QUARTERLY REPORT

RURAL HEALTH CARE NETWORK
PILOT PROGRAM PROJECT

WC Docket No. 02-60

Submitted by
Health Information Exchange
of Montana, Inc. (HIEM)
310 Sunnyview Lane
Kalispell, Montana 59901

Project Coordinator:

Kipman Smith
Executive Director
Health Information Exchange of Montana, Inc.
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Kalispell, MT 59901
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Submitted January 2, 2013
For reporting period ending
December 31, 2012

APPENDIX D
Pilot Program Participants Quarterly Data Reports

1. Project Contact and Coordination Information
   a. Identify the project leader and respective business affiliations
   b. Provide a complete address for postal delivery and the telephone, fax, and e-mail address for the responsible official.
   c. Identify the organization that is legally and financially responsible for the conduct of the activities supported by the award.
   d. Explain how the project is being coordinated throughout the state or region.

Project Contact and Coordinator:
Kipman Smith, Executive Director
Health Information Exchange of Montana
310 Sunnyview Lane
Kalispell, MT 59901
406-751-6687
Fax: 406-756-2703
kipsmith@krmc.org

The Health Information Exchange of Montana, Inc. is legally and financially responsible for the conduct of the activities supported by the award.

This project is being coordinated throughout the state and region through collaborative partnerships and agreements with statewide partners who are facilitating complementary network projects. Additionally the Health Information Exchange of Montana maintains memberships within organizations across Montana seeking to further deploy health information technology and infrastructure, throughout the state, the region and across the country.

2. Identify all health care facilities included in the network.

   a. Provide address (including county), zip code, Rural Urban Commuting Area (RUCA) code (including primary and secondary), six-digit census tract, and phone number for each health care facility participating in the network.
   b. For each participating institution, indicate whether it is:
      i. Public or non-public;
      ii. Not-for-profit or for-profit;
      iii. An eligible health care provider or ineligible health-care provider with an explanation of why the health care facility is eligible under section 254 of the 1996 Act and the Commission's rules or a description of the type of ineligible health care provider entity.

St. John's Lutheran Hospital
(Non-public, not-for-profit, eligible health care provider)
350 Louisiana Ave.
Libby, MT 59923
406-293-0148
Lincoln County, Montana
RUCA: 7
Census Tract: 0002.00

St. Luke's Community Healthcare
(Non-public, not-for-profit, eligible health care provider)
107 6th Avenue Southwest
Ronan, MT 59864
406-676-4441
Lake County, Montana
RUCA: 10
Census Tract: 9405.00

Northwest Community Health Center
(Non-public, not-for-profit, eligible health care provider)
711 California Ave
Libby, MT 59923
406-293-3755
Lincoln County, Montana
RUCA: 7
Census Tract: 0002.00

Pondera Medical Center
(Non-public, not-for-profit, eligible health care provider)
805 Sunset Blvd
Conrad, MT 59425-0758
406-271-3211
Pondera County, Montana
RUCA: 7
Census Tract: 9770.00

Marias Medical Center
(Non-public, not-for-profit, eligible health care provider)
640 Park Avenue
Shelby, MT 59474
406-434-3200
Toole County, Montana
RUCA: 7
Census Tract: 0002.00

Northern Rockies Medical Center
(Non-public, not-for-profit, eligible health care provider)
802 2nd Street Southeast
Cutbank, MT 59427
406-873-2251
Glacier County, Montana
RUCA: 7
Census Tract: 9760.00

Glacier Community Health Center
(Non-public, not-for-profit, eligible health care provider)
519 E Main Street
Cutbank, MT 59427
406-873-2251
Glacier County, Montana
RUCA: 7
Census Tract: 9760.00

North Valley Hospital
(Non-public, not-for-profit, eligible health care provider)
1600 Hospital Way
Whitefish, MT 59937
406-863-3500
Flathead County, Montana
RUCA: 7.4
Census Tract: 0004.00

Kalispell Regional Medical Center
(Non-public, not-for-profit, eligible health care provider)
310 Sunnyview Lane
Kalispell, MT 59901
406-752-1724
Flathead County, Montana
RUCA: 4
Census Tract: 0009.00

Blackfeet Community Hospital
(Public, non-for-profit, eligible health care provider)
760 Government Square
Browning, Montana 59417
406-338-6157
Glacier County, Montana
RUCA: 7
Census Tract: 9402.00

Heart Butte Health Station
(Public, not-for-profit, eligible health care provider)
81 Disney Street
Heart Butte, Montana 59448
406-338-2151
Pondera County, Montana
RUCA: 10.6
Census Tract: 9403.00

University of Montana
(Public, not-for-profit, eligible health care provider)
32 Campus Drive
Missoula, MT 59812
406-243-2964
Missoula County, Montana
RUCA: 1.0
Census Tract: 0005.00

Flathead Valley Community College
(Public, not-for-profit, eligible health care provider)
777 Grandview Drive
Kalispell, MT 59901
406-756-3822
Flathead County, Montana
RUCA: 4.0
Census Tract: 0008.00

Polson Health (KRMC)
(Non-public, for-profit, ineligible health care provider)
102 13th Avenue East
Polson, MT 59860
406-752-1724
Lake County, Montana
RUCA: 7.0
Census Tract: 9403.00

