeline in that state through SNAP, Medicaid and SSI. See CA PUC June 28 *ex parte* Presentation, Attach. (Request for Proposal) at 18.

⁵⁰⁴ See, e.g., Emerios Comments at i-ii, 2; Verizon Reply Comments at 2; CenturyLink Comments at 21; Sprint Comments at 4; Consumer Groups Comments at 23-24.

⁵⁰⁵ For example, if the database were only updated once a week, a consumer could sign up for Lifeline service from ETC A, and then, later that day, sign up for Lifeline service from ETC B. While the consumer might only receive duplicative benefits from both ETCs for a short time, one of the ETCs and USAC would likely incur costs to de-enroll the consumer from duplicate support and consumer's expectations would be upset. See Emerios Reply Comments at 8 (arguing for real-time database updates and asserting that daily or periodic updates would create administrative problems and would result in duplicate claims); *id.* (noting that without real-time updates, a Lifeline consumer might go without 911 or other phone services if that consumer moved into a house where another consumer had already been receiving Lifeline support because the database might indicate that two consumers were seeking support at a single address); Cincinnati Bell Comments at 11 ("If the database is out of date, a person could appear to have duplicate benefits when in fact the person simply switched service providers at the same address and the old provider had not yet updated the database.").

⁵⁰⁶ See Cincinnati Bell Comments at 11 ("However, realtime updates also create significant expenses and administrative burdens that must be balanced against the potential benefits."); Letter from Matthew A. Brill, Counsel, Cricket, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, at 2 (filed June 15, 2011) (Cricket June 15 *ex parte* Letter) ("In addition, the Commission should not require ETCs to upload subscriber information to any Lifeline database in real time. Any such mandate would impose substantial development costs on ETCs. In particular, Cricket does not have any means of electronically bonding with the databases maintained by third-party administrators in real time (such as Solix, in California), and (continued....)

197. Although real-time or near real-time updates would likely reduce waste in the Fund and reduce the likelihood of duplicative claims, we do not mandate real-time updates at this time, but rather adopt the following rule applicable to new subscribers to promote real-time updates. Except with respect to the scrubbing process described below, in those cases where two or more ETCs provide information to the database for the same subscriber, the ETC whose information was received by the database first will be entitled to reimbursement from the Fund for that subscriber, regardless of which ETC the consumer signed up with first.⁵⁰⁷ We acknowledge that this approach may place those ETCs that are unable or unwilling to update the database in near real-time at a disadvantage. However, we find that this approach will reduce the amount of duplicative support and encourage the prompt transmission of data without imposing the burdens that a blanket requirement to provide data in near- or real-time would impose. With respect to subscribers already in the database, ETCs must (subject to the exception for subscriber de-enrollments described below) update the database within 10 business days after receiving notice of a change in subscriber data that is also housed in the database (*e.g.*, subscriber's address changes, or changes in a subscriber's means of qualification for Lifeline).

198. *Receipt of Information by the Database.* We next address the ability of the database to receive, process, and utilize the information we require ETCs to provide. In order to identify subscribers currently receiving duplicative support and provide a means for ETCs to determine if prospective subscribers are already receiving Lifeline service from another ETC, the database must be capable of receiving and processing subscriber data sent by ETCs. Indeed, commenters recognize that this capability is crucial to any database designed to identify and eliminate duplicative support.⁵⁰⁸ We therefore require that the database must be capable of receiving and processing data provided by ETCs both in real-time and via periodic batches.⁵⁰⁹ We direct USAC to provide ETCs with guidance, subject to Bureau review and approval, regarding how carriers must submit data to the database subject to both real-time and batch processes.

199. *Database Access and Output.* Once the database receives the necessary information from ETCs, it is equally important that ETCs and other authorized parties be able to query the database to determine if prospective subscribers are already receiving support from another ETC. The process established in the *2011 Duplicative Program Payments Order* has been effective in detecting and resolving duplicative support among certain ETCs in select states.⁵¹⁰ However, that process, by design, only identifies duplicates that already exist; it does not prevent consumers from signing up for duplicative support from more than one ETC at the time of service initiation.⁵¹¹ There is widespread agreement that a

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developing such capabilities—particularly for multiple databases/administrators—would entail considerable investment in new IT systems.”).

⁵⁰⁷ We clarify that this rule only applies to new subscribers who sign up for Lifeline following the initial loading of the database by ETCs. Existing subscribers receiving duplicative support identified once the initial loading of the database occurs will be de-enrolled according to the “scrubbing” process described below.

⁵⁰⁸ See, *e.g.*, Emerios Comments at 10 (“The [database] should include the following processing steps, at a minimum, to initially populate the database and determine existing duplicates: Transfer of data on program beneficiaries from ... ETCs to the administrator; data processing to identify dual-benefit households and individuals ...”).

⁵⁰⁹ See Emerios Database Proposal at 4 (arguing that the database must have “sufficient capacity, response speed, and recognition accuracy, and be flexible enough to incorporate batch processes or be fully automated. This will allow ETCs to readily integrate database activities with their existing workflows, giving them the flexibility and speed to continue enrollments without new burdens.”).

⁵¹⁰ See generally *USAC 2011 IDV Process Letter*.

⁵¹¹ See *TracFone Comments* at 16.

permanent solution to duplicative claims requires that ETCs are able to determine if a prospective subscriber is already receiving a Lifeline benefit at the time the prospective subscriber requests service or seeks a Lifeline benefit from that ETC.⁵¹² Therefore, the database must be capable of providing verification upon query from an eligible querying party whether a prospective subscriber is currently receiving Lifeline support.⁵¹³ The database must also provide information necessary (*e.g.*, error codes) to the querying party to understand the result of a database response that the prospective subscriber is either already receiving duplicative support, or if the database was unable, with the information provided, to make such a determination.⁵¹⁴ The database must permit ETCs to compare the subscriber information attributable to that ETC (and only that ETC) housed in the database to the ETC's own subscriber list and establish a process for doing so.⁵¹⁵ This feature will provide an additional check on the accuracy of the database while protecting consumers.

200. Several parties have argued that the database must be capable of verifying the identity of a subscriber through a third party identity verification service, prior to an ETC submitting for support for that subscriber. TracFone estimates that such a "front-end" identity verification check, if done by all ETCs, could save the Fund \$192 million annually.⁵¹⁶ An identification verification process would utilize a subscriber's name, address, date of birth and the last four digits of the social security number, and compare that information to publicly available databases, to determine if all of the information provided by the subscriber is valid (*e.g.*, Joe Smith really lives at 123 Main St., is 29 years old and the last four numbers of his social security number are 4444). This check would reduce the possibility that applicants and/or ETCs submit incorrect information either purposefully, in order to evade the one per household rule or to seek reimbursement for non-existent subscribers, or inadvertently. Moreover, by validating a subscriber's date of birth, minors will be prevented from signing up for service. We expect that this

⁵¹² See GCI Comments at 27-28 ("ETCs must be able to access the database (on a 'read only' basis) for at least two reasons. First, to prevent duplicate subscriptions, they must be able to access the database to ascertain whether any particular applicant for Lifeline service already receives Lifeline service from another ETC (although the identity of the other ETC should be masked). Second, they must be able to review their own Lifeline subscriber lists as reflected in the database in order to assess whether it accurately reflects their own records listing Lifeline subscribers. This would enable ETCs to inform USAC of variances between the lists and resolve discrepancies"); AT&T Comments at 11-12; CGM Comments at 3 ("critical stakeholders including USAC, State regulators and ETCs will all maintain access to the data for particular and managed purposes . . . this can be set up [with] security so that privacy is safeguarded").

