



Federal Broadband Subsidies for Healthcare

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Federal Broadband Subsidies for Healthcare: *An Overview of Opportunities*



Agenda

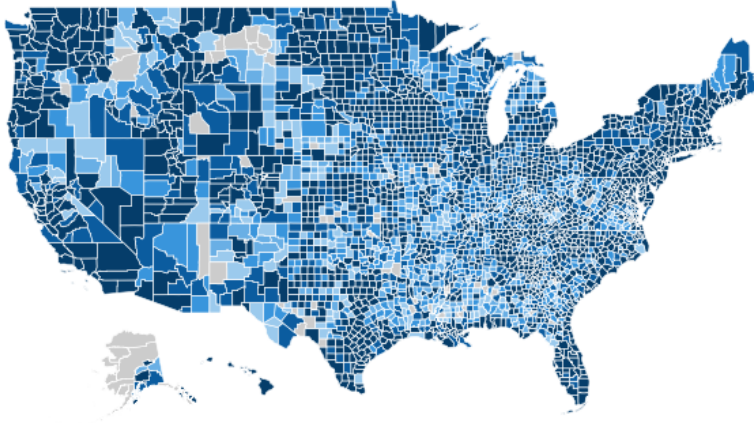
- Federal Universal Service Programs: Overview
- FCC proposed Connected Care Pilot Program
- FCC Rural Health Care Program: Overview and Update
- USDA rural broadband grant opportunities



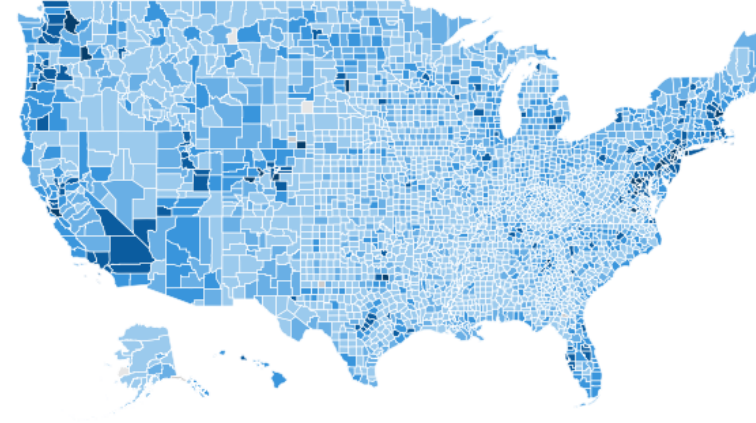
Maps showing FCC fixed broadband availability and broadband usage based on Microsoft data

FCC indicates broadband is not available to 24.7M people

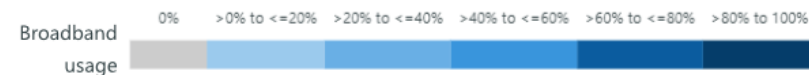
Microsoft data indicates 162.8M people do not use the internet at broadband speeds



* FCC fixed broadband has or "could" provide greater than or equal to 25Mbps / 3Mbps