St. Luke Community Clinic
(Non-public, not-for-profit, eligible health care provider)
104 Rufus Lane
Polson, MT 59860
406-676-4441
Lake County, Montana
RUCA: 7.0
Census Tract: 9403.00

Salish Kootenai College
(Public, not-for-profit, eligible health care provider)
58138 US Highway 93
Pablo, MT 59855
406-275-4801
Lake County, Montana
RUCA: 10.0
Census Tract: 9404.00

St. Luke Community Clinic
(Non-public, not-for-profit, eligible health care provider)
330 6 Tract Lane
St. Ignatius, MT 59865
406-676-4441
Lake County, Montana
RUCA: 10.0
Census Tract: 9406.00

Community Medical Center
(Non-public, not-for-profit, eligible health care provider)
2827 Fort Missoula Road
Missoula, MT 59804
406-327-4073
Missoula County, Montana
RUCA: 1.0
Census Tract: 0009.00

Community Physician Group
(Non-public, not-for-profit, eligible health care provider)
2827 Fort Missoula Road
Missoula, MT 59804
406-327-4073
Missoula County, Montana
RUCA: 1.0
Census Tract: 0009.00

Community Physician Group - North
(Non-public, not-for-profit, eligible health care provider)
2230 North Reserve Street
Missoula, MT 59804
406-327-4073
Missoula County, Montana
RUCA: 1.0
Census Tract: 0002.02

Community Physician Group - South
(Non-public, not-for-profit, eligible health care provider)
1211 South Reserve Street
Missoula, MT 59804
406-327-4073
Missoula County, Montana
RUCA: 1.0
Census Tract: 0009.00

Community Physician Group - Stevensville
(Non-public, not-for-profit, eligible health care provider)
3800 East Side Highway
Stevensville, MT 59870
406-327-4073
Ravalli County, Montana
RUCA: 10.1
Census Tract: 0002.00

Community Medical Center - Palmer
(Non-public, not-for-profit, eligible health care provider)
2685 Palmer Street #D
Missoula, MT 59808-1709
406-327-4073
Missoula County, Montana
RUCA: 1.0
Census Tract: 0002.01

Flathead Valley Community College
Lincoln County Campus
(Public, not-for-profit, eligible health care provider)
225 Commerce Way
Libby, MT 59923
406-756-3822
Lincoln County, Montana
RUCA: 7.0
Census Tract: 0002.00

Home Options
(Non-public, not-for-profit, ineligible health care provider)
225 Corporate Way
Kalispell, MT 59901
406-752-1724
Flathead County, Montana
RUCA: 4.0
Census Tract: 0009.00

Bigfork Medical Clinic
(Non-public, not-for-profit, eligible health care provider)
8299 Montana Highway 35
Bigfork, MT 59911
406-752-1724
Flathead County, Montana
RUCA: 10.2
Census Tract: 0013.01

3. Network Narrative: In the first quarterly report following the completion of the competitive bidding process and the selection of vendors, the selected participant must submit an updated technical description of the communications network that it intends to implement, which takes into account the results its network design studies and negotiations with it vendors. This technical description should provide, where applicable:

   a. Brief description of the backbone network of the dedicated health care network, e.g. MPLS network, carrier-provided VPN, a SONET ring;
   b. Explanation of how health care provider sites will connect to or access the network, including the access technologies/services and transmission speeds;
   c. Explanation of how and where the network will connect to a national backbone such as NLR or Internet2;
   d. Number of miles of fiber construction, and whether the fiber is buried or aerial;
   e. Special systems or services for network management or maintenance (if applicable) and where such systems reside or are based.

As of close of reporting period ending December 31, 2012, the status of Health Information Exchange of Montana, Inc. (HIEM) RFPs is:

RFP #1 to construct approximately 185 miles of fiber backbone from Whitefish to Conrad, Montana is complete and a final payment was made on December 12, 2011. This build came in nearly $1.1M under budget and a request to release this FCL and make this amount available for other RFPs has been submitted.

RFP #2 Adesta, LLC (now G4S Technology) was selected to construct approximately 90 miles of fiber backbone from Kalispell to Libby, Montana nearly two years ago; contract negotiation has been completed now that excess capacity partners have been identified. 466 packages were submitted to USAC on June 24th and FCLs were issued on August 4th. Construction managers are on-site, ROW permits are being sought, pole lease make ready assessment is underway, staff are being recruited and materials have been ordered. This build is being coordinated with RFP #6 since G4S is doing both projects; construction will begin mid-April with completion projected for this Fall. Contractor has experienced significant delays in ROW and permitting process which are currently being resolved. Anticipated completion date is now 2nd quarter 2013.

RFP #3 Alamon Telco, Inc. has completed engineering "last mile" fiber links for health care provider sites on RFP #1 backbone; final payment was made on January 12, 2010.

RFP #4 for temporary broadband links from Whitefish to Missoula, Montana was posted on September 30, 2010 with proposals due to HIEM by October 28, 2010. A modified RFP request was issued to all responding bidders on November 19, 2010 with a response deadline of November 30th. The Review Committee met on December 9th and selected vendors for each link for recommendation to the HIEM Board in January. Contracts have been negotiated with four vendors and FCLs issued by USAC. All connections will be in place by mid-July with the ability to transmit data now dependent on receipt and installation of equipment included in RFP #5.