⁵¹³ GCI Comments at 3 (arguing that a database "would enable ETCs to ascertain whether an applicant for Low-income Program service already subscribes with an ETC (which no ETC would currently know)"). *id.* at 27 ("[T]o prevent duplicate subscriptions, [ETCs] must be able to access the database to ascertain whether any particular applicant for Lifeline service already receives Lifeline service from another ETC (although the identity of the other ETC should be masked) . . ."); CGM Comments at 4 ("ETCs will want to access this database in real time to authenticate new users . . .").

⁵¹⁴ See Emerios Database Proposal at 7 (arguing that the database should "provide error codes and descriptions in real-time...").

⁵¹⁵ See Cincinnati Bell Comments at 11; GCI Comments at 28 ("First to prevent duplicate Lifeline subscriptions, [ETCs] must be able to access the database to ascertain whether any particular applicant for Lifeline service already receives Lifeline service from another ETC (although the identity of the ETC should be masked). Second, they must be able to review their own Lifeline subscriber lists as reflected in the database in order to assess whether it accurately reflects their own records listing Lifeline subscribers.").

⁵¹⁶ See TracFone Nov. 10 *ex parte* Letter, Attach. at 6.

functionality can be added to the database at minimal cost.⁵¹⁷ We also note that several ETCs have already been performing routine identification checks using subscribers' date of birth and social security number even though they are not explicitly required to do so by our rules, indicating that the burden of performing such verifications is low.⁵¹⁸

201. Because of the benefits and limited costs of identification verification, we conclude that the database must have the capability of performing an identification verification check when an ETC or other party submits a query to the database about a potential consumer. In response to the query, the database must indicate whether the subscriber's identity can be verified, and if not, provide error codes to indicate why the identity could not be verified. To ensure that subscribers are not mistakenly denied benefits, USAC must establish a process, as part of the resolution process described below, so that those consumers who failed the identification verification are able to either provide additional information to verify their identity, or correct errors in the information utilized to validate the subscriber's identification.⁵¹⁹ As noted above, the database and identification verification process must be able to accommodate consumer addresses that are not recognized by the U.S. Postal Service (e.g., residences on Tribal lands). We direct USAC to facilitate this process by publishing its processes and rules used to verify subscriber identification. We anticipate that these processes will involve both automated processes and well as manual fall-out processes in those small number of cases where an automated process cannot verify a subscriber's identification. ETCs may not receive reimbursement for those subscribers whose identities could not be verified through the identification verification process.

202. Some State PUCs and state and local social service agencies are also involved in the process of enrolling consumers in Lifeline and must have the ability to query the database to check for duplicative support. ETCs, state, local and Tribal governmental agencies (including state regulatory commissions and social service agencies which may assist low-income consumers with signing up for Lifeline service) and their authorized agents, must be able to query the database with a prospective subscriber's identifying information to determine if he or she is already receiving Lifeline support from another ETC.⁵²⁰ We also direct USAC to establish a process to qualify and provide individualized access

⁵¹⁷ See, e.g., Experian, Experian GSA Catalog, available at <http://www.experian.com/assets/government/brochures/gsa-catalog.pdf> (noting that the cost of its Precise ID product costs approximately 25 cents per query per the GSA schedule, depending upon volume).

⁵¹⁸ See, e.g., TracFone Nov. 10 *ex parte* Letter, Attach. at 6; Letter from Mathew S. O'Brien, Century Corporation, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, at 1 (filed Jan. 23, 2012) (explaining that a number of carriers are using Century Corporation's products to standardize and implement the capture of DOB and the last four digits of subscriber's Social Security numbers and that Century Corporation is "[e]ngaging the services of LexisNexis to validate the identity of program enrollees in real-time").

⁵¹⁹ Low-income consumers and ETCs seeking Lifeline benefits must comply with all statutory, regulatory and procedural requirements in order to obtain the discount. Denial of this support does not violate an ETC's or a consumer's due process rights and does not deprive the ETCs or consumer of a protected property interest absent a legitimate claim of entitlement to the Lifeline benefit. See *Town of Castle Rock v. Gonzales*, 545 U.S. 748, 756 (2005); see also *Board of Regents v. Roth*, 408 U.S. 564, 577 (1972) ("To have a property interest in a benefit, a person clearly must have more than an abstract need or desire for it. He must have more than a unilateral expectation of it. He must, instead, have a legitimate claim of entitlement to it.").

⁵²⁰ See *supra* para. 178. It may be more efficient, and provide consumers with a faster response, if states are able to query the duplicates database prior to sending the application to the ETC in these situations. We direct USAC to establish a process to qualify state and local government agencies and their authorized agents to query the database. State and local government agencies may only query the database for the purpose of implementing and managing the program in their states.

to authorized users.⁵²¹ USAC must submit that process for review and approval by the Bureau.

203. *ETC Duty To Query the Database.* ETCs must ensure that they do not provide a Lifeline benefit to a consumer that is already receiving a Lifeline benefit from another ETC. We therefore require that 30 days following Bureau notice that the database is capable of accepting queries, all ETCs query the database to check to see if a prospective subscriber is already receiving service from another ETC at a residential address prior to seeking reimbursement from the Fund.⁵²² If the ETC queries the database, and discovers that the prospective consumer is already receiving a Lifeline benefit from another ETC at that address, the querying ETC may not seek a Lifeline benefit for that consumer unless and until the consumer de-enrolls from the ETC from whom they are receiving service. As explained above, if, based on the query, the ETC determines that an individual at the prospective consumer's residential address other than the prospective consumer is currently receiving a Lifeline-supported service at that address, the ETC must take an additional steps to ensure that the prospective and current subscriber are part of different households.⁵²³ Only if the ETC takes these steps and determines that the prospective and current subscriber at the same address are in different households can the ETC receive reimbursement for the prospective subscriber.

204. If a carrier does not query the database prior to signing up a consumer or has not received notice from a state Lifeline administrator or its agent that it has performed a query on behalf of the ETC, the ETC may not receive Lifeline benefits for that consumer, regardless of whether the ETC has already provided a Lifeline discount to the consumer.⁵²⁴ To assist with compliance with this rule, the database must have the capability of logging the time a query was made, the party who made the query, and the information (*e.g.*, name, address) that was submitted in the query.