Broadband speed greater than or equal to 25Mbps



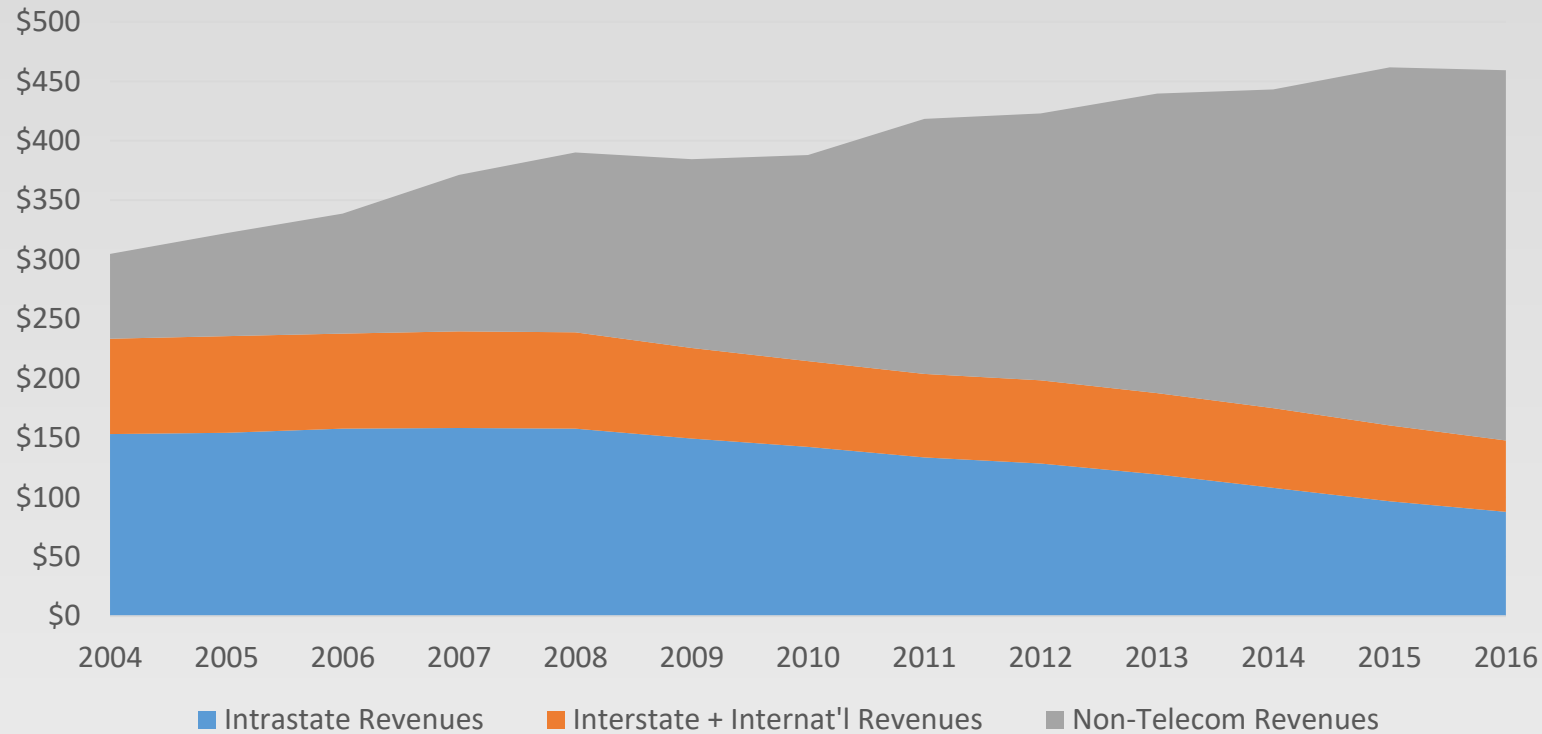
Data sources: FCC 2018 Broadband Report based on Form 477 data from December 2016 and Microsoft data from September 2018
Form 477 sample data format: 00000000000000,DBAName,0,0,0,0,0,0,0