RFP #5 for electronics/optronics purchase was posted on the USAC website and distributed to potential bidders on December 21st with an extended proposal deadline of January 28, 2011. Review Committee narrowed the field to two finalists and selected Cyan Optics as the preferred vendor on April 11th. Contract was negotiated and signed on June 11th; 466 package filed July 13th and FCL issued on August 4th. Equipment is being configured and deployed (see number 4 below). 466 package for Phase II equipment purchase filed on 5/31/12; FCL issued on 7/26/12; equipment received and being deployed.

RFP #6 to construct a permanent fiber network between Whitefish and Missoula was posted on March 28th with a proposal due date of April 25th. Two proposals were received and reviewed and bidders made formal presentations to the Review Committee on August 23rd and Board approved selection of G4S Technology on August 26th. Now pursuing excess capacity partner and working with G4S on route and ROW issues. Contract signed on 12/2/11 and 466 package submitted to USAC on 12/8/11; FCL received on 2/16/12. This build is being coordinated with RFP #2 since G4S is doing both projects; construction will begin in mid-April with completion projected for the Fall. 466 package for ROW costs filed on 5/25/12; FCL issued on 7/26/12. Contractor has experienced significant delays in ROW and permitting process which are currently being resolved. Anticipated completion date is now 2nd quarter 2013.

An updated map reflecting the complete vision for the HIEM fiber optic network is attached (page 20).

4. List of Connected Health Care Providers: Provide information below for all eligible and non-eligible health care provider sites that, as of the close of the most recent reporting period, are connected to the network and operational.

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has the following health care providers connected to the network and operational:

- St. Luke Community Healthcare, Ronan
- Kalispell Regional Medical Center
- St. Luke Community Clinic, Polson
- St. Luke Community Clinic, St. Ignatius
- University of Montana, Missoula
- Salish Kootenai College, Pablo
- Flathead Valley Community College, Kalispell
- Marias Medical Center, Shelby
- Northern Rockies Medical Center, Cut Bank
- Community Medical Center, Missoula (5 sites)

- Pondera Medical Center, Conrad
- KRMC Polson Clinic, Polson
- Blackfeet Community Hospital, Browning
- Home Options, Kalispell

5. Identify the following non-recurring and recurring costs, where applicable shown both as budgeted and actually incurred for the applicable quarter and funding year to date.

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has the following non-recurring or recurring costs to report for the applicable quarter and funding year to-date.

a. Network design
b. Network Equipment, including engineering and installation
   RFP #5 - $1,993,751.95; budgeted; $1,876,645.75 paid
c. Infrastructure Deployment/Outside Plant
   i. Engineering: RFP #3 - $124,568.12 budgeted and paid
   ii. Construction: RFP #1 - $5,093,890.48 budgeted; $3,968,250.71 paid; project complete $1.1M under budget
      RFP #2 - $3,337,144.10 budgeted; $1,400,963.10 paid
      RFP #6 - $6,414,326.66 budgeted; $2,954,048.66 paid
d. Internet2, NLR, or Public Internet Connection
e. Leased Facilities or Tariffed Services
   RFP #4 - $505,086.60 budgeted; $374,500.72
f. Other Non-Recurring and Recurring Costs

6. Describe how costs have been apportioned and the sources of the funds to pay them:

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has the following costs and financial support or anticipated revenues to report for the applicable quarter.

a. Explain how costs are identified, allocated among, and apportioned to both eligible and ineligible network participants.
   HIEM has adopted a process to insure that ineligible network participants pay the full cost of connections provided based on either the actual cost of leased facilities or an allocated bandwidth cost of constructed facilities.

b. Describe the source of funds from:
   i. Eligible Pilot Program network participants
      $579,150 from University of Montana
      $ 27,910 from Kalispell Regional Medical Center
      $224,747 from Excess Bandwidth Contract

   ii. Ineligible Pilot Program network participants

$ 30,924.80 from Polson Health Clinic

c. Show contributions from all other sources (e.g. local, state, and federal sources, and other grants)
   i. Identify source of financial support and anticipated revenues that is paying for costs not covered by the fund and by the Pilot Program participants.
   ii. Identify the respective amount and remaining time for such assistance.
   $600,000 from Excess Capacity Agreements
   $300,000 from Short term loan

7. Identify any technical or non-technical requirements or procedures necessary for ineligible entities to connect to the participant's network.

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has no technical or non-technical requirements or procedures necessary for ineligible entities to connect to the participant's network to report.

Please see 6a above regarding cost allocation.

8. Provide an update on the project management plan, detailing:
   a. The project's current leadership and management structure and any changes to the management structure since the last data report; and
   b. In the first quarterly report, the selected applicant should provide a detailed project plan and schedule. The schedule must provide a list of key project deliverables or tasks, and their anticipated completion dates. Among the deliverables, participants must indicate the dates when each health care provider site is expected to be connected to the network and operational. Subsequent quarterly reports should identify which project deliverables, scheduled for the previous quarter, were met and which were not met. In the event a project deliverable is not achieved, or the work and deliverables deviate from the work plan, the selected participant must provide and explanation.

a. As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has no changes in current leadership and management structure to report.

b. The December 31, 2012 project plan and sequence for issuing RFPs to complete construction of the Health Information Exchange of Montana's fiber optic network is attached to this report (page 21). All RFPs have been issued, contracts awarded and FCLs received.