205. *Transfer of Benefits and Consumer De-enrollment.* With increased competitive choices for consumers seeking Lifeline supported services, we seek to simplify the process for subscribers to transfer their Lifeline supported service from one ETC to another. In the *Lifeline and Link Up NPRM*, the Commission sought comment on whether subscribers should be able to take their Lifeline benefits with them when they change ETCs.⁵²⁵ In at least some cases, the transfer of benefits could also be accompanied by the porting of a number. Commenters agree that the database should facilitate, as necessary, benefit transfers from one provider to another.⁵²⁶ Without the ability to handle benefit

⁵²¹ AT&T Comments at 11-12; CGM Comments at 3 (“[C]ritical stakeholders including USAC, State regulators and ETCs will all maintain access to the data for particular and managed purposes . . . this can be set up [with] security so that privacy is safeguarded”).

⁵²² This rule does not apply to ETCs in those instances where it receives notice from a state Lifeline administrator or its agent that the administrator or its agent has queried the Database about a prospective subscriber.

⁵²³ See *supra* para. 78.

⁵²⁴ As explained above, only the ETC which first populates the database with a new customer's information will be eligible to receive support from the fund for that consumer. See *supra* para. 197.

⁵²⁵ See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2837, para. 217.

⁵²⁶ See Consumer Groups Reply Comments at 6 (“The Commission must provide a clear and consumer-friendly process to switch carriers...Carriers should also be obliged to promptly coordinate ‘switch’ requests with the database administrator so that the duplicates database does not act to prevent customers from shopping for better Lifeline service.”); National Consumer Law Center Comments at 24; Rate Counsel Reply Comments at 8; Consumer Groups Reply Comments at 6-7; AT&T Comments at 6 (AT&T notes that in its proposal, benefits would be “fully portable to the service provider of a consumer’s choice.”); Letter from Jennifer Brandon, Executive Director, Community Voice Mail, to Marlene Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, at 1 (filed Jun. 23, 2011) (Community Voice Mail June 23 *ex parte* Letter) (“Numerous policy issues need to be clarified as part of the design process including ... portability of Lifeline status...”).

transfers, there is a risk that subscribers will lose their Lifeline benefit when they change ETCs.⁵²⁷ For these reasons, the database must include features which facilitate the process of transferring Lifeline benefits from one ETC to another in as expeditious and transparent a manner as possible.⁵²⁸ We direct USAC to submit for Bureau review and approval a process for facilitating the transfer of benefits.⁵²⁹

206. We also adopt a rule that ETCs must update the database with any subscriber de-enrollments within one business day of de-enrollment. De-enrollment may occur due to, for example, subscriber inactivity, subscriber initiated deactivation or the porting of a number to another carrier.⁵³⁰ This rule will not only assist the process of transferring benefits from one ETC to another, but will provide an added check against the possibility that ETCs would receive subsidies for subscribers who are no longer enrolled with that ETC.

207. *Security.* In its *Lifeline and Link Up NPRM*, the Commission acknowledged that the data housed in the database may include sensitive personal information subject to protection under state and federal privacy laws.⁵³¹ Indeed, as many of the commenters note, some of the data fields that we now require ETCs to transmit to the database constitute particularly sensitive information.⁵³² There is widespread consensus that the information in the database must be subject to the highest protections.⁵³³ Moreover, the mere fact that a consumer receives Lifeline benefits (and therefore receives other government social services benefits or has a particular income level) is also sensitive personal information.⁵³⁴ For these reasons, the database must have sufficient safeguards to maintain the proprietary or personal nature of the information in the database by protecting it from theft or loss.

⁵²⁷ For example, if a consumer switches from ETC A (through which it was receiving Lifeline support) to ETC B and the database does not contain a benefit porting function, when ETC B queries the database to determine if the consumer already has Lifeline support, the database may indicate that the consumer is already receiving a Lifeline benefit from ETC A.

⁵²⁸ It is important to note that the rules which we adopt here are independent of and do not affect the carrier change and slamming rules.

⁵²⁹ We recognize that this process may overlap with the dispute resolution and exception management processes outlined below.

⁵³⁰ We note that ETCs' failure to do so would be subject to enforcement action.

⁵³¹ See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2838, paras. 220-221.

⁵³² FL PSC Comments at 24 ("Section 364.107, Florida Statutes, requires that personal identifying information of a participant in a telecommunications carrier's Lifeline Assistance Plan be confidential.").

⁵³³ See, e.g., FL PSC Comments at 24 ("Whether USAC or a third party administrator is used, any national database of Lifeline subscribers/applicants would have to be maintained by an independent administrator under strict confidentiality provisions to protect the Lifeline subscriber's/applicant's personal identifying information."); Solix Comments at 8 ("Additionally data security must be designed into all system components and interfaces. In support of satisfying relevant data security and privacy laws, secure transfer methods such as Secure Socket Layer (SSL) encryption or SFTP should be required."); NASUCA Comments at 25 ("It goes without saying that NASUCA would emphasize the need to maintain consumer privacy as a high priority in the establishment of a national database."); CA PUC Reply Comments at 10 ("We share the Missouri PSC's concerns regarding a national database. Any such system must be established and maintained with federal dollars, and it must ensure privacy protection and online security of customer information.").

⁵³⁴ This information also may be protected as CPNI. See 47 U.S.C. § 222(h)(1)(A) (requiring telecommunications carriers to protect "customer proprietary network information." The statute defines CPNI as "information that relates to the quantity, technical configuration, type, destination, location, and amount of use of a telecommunications service subscribed to by any customer of a telecommunications carrier, and that is made available to the carrier by the customer solely by virtue of the carrier-customer relationship...").

208. *Link Up Support on Tribal Lands.* Elsewhere in this Order, we eliminate Link Up support for ETCs serving non-Tribal subscribers and for Lifeline-only ETCs serving Tribal lands. We also require ETCs to provide information related to Link Up support provided to subscribers so that USAC is able to determine whether an ETC is improperly seeking reimbursements for the same consumer at the same principal place of residence. Subscribers may not receive Link Up support more than once at their residential address.⁵³⁵ Sixty days following Bureau notice that the database is capable of receiving subscriber information, we require ETCs offering Link Up support to provide the subscriber's name, residential address, and date of Link Up service to the database so that USAC is able to efficiently track Link Up support.⁵³⁶ ETCs seeking to provide Link Up support to residents on Tribal lands must query the database prior to requesting Link Up support to determine if the consumer has already received Link Up support at that location.⁵³⁷ If the ETC determines from the query that the consumer has already received Link Up support at that residential address, the ETC may not receive reimbursement for that consumer. The database must retain submitted Link Up records for ten years.