Source: <https://news.microsoft.com/rural-broadband/#broadband-availability>

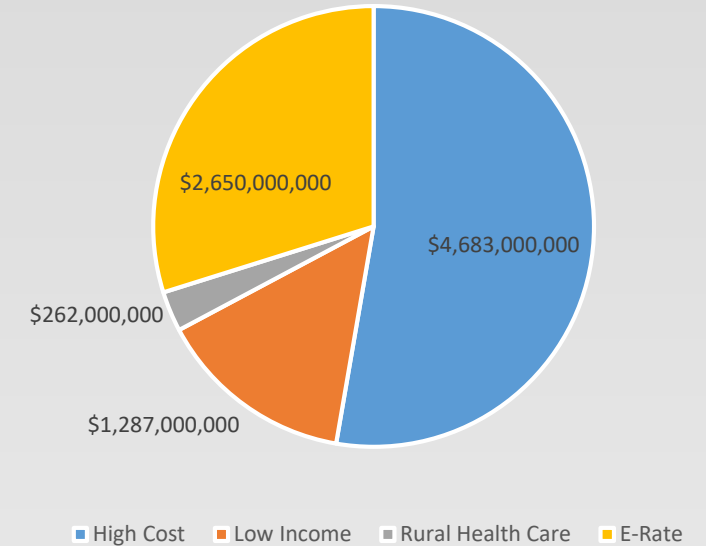
Universal Service

- “Universal service” is a principle that has been recognized for over 100 years: all Americans should have access to communications services.
- Congress in 1996 extended beyond **basic** telecommunications:
 - **High Cost** (aka Connect America) – ensures companies serving rural areas provide affordable services
 - **Schools & Libraries** (E-rate) – ensures schools and libraries have access to broadband
 - **Rural Health Care** – ensures rural health care providers have access to broadband
 - **Lifeline*** – ensures eligible low income Americans have access to telecommunications (*not codified)

Intrastate, Assessable (Interstate + Int'l) and Non-Telecommunications Revenues
2004-2016 (in billions)



2017 Disbursements



- High Cost (Connect America) = \$4.68 billion
- Low Income = \$1.29 billion
- Schools & Libraries (E-rate) = \$2.65 billion
- Rural Health Care = \$0.26 billion
- TOTAL = \$8.88 billion

FCC \$100 million Connected Care Pilot Program

➤ **Status: Proposed Rules Under Consideration**

- Notice of Proposed Rulemaking released August 2019 – comment period open until September 30, 2019.
- Focused on health care providers treating low income populations and veterans in their homes for conditions that require at least several months to treat (behavioral health, drug dependency, chronic diseases, and high-risk pregnancies).

➤ **Funding:**

- Broadband connectivity needed by patients or health care providers;
- Proposing 85% subsidy;
- Proposing not to fund: Services funded by RHC program; internal connections; end-user devices, administrative expenses.
- Could possibly fund “information services” which might include applications or software supporting telehealth platforms.
- Reconsidering whether to fund 20 projects at \$5 million each.

➤ **Next Step:**

- FCC Order setting forth program rules and an application process (winter 2020?)

Current FCC Rural Health Care Programs

Program	Telecommunications Program	Healthcare Connect Fund
Authority	47 U.S.C. section 254(h)(1)(A)	47 U.S.C. section 254(h)(2)(A)
Discount	Urban-rural differential (cost parity)	65% flat rate subsidy
Eligibility	<ul style="list-style-type: none"> Eligible <u>rural</u> health care providers 	<ul style="list-style-type: none"> Eligible rural health care providers and consortia <u>Non-rural</u> if part of a majority-rural consortium
Eligible services	<ul style="list-style-type: none"> Telecommunications (<i>i.e.</i> common carrier services) Customary installation charges 	<ul style="list-style-type: none"> Broadband services and equipment Customary installation charges (\$5K) Additional options for consortia <ul style="list-style-type: none"> Multi-year funding commitments Network services & equipment (NOCs) Upfront costs: IRUs, Long Term Leases, Network construction (in some situations)
Ineligible services	<ul style="list-style-type: none"> “Private carriage” Special construction (infrastructure) End-user equipment (VOIP systems, etc.) 	
Vender Eligibility	<ul style="list-style-type: none"> Telecommunications providers only 	<ul style="list-style-type: none"> Any vendor that provides eligible services
2017 Spend	\$155 million	\$225 million
Funding Cap: \$594 million for FY 2019 (\$150 million sub-cap for HCF upfront and multi-year support)		