9. Provide detail on whether network is or will become self-sustaining. Selected participants should provide an explanation of how network is self-sustaining.

Health Information Exchange of Montana Sustainability Plan
Revised March 31, 2012

In 2008, the ***Health Information Exchange of Montana*** (**HIEM**) was awarded $13,600,000 by the FCC Rural Health Care Pilot Program (RHCPP) to implement a new fiber network connecting healthcare facilities in Browning, Conrad, Cut Bank, Kalispell, Libby, Ronan, Shelby and Whitefish. The **HIEM** is a not-for-profit collaborative of healthcare providers in communities across northwest and northcentral Montana established to develop and share electronic health information and to improve patient care throughout a shared service area.

In an area with limited or no connection to Internet2 or National Lambda Rail, the FCC Rural Health Care Pilot Program will allow for deployment of a new network to connect facilities to enable distance medical consultation, electronic record keeping and exchange, disaster readiness, clinical research, and distance education services.

The RHCPP project will provide fiber connections from Kalispell to Browning, Conrad, Cut Bank, Libby, Missoula, Ronan, Shelby and Whitefish, and across the state to support long-standing shared goals of developing health technology to ensure better access, affordability and care for rural Montanans.

Details of HIEM Plan for Sustainability

- 15% Funding Match: The HIEM has and will continue to use a variety of sources of funding for the required match including partnering with the University of Montana and other academic institutions providing health care education; seeking federal grants such as broadband stimulus opportunities through NTIA and USDA; member assessments and contributions; contracts for excess capacity; and drawing on a line of credit from a local financial institution if necessary. Other than potential federal grant restrictions that could develop in the future, none of these sources of funding have restrictions other than those with academic institutions. For example, our partnership with the University of Montana provides for access to *excess bandwidth* at market rate for non-health care educational programming as requested and available.

- Projected sustainability period: As part of the HIEM's "future-proof" philosophy, we are entering into long term agreements for a minimum of 25 years to ensure participating sites have access to significant bandwidth for years to come and won't find themselves struggling for adequate connectivity in only a short period and having to revisit development of broadband infrastructure yet again. Projecting sustainability forward for this long a period involves making several major assumptions which are included in the next section on Principal Factors and Budget.

- Network Membership: There are two categories of members within the HIEM's fiber project – organizational and participating. Organizational members are involved in the governance structure under the HIEM's 501(c)(3) Articles of Incorporation and Bylaws while participating members are "customers" of the fiber project and have agreed per their Letter of Agency to access bandwidth within the HIEM network. All members are

eligible healthcare providers under the FCC definition, with the exception of a for-profit health clinic owned by a participating non-profit member.

To define HIEM's plan for long-term sustainability of this network, the HIEM Board of Directors adopted a new methodology for pricing fiber connections effective March 2, 2012. Under this pricing structure, HIEM offers two levels of service – Point2Point and Protected (firewalled) with fees consisting of three components. A one-time "membership" fee per entity covers operations, maintenance and future equipment refresh; a circuit fee based on the desired bandwidth connection; and a firewall management fee for those selecting a Protected connection. The membership fee is waived for HIEM "organizational" members in recognition of their ongoing financial commitment to cover network administrative costs. This new pricing methodology replaces the June 2011 mechanism previously reflected in the sustainability budget.

The HIEM Board of Directors has tasked itself to observe and revisit this pricing structure on an annual basis to ensure that it continues to provide sufficient funding for network operations and sustainability. In the sustainability budget presented below, it is assumed that member fees will increase beginning in year 5 with additional increases to be assessed periodically throughout the sustainability period.

While inclusion of non-eligible members is not anticipated within the HIEM's sustainability plan, a small number of for-profit health care providers (specifically, private physician clinics), generally affiliated with one of our non-profit members, may request to join the network during the sustainability period. When this occurs they will be expected to pay a fair share price or market rate for connectivity provided using a formula approved by USAC.

- Excess Capacity: When HIEM first developed a sustainability plan, the FCC had not yet issued its *Excess Bandwidth and Excess Capacity Scenarios* guidance document (March 2009), hence no revenue or related expense for excess facilities were included in the original sustainability plan.

  On March 19, 2010, the HIEM requested approval to incorporate excess capacity facilities on an incremental cost basis within its fiber backbone from Whitefish to Conrad, Montana to ensure the short-term success and long-term sustainability of the HIEM fiber network. Approval of our request was received from USAC on April 16, 2010. In addition, HIEM has since included excess capacity within its soon to be constructed Kalispell to Libby (RFP #2) and Whitefish to Missoula (RFP #6) links.

  This updated HIEM Sustainability Plan reflects the addition of these excess capacity facilities in the budget provided below.

- Ownership Structure: HIEM is a 501(c)(3) non-profit corporation formed in October 2006 with a governing Board of thirteen representing all organizational and elected members. All network elements will be owned by the HIEM with individual participants responsible for providing internal hardware and software required to connect to the

network. When necessary HIEM has entered into short-term lease agreements with telecommunications vendors to ensure connectivity to all participating sites while constructing/securing their dedicated fiber network.