209. *National Database.* We conclude that the database should be national in scope. In the *Lifeline and Link Up NPRM*, the Commission sought comment on whether to establish state or regional databases or a national database.⁵³⁸ The record persuades us that the Commission should adopt a national database to prevent duplicative support and should not establish multiple state or regional databases.⁵³⁹ For example, Emerios argues that the cost of establishing and implementing a nationwide system would be "dramatically lower, as the incremental cost of a larger, single, pre-qualification system would be much less than the cost of multiple smaller state systems."⁵⁴⁰ Emerios also estimates that creation of a national database would cost only 30 percent more than the creation of a system for a single state with a large number of Lifeline/Link Up benefit recipients.⁵⁴¹ Furthermore, a single nationwide database would provide significant efficiencies because ETCs need only train staff to use a single system.⁵⁴² A single nationwide database could be deployed more rapidly than multiple state systems because national or regional ETCs would only need to interface with one system, and the physical infrastructure, connections, and all related components would be located in a single location (or several locations to establish sufficient redundancy).⁵⁴³ The security risks associated with a single nationwide system would likely be

⁵³⁵ 47 C.F.R. § 54.411(a)(1), (c).

⁵³⁶ This duty does not apply to ETCs operating in states whose opt-out certification has been approved by the Bureau.

⁵³⁷ This duty does not apply to ETCs in those instances where it receives notice from a state Lifeline administrator or its agent that the administrator or its agent has queried the Database about a prospective subscriber.

⁵³⁸ See *Lifeline and Link Up NPRM*, 26 FCC Red at 2838, para 222.

⁵³⁹ See Emerios Comments at 7-8 (arguing for a national database instead of separate state databases because 1) a national database would be more cost-effective, 2) a national database could be deployed more rapidly, and 3) a national database would pose fewer security risks); Nebraska PSC Comments at 6 (arguing that having one entity in charge of a single database would reduce the number of errors and streamline the process of duplicate resolution); AT&T Comments at 5 (stating that, "auditing a provider's compliance with the Commission's Lifeline rules will also be simpler and more effective ... because the requirement to interface with the national database provides a consistent control point that is more conducive to standard auditing methods."); but see OR PUC Comments at 3 (noting that states are better handle verification of eligibility); CGM Comments at 2 (same).

⁵⁴⁰ Emerios Comments at 8.

⁵⁴¹ See *id.*

⁵⁴² See *id.*

⁵⁴³ See Emerios Comments at 8; Letter from Thomas Cohen, Counsel, Emerios, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.* at 2 (filed June 22, 2011) (Emerios June 22 *ex* (continued....))

less than the risks associated with multiple state systems.⁵⁴⁴ AT&T argues that it would be easier to audit a single nationwide database provider.⁵⁴⁵ In light of these advantages, we conclude that the database should be national in scope.⁵⁴⁶

b. USAC's Additional Duties To Eliminate Duplicative Claims

210. A database with the functions described above is a key building block of any permanent solution to reduce duplicative Lifeline claims. However, a database by itself is only one of the components of such a solution. As several commenters note, human intervention and non-electronic means may be necessary in some cases to identify and eliminate duplicative support.⁵⁴⁷ We therefore direct USAC to implement processes to complement the implementation and functionality of the database described above. As discussed in more detail below, we direct USAC to implement a process to mitigate the risk that consumers are improperly denied access to Lifeline benefits, to implement a "scrubbing process" to substantially reduce if not eliminate current duplicative support, and to establish a dispute resolution process for managing duplicative claims.

211. *Continuation of IDVs.* As noted above, the IDV process undertaken by USAC in 12 states has resulted in significant savings to the Fund.⁵⁴⁸ Until the duplicates database is operational, we direct USAC, consistent with the *2011 Duplicative Program Payments Order* to continue with in-depth data validations targeted at uncovering duplicative Lifeline support. We direct the Bureau to select the states and ETCs that should be subject to the IDVs, and require USAC to follow the consumer outreach requirements set forth in the *2011 Duplicative Program Payments Order*.⁵⁴⁹ In the course of identifying duplicative subscribers, USAC shall also identify those subscribers receiving multiple Lifeline service offerings at the same address and notify such subscribers about the one-per-household requirement established in this Order. USAC shall provide notice to these subscribers that they must select a single Lifeline provider within their economic unit and provide them with a copy of the one-per-household worksheet. We direct the Bureau and USAC to work with ETCs to facilitate outreach to these subscribers and to develop a process for resolving the duplicative support within a household. We direct USAC to continue with the IDVs at the Bureau's direction until ETCs (or state agencies, where applicable) can determine if someone is receiving Lifeline benefits from another provider via the National Lifeline Accountability Database.

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parte Letter) ("In addition, at a minimum, the system should have a redundant location ideally with a hot/hot configuration to ensure the highest level of uptime.").

⁵⁴⁴ *See id.*

⁵⁴⁵ *See* AT&T Comments at 5 ("[A]uditing a provider's compliance with the Commission's Lifeline rules will also be simpler and more effective ... because the requirement to interface with the national database provides a consistent control point that is more conducive to standard auditing methods.").

⁵⁴⁶ We note that the selection of a single, national database to assist in the elimination of duplicate support does not prejudice the geographic parameters of any database which may be adopted at a later date to verify eligibility.

⁵⁴⁷ *See, e.g.,* Letter from Eric Seguin, Solix, to Marlene H. Dortch, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, Attach. at 4 (filed June 15, 2010) (discussing exception management process); Emerios Database Proposal at 6-7, 10 (discussing need for a "Customer Preference Resolution Process" and the need for a call center to answer customer questions during the scrubbing process).

⁵⁴⁸ *See USAC 2011 IDV Process Letter.*

⁵⁴⁹ *2011 Duplicative Payments Order*, 26 FCC Rcd at 9029, 9030-31, paras. 13, 16.

212. *Exception Management.* Any duplicates elimination process must balance the need to reduce waste in the Fund against mistakenly denying consumers Lifeline benefits. In the *Lifeline and Link Up NPRM*, the Commission recognized that it might be appropriate to establish “exceptions” to the rules restricting the availability of Lifeline so that consumers are not improperly denied access to Lifeline benefits. There was widespread support for the Commission to adopt a process to permit consumers falling within these exceptions to remain eligible to receive benefits.⁵⁵⁰ For example, as explained, some residences on Tribal lands lack U.S. Postal Service addresses.⁵⁵¹ Without an exception process, consumers with addresses not recognized by the U.S. Postal Service may be inappropriately denied support.⁵⁵²

213. We direct USAC to implement a process to manage these exceptions so that consumers are not improperly denied access to Lifeline benefits. To the extent possible, the database should be designed to recognize and manage exceptions without human intervention to limit ongoing costs. However, as several commenters argue, it may not be feasible or desirable to eliminate all human intervention.⁵⁵³ USAC, for example, may have to consider utilizing call center representatives to manage exceptions.⁵⁵⁴ To provide sufficient flexibility to address exception management, we direct USAC to implement a process that will provide sufficient flexibility to address current and future exceptions, consistent with our rules.⁵⁵⁵ We further direct USAC to propose such a process to the Bureau for approval within six months after the effective date of this Order. USAC may only implement such a process once approval is given by the Bureau. USAC’s proposal shall include estimates on how much their proposal will cost.

