December 3, 2012

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, S.W.
Washington, D.C. 20554

Re: *Rural Health Care Program Reform, WC Docket No. 02-60*

Dear Ms. Dortch:

The undersigned entities all have benefitted from the Commission's universal service Rural Health Care Pilot Program, and are strong supporters of the Commission's effort to convert the Pilot Program into a permanent rural health care broadband program. As the Commission does so, we urge you to retain key elements of the Pilot Program in the permanent program rules. Among these key elements is the 85 percent funding level.

The signatory entities are all demonstrations of the Pilot Program's success. We all have improved health care outcomes for rural Americans while reducing costs. At the same time, all of us have faced the difficult reality of finding funding for the significant costs that rural sites must contribute to fund their portion of participation in the program. In our experience, the participant contributions at current funding levels are already a major investment for virtually all rural health care providers that participate in the program. Any significant reduction in the funding level will reduce the universe of rural health care providers that are able to afford to participate.

The negative impact of a reduction in the funding level is not just that some existing sites will be unable to continue to participate and fewer new sites will be able to afford to come onboard. Because fewer sites will be participating, *the overall value of the network will be less*. Software for telehealth applications and electronic medical records will have to be amortized over fewer participating sites. Clinicians in participating programs will miss the benefit of the participation of additional rural colleagues. Ultimately, the value of network participation is lower for each participant, and the value of the network itself is exponentially lower.

By continuing to fund telehealth broadband at the current discount level, the FCC will maximize the value of its investment. It will do so without meaningful risk of exceeding the program's budget. Program participants will continue to be deeply

invested in the value of the networks, minimizing opportunities for waste or fraud. By contrast, reducing the discount level will significantly reduce the value of the networks that the program supports – to participating institutions, and to society as a whole.

In short, the Pilot Program funding level is working well, and the FCC should not jeopardize the program's future success by changing it.

Sincerely,

Eric Brown
President and CEO
California Telehealth Network

Ed Bostick
Executive Director
Colorado Telehealth Network

Dale Alverson, MD
Medical Director, Center for Telehealth and Cybermedicine Research
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