- Sources of Future Support: The HIEM will rely on fees from eligible network members, revenue from non-eligible partners as well as potential funding and in-kind support from excess capacity agreements to support sustainability of the network.

- Management: HIEM staffing currently includes a full-time employed Executive Director and contracted network analyst support from anchor member, Kalispell Regional Medical Center. Administrative costs are covered through grants and a cost sharing formula among network members and are reflected in the budget below as single line items. As the network moves to an operational versus development phase, additional technical and management resources are anticipated and are also incorporated into the budget below.

Principal Factors (Assumptions) of Sustainability Budget:

Note: This budget revision reflects a Year 1 base that includes a cumulative history of financial activities over the past four years that will result in establishment of bandwidth connections within our dedicated health care network during the coming six to nine months.

Revenue:

- Rural Health Care Pilot Project Support revenue reflects 85% of actual cost to date for network construction based on Funding Commitment Letters issued by or pending with the FCC/USAC.

- Connection Fees – Network Members reflects the initial anticipated revenue from organizational and participating HIEM members based on the Fiber Pricing Plan adopted by the HIEM Board effective March 2012. Every four years the budget reflects a 5% increase in member contribution levels.

- Match Contributions from Members reflects revenues received from eligible participants as documented in item 6b of the Quarterly Reports filed with the FCC.

- Other Fiber Revenue reflects income and in-kind support received or anticipated from excess bandwidth, excess capacity and bandwidth exchange agreements. The HIEM currently has secured an excess bandwidth agreement with the University of Montana; excess capacity agreements with four non-healthcare partners for the Kalispell-Libby and Whitefish-Missoula links (two which include 30 years worth of fiber maintenance and repair for all fiber strands for both network sections); and a bandwidth exchange agreement with a local telecommunications provider that provides connections to eligible healthcare providers on the eastside of the Continental Divide (Browning to Conrad) plus

ongoing monitoring and maintenance in that section of the network in exchange for bandwidth within HIEM's excess capacity fiber backbone. Exchanged bandwidth is valued at $6,000/month or $72,000/year throughout the life of the contract based on estimated construction costs for these local connections ($1.2M) plus the cost of electronics/optronics to light the connections ($960,000) if HIEM were to build the connections themselves. All other agreements are valued at actual negotiated market rates.

- Administrative Grant(s) and Member Cost Sharing: The HIEM received a 3-year grant in May 2008 from the Federal Office of Rural Health Policy to support establishment of the HIEM network. This award provided $180,000/year to assist in offsetting administrative and operational costs. The HIEM continually monitors and pursues other grant funding that will assist with network development costs. In addition, HIEM organizational members have established a cost sharing formula to pay all operating expenses not covered by grant funding. This line item reflects the sum of revenues required to offset Management/Personnel costs included in the budget.

Expense:

- RHCPP RFP & Excess Capacity expense reflects actual total cost to date for network construction based on signed contracts.

- Electronics/Optronics Monitoring and Maintenance - Cost for electronics/optronics to light the HIEM network fiber, selected through the competitive RFP process, includes the first five years of ongoing monitoring and routine maintenance and is therefore included in the RFP5 FCL. The budget below reflects the estimated cost of these services beginning in year 6 with an 8% increase in cost every 5 years.

- CyberSecurity Insurance provides protection against unauthorized access to HIEM fiber network and data exchange activities. Budget is based on current actual cost with incremental increases as the network expands to additional communities and to reflect inflation.

- Eastside Healthcare Connection in-kind costs reflect the approximate fair market value ($1.56M) for lease of one pair of excess capacity fibers to support the bandwidth exchange with a non-network member (see above) for the 30 year term of the agreement. The remaining estimated value of the bandwidth exchange is allocated to fiber monitoring and maintenance below based on the terms of the exchange agreement.

- Fiber monitoring and maintenance will be provided under agreement with local contractors with necessary experience and resources to ensure 24/7 response. Currently all of these costs (valued at $75,000 annually) will be provided on an in-kind basis through the non-network member bandwidth exchange and excess capacity agreements described above.

- Technical and engineering consulting during sequential construction of fiber network. Cost declines as various segments of network are completed. Budget reflects a small amount ($5000) of technical consulting on an ongoing basis for network management issues that may arise.

- Legal fees are budgeted at a flat amount of $12,000 throughout the initial 4 year period to reflect completion of various sections of the network and then drop to $10,000 per year beginning in year 5. This expertise is needed for RFP review and vendor contracting as well as excess capacity partnership development.

- Management/Personnel expense reflects annual costs for the HIEM's employed Executive Director and contracted network analyst support from Kalispell Regional Medical Center. Budgeted costs are increased by 3% per year.

Equipment Replacement Fund:

- Fiber optronics/electronics will need to be upgraded or replaced after several (assumed to be 10) years of operation. Net revenues of the network will be accumulated on an annual basis in an equipment replacement fund for this purpose; as well as fiber upgrades, network expansions and repairs not covered otherwise.