214. *Duplicates Scrubbing Process.* In June 2011, the Commission directed USAC to establish processes to notify subscribers that they are receiving duplicative support, explain that they can select the provider from which to receive a Lifeline benefit, and facilitate the selection of a single provider for receipt of Lifeline support.⁵⁵⁶ This process has been successfully implemented in a number of states to take interim steps to eliminate duplicative support while ensuring that subscribers continue to receive Lifeline benefits.⁵⁵⁷ Pursuant to the Commission’s instructions, USAC matched subscribers of a number of ETCs in a handful of states.⁵⁵⁸ In its *Lifeline and Link Up NPRM*, the Commission anticipated that a similar “scrubbing” process would need to be undertaken to eliminate duplicative support once

⁵⁵⁰ See, e.g., Cricket Comments at 8-9; Verizon Reply Comments at 5; Smith Bagley Comments at 10-12; Benton/PK/UCC Comments at 4; NASUCA Comments at 18; NY PCS Comments at 8; TracFone Comments at 13.

⁵⁵¹ See *supra* para. 193.

⁵⁵² See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2807, para. 113.

⁵⁵³ See Emerios June 22 *ex parte* Letter at 3 (“The cost of exception staff is significant and will rise as the Commission increases the need for exception handling. A well designed system that encourages automation will reduce this cost and improve the customer experience.”).

⁵⁵⁴ See Emerios Database Proposal at 12 (discussing scenarios where live intervention may be necessary to manage exceptions).

⁵⁵⁵ We note that under its Memorandum of Understanding with the FCC, USAC must “procure all goods and services in an open, neutral, lawful, and *cost effective manner*.” See USAC/FCC Memorandum of Understanding at 4, available at <http://transition.fcc.gov/omd/usac-mou.pdf>. (emphasis added).

⁵⁵⁶ See generally *June Guidance Letter*.

⁵⁵⁷ See generally *USAC 2011 IDV Process Letter*.

⁵⁵⁸ See *June Guidance Letter* (“This letter provides guidance to USAC on the process it should follow in identifying and resolving duplicative Lifeline claims found through IDVs conducted in specific states ...”).

ETCs populate the database with the required subscriber information.⁵⁵⁹ Many commenters agree and provide detailed proposals for implementation.⁵⁶⁰ For example, West argues that, like the Duplicates Resolution Process, a scrubbing process must involve, at a minimum, identification of duplicative benefits, the selection of a default provider, notification of subscribers of their default selection, and a means for subscribers to select the Lifeline provider of their choice.⁵⁶¹

215. Given the success of the Duplicate Resolution Process to date and support in the record for the creation of a similar industry-wide process, we direct USAC to develop and implement, subject to Bureau approval a scrubbing process modeled on the duplicates resolution process. We direct USAC to provide a plan to the Bureau within two months after the effective date of this order on how the scrubbing process would be implemented. This scrubbing process should begin once the Bureau approves USAC's plan, and ETCs have provided their existing subscriber lists and accompanying data to either USAC or the database, as directed by the Bureau, and USAC has developed an exception management process. The database must be sufficiently capable of handling whatever functions, if any, are necessary to implement the scrubbing process.

216. As part of the scrubbing process, USAC should identify those subscribers receiving duplicative support, establish a process to select a default Lifeline provider for each subscriber, provide notice to the subscriber that they will be de-enrolled from all Lifeline support except for support from their default provider unless they override the default selection, and provide subscribers a means to do so. Consistent with the Duplicates Resolution Process, USAC must provide subscribers information and perform outreach regarding how subscribers with more than one Lifeline subscription can continue receiving service under the Lifeline program from the ETC of their choosing.⁵⁶² We direct the Wireline Competition Bureau to work with USAC as necessary so that these outreach efforts are implemented smoothly.

217. *Dispute Resolution Process.* As the database and duplicates scrubbing process is implemented, ETCs will de-enroll existing subscribers receiving duplicative support. Going forward, ETCs will query the database to determine which prospective subscribers are already receiving support from another ETC. Despite best efforts, in any such situation, it is possible that some subscribers and prospective subscribers may be improperly identified as receiving or applying for duplicative support. For example, we expect that this process will ensure that consumers will not be denied support in those cases where the database is not updated with de-enrollment information quickly enough. To protect these current and prospective subscribers, several commenters suggest that the Commission put in place a process so that those persons denied access to Lifeline benefits based on a finding of duplicative support are able to dispute that finding and have a means of correcting inaccurate information in the database.⁵⁶³ We direct USAC to establish processes to manage and resolve disputes over duplicative support

⁵⁵⁹ See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2791, paras. 59-60 (discussing population of database).

⁵⁶⁰ See Presentation of West Corporation, WC Dkt. No. 11-42 *et al.*, at 5 (filed June 13, 2012) (West June 13 *ex parte* Presentation) (describing "scrubbing" process); Letter from James Bradford Ramsey, NARUC, to Marlene H. Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, at 2 (filed June 17, 2011) (NARUC June 17 *ex parte* Letter) ("The FCC needs to detail a process for selecting the default lifeline provider in cases where a customer with more than one lifeline service provider either refuses or fails to make a timely selection after being notified that only one carrier can get the support and a choice must be made.").

⁵⁶¹ See West June 13 *ex parte* Presentation at 5.

⁵⁶² See generally *June Guidance Letter*.

⁵⁶³ See *Community Voice Mail June 23 ex parte Letter* at 1 ("Numerous policy issues need to be clarified as part of the design process including ... a dispute resolution process...").

consistent with our rules.⁵⁶⁴ We further direct USAC to provide such a process to the Bureau for approval within six months after the effective date of this Order. USAC may only implement such a process once approval is given by the Bureau.

c. Other Issues

218. *Compliance with Laws and Regulations Regarding Privacy.* In the *Lifeline and Link Up NPRM*, the Commission sought comment on whether the transmission of information to or storage of information by a database would violate any laws and regulations regarding privacy.⁵⁶⁵ Some commenters raise concerns regarding privacy and urge the Commission to examine the matter closely before implementing the database.⁵⁶⁶ As explained above, ETCs must provide the consumer's name, address, telephone number, the amount of support provided, date of initiation and termination of Lifeline service, the last four digits of social security number, date of birth, the means through which the consumer qualified (e.g., Medicare or income), whether the consumer has received Link Up support, the address where the support was provided, and the date of initiation of Link Up service.⁵⁶⁷

219. We do not believe that federal privacy laws are implicated by the transmission or use of this information for the purposes outlined in this Order.⁵⁶⁸ This includes the Electronic Communications Privacy Act (ECPA), which includes provisions limiting the ability of a provider of "electronic communication service," such as an ETC, to "divulge a record or other information pertaining to a subscriber to or customer of such service" to the extent such divulgence is made to a governmental entity.⁵⁶⁹ ECPA permits a divulgence that is "necessarily incident to the rendition of the service or to the protection of the rights or property of the provider of that service."⁵⁷⁰ In light of the findings we make in

⁵⁶⁴ See 47 C.F.R. § 54.719 *et seq.*

⁵⁶⁵ See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2838, paras. 220-21.

⁵⁶⁶ See Cincinnati Bell Comments at 4 (arguing that a national duplicates database "may raise insurmountable hurdles relative to the protection of customer proprietary network information").

⁵⁶⁷ See *supra* at paras. 188-192.

⁵⁶⁸ As the Commission explained in the *2011 Duplicative Program Payments Order*, the transmission of customer data to a third party in order to eliminate duplicative support does not violate section 222 of the Act or the Commission's CPNI rules. See *2011 Duplicative Program Payments Order*, 26 FCC Rcd at 9029, n.48. Similarly, to the extent that the information transmitted by ETCs to the database or the information provided to authorized parties querying the database is CPNI, these disclosures are permitted by the exceptions in section 222(d). See 47 U.S.C. § 222(h); 47 U.S.C. § 222(d)(1)-(2) (permitting disclosure "to initiate, render, bill, and collect for telecommunications services" and "to protect the rights or property of the carrier, or to protect users of those services and other carriers from fraudulent, abusive, or unlawful use of, or subscription to, such services").

⁵⁶⁹ See 18 U.S.C. § 2702(c) (restricting disclosure of "a record or other information pertaining to a subscriber to or customer of" an electronic communication service), (c)(6) (allowing divulgence "to any person other than a governmental entity"); *id.* § 2703(c)(1) (providing that "[a] governmental entity may require a provider of electronic communication service to disclose a record or other information pertaining to a subscriber to or customer of such service" only under certain circumstances). We also observe that it is not at all clear whether transmitting information to this database constitutes divulgence to "a governmental entity" within the meaning of ECPA. See *id.* §§ 2702(c)(6), 2703(c)(3); *id.* § 2711(4) (defining "governmental entity" for this purpose as "a department or agency of the United States or any State or political subdivision thereof"). The information will be transmitted to a database that will be developed by USAC, in coordination with the Bureau and Office of Managing Director, and will not be operated by this Commission. See *supra* para. 186. Although the Commission generally has access to all information in USAC's possession, see 47 C.F.R. § 54.702(j), the Commission does not intend routinely to access the specific "information pertaining to a subscriber" that is protected by ECPA.

⁵⁷⁰ 18 U.S.C. § 2702(c)(3).

this Order about the need to develop a database to detect and prevent duplicative support, we conclude that divulging information about Lifeline and Link Up subscribers as required by this Order is “necessarily incident to the rendition of the service.” The Lifeline program must be run efficiently and in compliance with the principles in section 254, including the public interest, convenience, and necessity.⁵⁷¹ As this Order explains, we must take steps now to reduce the amount of waste, fraud, and abuse in these programs, and that necessarily includes the creation of a database to identify and eliminate duplicate subscriptions. This would not be possible without the cooperation of participating ETCs. In any event, we also conclude that we have sufficient authority under the Communications Act of 1934, as amended, to require ETCs to provide the required subscriber information notwithstanding ECPA. Sections 215, 218, and 220⁵⁷² clearly demonstrate Congress’s intent that the Commission must have access to relevant information in the possession of carriers in order to conduct necessary oversight. In particular, section 220(c) provides that “[a]ny provision of law prohibiting the disclosure of the contents of messages or communications shall not be deemed to prohibit the disclosure of any matter in accordance with the provisions of this section.” Although we do not require access to the *contents* of any communications for present purposes, this provision demonstrates Congress’s intent that other provisions of law should not be held to override our specific authority to access information needed to perform oversight, including non-content information, which generally is less sensitive than the contents of communications.⁵⁷³ Thus, even to the extent that ECPA might otherwise restrict the transmission of subscriber information to the database, we interpret sections 215, 218, and 220 to give the Commission authority to direct ETCs to provide this information to USAC notwithstanding ECPA.⁵⁷⁴

220. Many parties argue that the Commission should establish safeguards so that the data in the database is only used to check for duplicative support and related functions and for no other purpose.⁵⁷⁵ For example, some commenters raise concerns that ETCs might “troll” the database to determine which prospective subscribers are or are not currently receiving Lifeline service and tailor marketing to those prospective subscribers accordingly.⁵⁷⁶ We conclude that the database must have

⁵⁷¹ See 47 U.S.C. § 254(b), (c), (e)(2).

⁵⁷² 47 U.S.C. §§ 215, 218 (“The Commission may obtain from such carriers and from persons directly or indirectly controlling or controlled by, or under direct or indirect common control with, such carriers full and complete information necessary to enable the Commission to perform the duties and carry out the objects for which it was created.”); 47 U.S.C. § 220(c) (“The Commission shall at all times have access to and the right of inspection and examination of all accounts, records, and memoranda, including all documents, papers, and correspondence now or hereafter existing, and kept or required to be kept by such carriers . . .”).

⁵⁷³ When these provisions of the Communications Act were enacted, there was no specific statutory provision prohibiting the disclosure of non-content information, so Congress would have had no need to refer to such prohibitions in section 220(c). See generally House Comm. on the Judiciary, *Electronic Communications Privacy Act of 1986*, H.R. Rep. No. 647, 99th Cong., 2d Sess. 25-26.

⁵⁷⁴ Cf. *Qwest Communications International Inc. v. FCC*, 229 F.3d 1172, 1176-80 (D.C. Cir. 2000) (deferring to the Commission’s reasonable interpretation of section 220 in reading it together with the Trade Secrets Act).

⁵⁷⁵ See, e.g., Letter from Mary L. Henze, Assistant Vice President, AT&T, to Marlene Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, at 1 (filed Jun. 16, 2011) (“A Lifeline database should not be designed for, and in fact should not be allowed to be used for, any marketing or promotional activities by carriers.”) (AT&T June 16 *ex parte* Letter).

⁵⁷⁶ See Cincinnati Bell Comments at 10 (“[P]rocedures must ensure that providers cannot collect information from the database for marketing purposes. . . .”); Emerios Database Proposal at 11 (“The FCC should clearly limit data queries by ETCs to that data for which the ETC has a valid use, such as an actual enrollment request, change of address request, or de-enrollment request by the consumer. The FCC should prohibit any party from submitting data queries to determine whether an address is available for any other purpose, including marketing, unless such requirement conflicts with state rules.”).

sufficient protections so that all the data housed in the database may only be used to perform the functions and processes described in this Order and may not be used for any other purpose, including marketing or subscriber retention. This includes a function that logs, by time, every query and datafield upload or datafield change by an ETC. The database must have a feature such that each time the database is accessed, the accessing party must sign (electronically or otherwise) an acknowledgement that the database and the information in the database may only be used to perform the functions and processes described in this Order, and for no other purpose. Moreover, ETCs may only query the database to check to see if a prospective subscriber already has support from another ETC and to audit the ETC's own data in the database and for no other purpose.⁵⁷⁷ ETCs violating this rule will be subject to the Commission's full enforcement authority.⁵⁷⁸ Furthermore, prior to providing subscriber information to the database, the ETC must obtain consent from the subscriber. In doing so, the ETC must describe to the subscriber in writing using clear and easily understandable language the specific information being provided, that the information is being provided to the Administrator to ensure the proper administration of the low-income program, and that failure to provide consent will deny the consumer the Lifeline or Link Up benefit.