HIEM FIBER BUDGET	April 1 - March 31																								
March 31, 2012	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
REVENUE																									
Rural Health Care Pilot Program Support (RFP 1-6)	$12,521,610																								
Connection Fees - Network Members																									
ORGANIZATIONAL:																									
Northern Rockies	$8,700	$8,700	$8,700	$8,700	$9,135	$9,135	$9,135	$9,135	$9,592	$9,592	$9,592	$9,592	$10,071	$10,071	$10,071	$10,071	$10,575	$10,575	$10,575	$10,575	$11,104	$11,104	$11,104	$11,104	$11,659
Kalispell Regional	$9,500	$11,400	$11,400	$11,400	$11,970	$11,970	$11,970	$11,970	$12,569	$12,569	$12,569	$12,569	$13,197	$13,197	$13,197	$13,197	$13,857	$13,857	$13,857	$13,857	$14,550	$14,550	$14,550	$14,550	$15,277
St. John's	$2,850	$11,400	$11,400	$11,400	$11,970	$11,970	$11,970	$11,970	$12,569	$12,569	$12,569	$12,569	$13,197	$13,197	$13,197	$13,197	$13,857	$13,857	$13,857	$13,857	$14,550	$14,550	$14,550	$14,550	$15,277
St. Luke's	$34,200	$34,200	$34,200	$34,200	$35,910	$35,910	$35,910	$35,910	$37,706	$37,706	$37,706	$37,706	$39,591	$39,591	$39,591	$39,591	$41,570	$41,570	$41,570	$41,570	$43,649	$43,649	$43,649	$43,649	$45,831
North Valley	$5,700	$11,400	$11,400	$11,400	$11,970	$11,970	$11,970	$11,970	$12,569	$12,569	$12,569	$12,569	$13,197	$13,197	$13,197	$13,197	$13,857	$13,857	$13,857	$13,857	$14,550	$14,550	$14,550	$14,550	$15,277
PARTICIPATING:																									
Pondera Medical	$14,700	$8,700	$8,700	$8,700	$9,135	$9,135	$9,135	$9,135	$9,592	$9,592	$9,592	$9,592	$10,071	$10,071	$10,071	$10,071	$10,575	$10,575	$10,575	$10,575	$11,104	$11,104	$11,104	$11,104	$11,659
Marias Medical	$17,400	$11,400	$11,400	$11,400	$11,970	$11,970	$11,970	$11,970	$12,569	$12,569	$12,569	$12,569	$13,197	$13,197	$13,197	$13,197	$13,857	$13,857	$13,857	$13,857	$14,550	$14,550	$14,550	$14,550	$15,277
Community Medical	$41,750	$34,200	$34,200	$34,200	$35,910	$35,910	$35,910	$35,910	$37,706	$37,706	$37,706	$37,706	$39,591	$39,591	$39,591	$39,591	$41,570	$41,570	$41,570	$41,570	$43,649	$43,649	$43,649	$43,649	$45,831
KRMC Polson Clinic	$0	$11,400	$11,400	$11,400	$11,970	$11,970	$11,970	$11,970	$12,569	$12,569	$12,569	$12,569	$13,197	$13,197	$13,197	$13,197	$13,857	$13,857	$13,857	$13,857	$14,550	$14,550	$14,550	$14,550	$15,277
FVCC - Libby Campus	$6,000	$8,700	$8,700	$8,700	$9,135	$9,135	$9,135	$9,135	$9,592	$9,592	$9,592	$9,592	$10,071	$10,071	$10,071	$10,071	$10,575	$10,575	$10,575	$10,575	$11,104	$11,104	$11,104	$11,104	$11,659
	$53,100	$53,100	$53,100	$53,100	$55,755	$55,755	$55,755	$55,755	$58,543	$58,543	$58,543	$58,543	$61,470	$61,470	$61,470	$61,470	$64,543	$64,543	$64,543	$64,543	$67,771	$67,771	$67,771	$67,771	$71,159
Subtotal	$193,900	$204,600	$204,600	$204,600	$214,830	$214,830	$214,830	$214,830	$225,572	$225,572	$225,572	$225,572	$236,850	$236,850	$236,850	$236,850	$248,693	$248,693	$248,693	$248,693	$261,127	$261,127	$261,127	$261,127	$274,184
Match Contributions from Members	$607,060																								
Other Fiber Revenue																									
Excess Bandwidth	$224,747																								
Excess Capacity	$2,737,600	$26,671	$26,671	$26,671	$26,671	$26,671	$26,671	$26,671	$26,671	$26,671	$26,671														
Excess Capacity (in-kind Maintenance)	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000
Bandwidth Exchange (in-kind)	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000	$72,000
Subtotal	$3,109,347	$173,671	$173,671	$173,671	$173,671	$173,671	$173,671	$173,671	$173,671	$173,671	$173,671	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000	$147,000
Administrative Grant(s) and Member Cost Sharing	$247,933	$255,371	$263,032	$270,923	$279,051	$287,422	$296,045	$304,926	$314,074	$323,496	$333,201	$343,197	$353,493	$364,098	$375,021	$386,272	$397,860	$409,795	$422,089	$434,752	$447,795	$461,228	$475,065	$489,317	$503,997
Total Revenue	$16,679,850	$633,642	$641,303	$649,194	$667,552	$675,923	$684,546	$693,427	$713,317	$722,739	$732,444	$715,769	$737,343	$747,948	$758,871	$770,122	$793,552	$805,488	$817,782	$830,445	$855,922	$869,356	$883,192	$897,444	$925,180
EXPENSE																									
RHCPP RFPs & Excess Capacity	$15,286,189	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Electronics/Optronics Monitoring and Maintenance	$0	$0	$0	$0	$0	$86,400	$86,400	$86,400	$86,400	$86,400	$93,315	$93,315	$93,315	$93,315	$93,315	$100,780	$100,780	$100,780	$100,780	$100,780	$108,845	$108,845	$108,845	$108,845	$108,845
CyberSecurity Insurance	$6,000	$8,000	$10,000	$12,000	$12,500	$13,000	$13,500	$14,000	$14,500	$15,000	$15,500	$16,000	$16,500	$17,000	$17,500	$18,000	$18,500	$19,000	$19,500	$20,000	$20,500	$21,000	$21,500	$22,000	$22,500
Eastside Healthcare Connections (In-Kind)	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000	$52,000
24/7 Monitoring & Fiber Maintenance (In-Kind)	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000	$75,000
Technical and Engineer Consulting	$10,000	$8,000	$8,000	$6,000	$6,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Legal Fees	$12,000	$12,000	$12,000	$12,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
Management/Personnel	$247,933	$255,371	$263,032	$270,923	$279,051	$287,422	$296,045	$304,926	$314,074	$323,496	$333,201	$343,197	$353,493	$364,098	$375,021	$386,272	$397,860	$409,795	$422,089	$434,752	$447,795	$461,228	$475,065	$489,317	$503,997
Total Expense	$15,689,122	$410,371	$420,032	$427,923	$434,551	$528,822	$537,945	$547,326	$556,974	$566,896	$584,016	$594,512	$605,308	$616,413	$627,836	$647,052	$659,140	$671,575	$684,369	$697,532	$719,140	$733,073	$747,410	$762,162	$777,342
Equipment Replacement Fund Contribution	$990,728	$223,271	$221,271	$221,271	$233,001	$147,101	$146,601	$146,101	$156,343	$155,843	$148,428	$121,257	$132,035	$131,535	$131,035	$123,070	$134,413	$133,913	$133,413	$132,913	$136,782	$136,282	$135,782	$135,282	$147,839