221. *State Opt-Out.* A number of states have or are about to move forward with their own systems to check for duplicative Lifeline support.⁵⁷⁹ States have expressed concern that any national duplicates database not inhibit the operation of these state efforts.⁵⁸⁰ We applaud the actions of these states to move proactively against waste and do not intend to inhibit their progress. At the same time, states that do not implement their own processes for checking for duplicative support must be covered by the national solution we implement in this Report and Order.⁵⁸¹ We allow states to opt-out of the duplicates database requirements outlined in this Order if they certify one time to the Commission that they have a comprehensive system in place to check for duplicative federal Lifeline support that is as at least as robust as the processes adopted by the Commission and that covers all ETCs operating in the state and their subscribers. Such certification must itemize with particularity each functionality of the state system that corresponds to the federal rule we adopt today and must be approved by the Bureau.⁵⁸² States wishing to take advantage of this process must submit their one time certification within six months of the effective date of this Order. If the Bureau does not act to deny the certification within 90 days of being filed, it will be granted automatically. We do not require ETCs operating in the states which have exercised their opt-out rights and whose certification has been approved by the Bureau to comply with the

⁵⁷⁷ A consumer is considered a prospective subscriber if the customer initiates the process of enrolling in the Lifeline program.

⁵⁷⁸ See, e.g., 47 U.S.C. § 503. Moreover, to the extent that information housed or disclosed by querying the database is CPNI, ETCs may also be subject to forfeitures for the unlawful disclosure or use of such information. See 47 U.S.C. § 222(c).

⁵⁷⁹ See, e.g., NARUC June 17 *ex parte* Letter at 2 (noting that states, including Texas, Oregon, and California have existing programs that target duplicative lifeline support); Letter from Liz Kayser, Public Utility Commission of Texas to Marlene Dortch, Secretary, Federal Communications Commission, WC Dkt. No. 11-42 *et al.*, at 1 (filed Aug. 15, 2011) (discussing Texas' duplicates resolution process).

⁵⁸⁰ See NARUC June 17 *ex parte* Letter at 2 ("Several [state PUCs urged] that all States with complementary and independent lifeline programs be allowed to opt out of any federal database if appropriate and/or be given real-time password access to the federal database.").

⁵⁸¹ See *id.* at 3 (noting that some states support rapid implementation of a federal database to eliminate duplicate support.").

⁵⁸² We direct the Bureau to release a public notice providing additional guidance to the states regarding the opt-out process.

obligations placed on ETCs herein with respect to the duplicates database.⁵⁸³

222. *Duplicates Database and Related Processes Must Be Sufficiently Flexible.* Our administration of the Lifeline program will continue to evolve over time, particularly as the Commission addresses additional issues raised in the *Lifeline and Link Up NPRM*. As several commenters note, the database should be designed to be sufficiently flexible to adapt to reasonably foreseeable changes in the Lifeline rules so that additional functionality can be added at minimal cost.⁵⁸⁴ For example, we continue to consider whether we will provide ongoing Lifeline support for broadband services and adopt a Lifeline broadband pilot program in this Order.⁵⁸⁵ As a result, any database should be flexible so that additional functionalities may be added in the future. For example, it should be capable of accepting and processing the data necessary to check for duplicative broadband support.

223. *Eligibility Database.* In the *Lifeline and Link Up NPRM*, we sought comment on the potential functions of a database designed to eliminate duplicative claims as well as a database to facilitate initial and ongoing certification of consumer eligibility.⁵⁸⁶ As explained above, we adopt a number of requirements for ETCs, state agencies and USAC regarding the initial and ongoing certification of Lifeline subscribers in order to ensure that only subscribers receive a Lifeline benefit. To reduce burdens on consumers and ETCs going forward, we direct the Bureau and USAC to take all necessary actions so that, as soon as possible and no later than the end of 2013, there will be an automated means to determine Lifeline eligibility for, at a minimum, the three most common programs through which consumers qualify for Lifeline. Many parties support the adoption of a permanent eligibility verification solution,⁵⁸⁷ and find that such a solution may have significant benefits for consumers, state agencies that today enroll consumers in the Lifeline program, and ETCs. However, we find that we must gather additional information, including how to facilitate the access of eligibility data from state social service agencies and existing federal databases and how to manage consumer privacy risks.⁵⁸⁸ We therefore seek comment in the attached Further Notice regarding discrete issues related to such a process.⁵⁸⁹

224. Because access to program and income information from federal or state agencies may require coordination among government agencies, following the release of this *FNPRM*, we direct the Wireline Competition Bureau to reach out to other government agencies to explore cooperation regarding the exchange of eligibility data, and to the extent necessary and feasible, coordinate the establishment of an interagency working group to include members of the Department of Agriculture, HHS, other appropriate federal agencies, and state PUCs.⁵⁹⁰ We expect that shortly after release of the Order, the

⁵⁸³ See Appendix A.

⁵⁸⁴ See, e.g., Emerios Comments at 2 (discussing need to capture both telephone and broadband information).

⁵⁸⁵ See section IX.B (Support for Broadband).

⁵⁸⁶ See *Lifeline and Link Up NPRM*, 26 FCC Rcd at 2835-36, paras. 211-213.

⁵⁸⁷ See, e.g., AT&T Comments at 3; CenturyLink Comments at iii; CTIA Comments at 5; MMTIC Comments at 6; Sprint Comments at 1; Verizon Reply Comments at 1.

⁵⁸⁸ See, e.g., Cincinnati Bell Comments at 9-10; MO PSC Comments at 18.

⁵⁸⁹ Based on the information in the record, most consumers qualify for Lifeline through Medicaid, Food Stamps and SSI. See *supra* n. 288. We recognize that meeting this goal will require coordinated action among numerous parties outside of the Commission.

⁵⁹⁰ Any such working group would be established consistent with the requirements of the Unfunded Mandates Reform Act of 1995 (2 U.S.C. § 1501 *et seq.*) (UMRA), which creates an exception to the Federal Advisory Committee Act (see 5 U.S.C. Appendix 2), to allow intergovernmental meetings solely for the purposes of exchanging views, information, or advice relating to the management or implementation of Federal programs (continued....)

Bureau will host a series of workshops with non-governmental entities, including ETCs, technical experts and database vendors, to accelerate the establishment of a wide-spread, automated means for initial and ongoing verification of subscriber eligibility. There are a number of benefits to proceeding in stages. As explained below, setting up the infrastructure for a permanent duplicates process may reduce the cost of subsequently implementing database solutions to address eligibility.⁵⁹¹ Moreover, the Commission's and USAC's experience with the process adopted in the *2011 Duplicative Program Payments Order* and the implementation of the duplicates database may assist in the design and creation of an automated process for confirming eligibility from governmental agencies.

d. Cost

225. The ultimate objective of the database is to reduce waste in the Fund. Therefore, it is important that the initial and ongoing costs of the database are outweighed by the waste that will be eliminated by operation of the database. Based on the evidence in the record, even the highest estimates of the cost of development and ongoing administration of a database appear to bear a much smaller cost than the substantial ongoing annual savings to the Fund that will result from limiting duplicate benefit payments.⁵⁹² For example, Emerios estimates the cost of development of a duplicates database and related functions at \$7.5-10 million.⁵⁹³ While other available cost estimates vary depending on the vendor and specific functionality of each proposal,⁵⁹⁴ estimates for a duplicates database do not appear to vary by orders of magnitude and all appear to be substantially less than the amount of money wasted through duplicative payments each year. Indeed, based on results from the first 12 states in which we implemented the duplicate resolution process, we have identified \$2.9 million in duplicative payments per month which represents \$35 million in annualized payments for those states alone.⁵⁹⁵ There is little doubt

(Continued from previous page)

established pursuant to public law that explicitly or inherently share intergovernmental responsibilities or administration.

⁵⁹¹ See Emerios Database Proposal at 2 (“Phase II [the eligibility database] would be built on the structure and systems in Phase I [the duplicates database], thus dramatically reducing the cost and effort required to expand functionality of the [eligibility database].”).

⁵⁹² See CenturyLink Comments at 21 (“Ultimately, a database likely would prove cost effective by generating savings for the low-income program fund greater than the cost of developing and maintaining the database.”).

⁵⁹³ See Emerios Comments at 15-16 (“Emerios estimates the market budget and planning costs for Phase I [*i.e.*, a duplicates database] at approximately \$7.5-10 million. This estimate excludes the costs to communicate with program beneficiaries and any ongoing fee to administer the database.”). West breaks down the estimated cost of a database into various components, including the “initial infrastructure configuration,” the initial database scrub, and the cost of ongoing “dips” to the database by participating ETCs. See West May 19 Presentation at 19-23. West estimates that if the initial infrastructure is a “shared platform,” the cost will be approximately \$25,000, but if it is a “dedicated platform,” it will cost approximately \$300,000. See *id.* The initial scrub would cost approximately \$532,500 plus the costs of “one-time letter creation” and “letter mailing,” which West lists as currently unknown costs. See *id.* Finally, West estimates that each database “dip” will cost \$0.19 for the first 500,000 dips; \$0.15 for dips 500,001-750,000; \$0.11 for dips 750,001-1,000,000; \$0.09 for dips 1,000,001-2,000,000; and \$0.08 for dips 2,000,001 and beyond. See *id.*

⁵⁹⁴ See Solix Comments at 7 (noting that based on its experience in centralized Lifeline certification and verification, the cost of database administration will be determined by many factors, including the specific design requirements; degree of automation; interface standards between the administrator, state agencies and participating service providers, consumer application options and processes, eligibility review procedures and the level of communication and correspondence between applicants); West May 19 Presentation at 19-23; Emerios June 23 *ex parte* Letter (describing variables which may effect the cost of a database to check for duplicates or eligibility).

⁵⁹⁵ See USAC 2011 IDV Process Letter.

that on a national scale, a database could potentially identify millions more in wasted support. A duplicates database may also produce other operational efficiencies that would improve administration of the program and may reduce costs for both ETCs as well as USAC, thereby reducing the burden on all contributors to the Fund. For instance, the consumer data in the duplicates database could potentially be utilized to save carriers the trouble of assembling and filing FCC Form 497s, reduce the need for USAC to perform audits so that ETCs are only being reimbursed for Lifeline consumers that they are actually serving, and make the audits that are undertaken more efficient and less costly.⁵⁹⁶ Moreover, implementing a duplicates database now may reduce the future cost of development and/or administration of an eligibility database and associated processes.⁵⁹⁷ While we recognize that carriers will incur some costs in interacting with the database (*e.g.*, submitting queries, uploading data), the database is designed to minimize these costs.⁵⁹⁸ For example, we recognize that carriers will incur some costs from interacting with the database, because we do not mandate that carriers must update the database in real-time, we believe that the compliance costs will be minimal. Moreover, ETCs will not be charged for “dipping” the database and the costs of development and ongoing maintenance of the database will be supported by the Fund.⁵⁹⁹ For all of these reasons, we conclude that it would be cost effective to implement a database to check for and eliminate duplicative support.

B. Toll Limitation Service Support

226. *Background.* Toll limitation service (TLS) historically has included both toll blocking, which prevents the placement of all long distance and international calls for which the subscriber would be charged, and toll control, which limits to a preset amount the long-distance charges a subscriber can incur during a billing period.⁶⁰⁰ In the *Universal Service First Report and Order*, the Commission required ETCs to offer TLS at no charge to low-income subscribers.⁶⁰¹ At the time, only incumbent local exchange carriers were receiving support for serving low-income consumers.⁶⁰² Consumers typically purchased long distance service separately from local service, and rates for long distance were considerably higher than they are today.⁶⁰³ The Commission required ETCs to offer TLS based on studies

⁵⁹⁶ See Cox Comments at 5 (“Matching carrier records to the database will be much more straightforward than the current process, and may involve nothing more than validating the carrier’s procedure for using the database... While audits are necessary in the current program to control waste, fraud and abuse, the manual comparisons of records to filed claims can be quite labor-intensive and intrusive.”); Sprint Reply Comments at 10, n. 16 (“Today, carriers to [sic] file Form 497 lifeline count reports, which are processed and audited by USAC. A Lifeline customer database would obviate the need for these reports and thus should generate some administrative cost savings for USAC.”). While we do not in this order begin a transition from the filing of Form 497s to an “autofilling” process by the database, we believe that the construction of a duplicates database will make such a transition easier and less costly.

⁵⁹⁷ See Emerios Reply Comments at 15-16.

⁵⁹⁸ Moreover, no party has fully quantified these costs in the record.

⁵⁹⁹ By contrast, a significant portion of the process established pursuant to the Duplicates Order was paid for by the ETCs participating.

⁶⁰⁰ See 47 C.F.R. § 54.400(d); see also *Universal Service First Report and Order*, 12 FCC Rcd at 8980, para. 383.

⁶⁰¹ *Universal Service First Report and Order*, 12 FCC Rcd at 8980, para. 385.

⁶⁰² *Universal Service First Report and Order*, 12 FCC Rcd at 8969-8970, para. 365.

⁶⁰³ Section 271 of the Telecommunications Act of 1996 prohibited the regional Bell operating companies (RBOCs) from offering most long-distance services until the Commission found that they had opened their local market to competition. See 47 U.S.C. § 271. Between 1999 and 2003, the Commission found that each of the RBOCs had satisfied the statutory criteria and accordingly was eligible to compete in the long-distance market. See TRENDS IN TELEPHONE SERVICE, FEDERAL COMMUNICATIONS COMMISSION, WIRELINE COMPETITION BUREAU, INDUSTRY (continued....)