10. Provide detail on how the supported network has advanced telemedicine benefits:
    a. Explain how the supported network has achieved the goals and objectives outlined in selected participants' Pilot Program application;
    b. Explain how the supported network has brought the benefits of innovative telehealth and, in particular telemedicine in services to those areas of the country where the need for those benefits is most acute;
    c. Explain how the supported network has allowed patients access to critically needed medical specialists in a variety of practices without leaving their homes or communities;
    d. Explain how the supported network has allowed health care providers access to government research institutions, and or academic, public, and private health care institutions that are repositories for medical expertise and information;
    e. Explain how the supported network has allowed health care professionals to monitor critically ill patients at multiple locations around the clock, provide access to advanced applications in continuing education and research and/or enhance the health care community's ability to provide a rapid and coordinated response in the event of a national crisis.

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has no detail yet to report on promotion of telehealth and telemedicine by this project throughout the service area for the applicable quarter and funding year to-date.

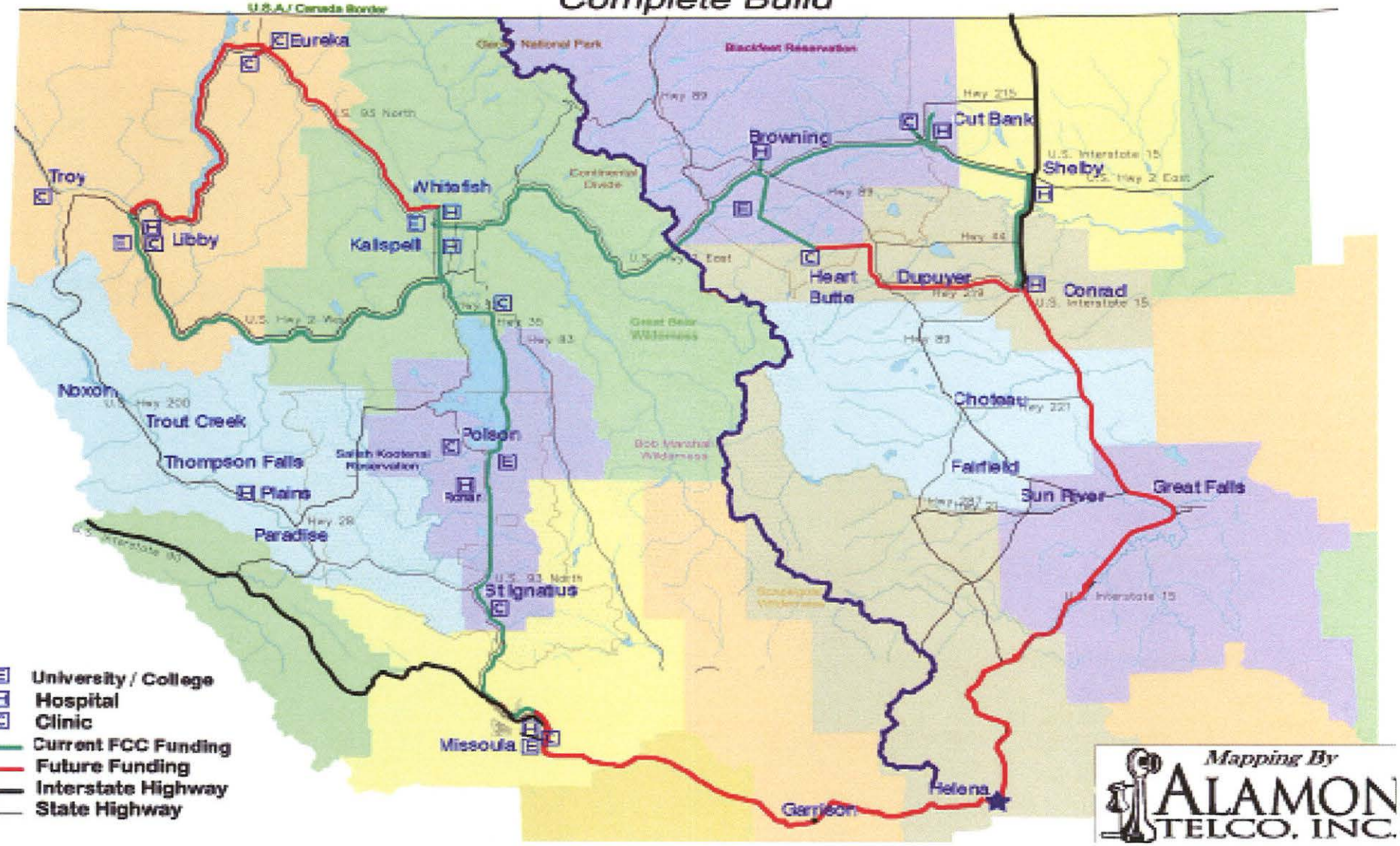
11. Provide detail on how the supported network has complied with HHS IT initiative:
    a. Explain how the supported network has used Health IT systems and products that meet interoperability standards recognized by the HHS Secretary;
    b. Explain how the supported network has used health IT products certified by the Certification Commission for Healthcare Information Technology;
    c. Explain how the supported network has used resources available at HHS's Agency for HHIN trial implementations;
    d. Explain how the supported network has used resources available at HHS's Agency for Healthcare Research and Quality (AHRQ) National Resource Center for Health Information Technology;
    e. Explain how the selected participant has educated themselves concerning the Pandemic and All Hazards Preparedness Act and coordinated with the HHS Assistant Secretary for Public Response as a resource for telehealth inventory and for the implementation of other preparedness and response initiatives; and
    f. Explain how the supported network has used resources available through HHS's Centers for Disease Control and Prevention (CDC) Public Health Information Network (PHIN) to facilitate interoperability with public health and emergency organizations.

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has no detail to report regarding how the project has complied with HHS IT initiatives for the applicable quarter and funding year to-date.

12. Explain how the selected participants coordinated in the use of their health care networks with the Department of Health and Human Services (HHS) and, in particular with its Centers for Disease Control and Prevention (CDC) in instances of national, regional, or local public health emergencies (e.g., pandemics, bioterrorism). In such instances, where feasible, explain how selected participants provided access to their supported networks to HHS, including CDC and other public health officials.

As of close of reporting period ending December 31, 2012, the Health Information Exchange of Montana, Inc. has no detail to report on how this project has coordinated in the use of health care networks with Department of Health and Human Service, Centers for Disease Control and other public health officials for the applicable quarter and funding year to-date.

Health Information Exchange of Montana
Complete Build



Health Information Exchange of Montana Broadband Build

FCC Award RFP's		REVISED 12/31/12			
			(In 1000s)		
2009			**Total**	**FCC 85%**	**Match 15%**
	1	12 Pairs of Fiber - Whitefish to Conrad	3968	3373	595
		Status: Awarded to BNSF November 2008; COMPLETE			
	2	Broadband Link - Libby to KRMC (Fiber)	3337	2837	500
		Status: Awarded to Adesta. LLC; FCL issued August 2011			
	3	Engineering Spurs to RFP #1 Facilities & Heart Butte Link	125	106	19
		Status: Awarded to Alamon Telco, Inc.; COMPLETE			
2010/2011					
	4	Temporary Broadband Links Whitefish to Missoula (2 year contract with two 2 year renewals)	505	429	76
		Status: FCLs issues for four selected vendors			
	5	Electronics/Optronics for All Links	2068	1758	310
		Status: Cyan Optics selected; FCL issued August 2011; Phase II FCL issued 7/26/12			
	6	Permanent Broadband Links – Whitefish to Missoula	5997	5097	900
		Status: Awarded to G4S Technology; FCL issued 2/16/12; ROW FCL issued 7/26/12			
		Funded Subtotal	16000	13600	2400
Future Funding Request					
	7	Broadband Link - Libby to Kalispell (close loop)	9450	8032	1418
		Status: None			
	8	Broadband Link - Conrad to Heart Butte (close loop)	1000	850	150
		Status: None			
		Unfunded Subtotal	10450	8882	1568
		TOTAL	26450	22482	3968