Fig. 1: Original Commitment Amounts (\$) by Funding Year and Program²³

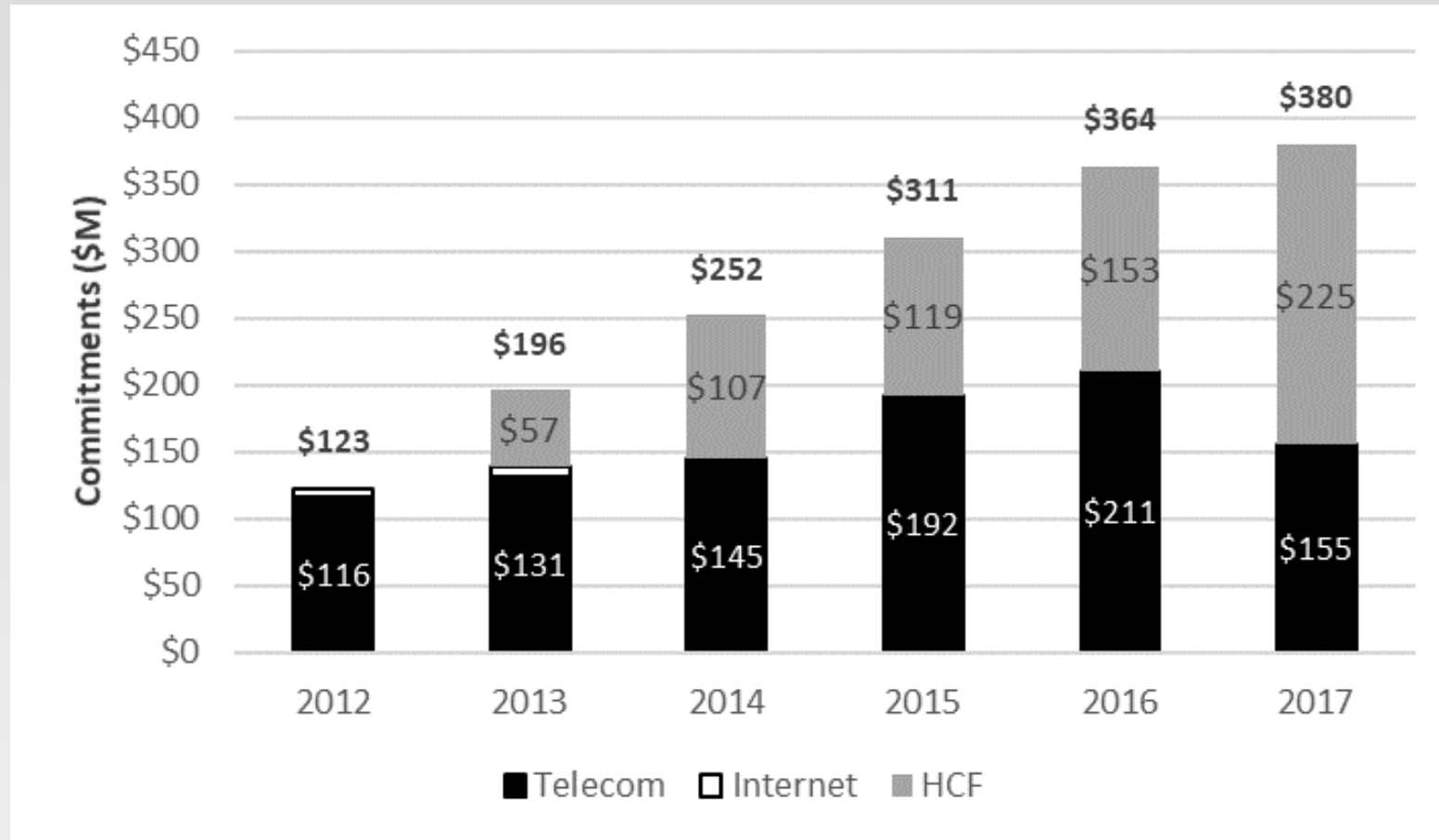
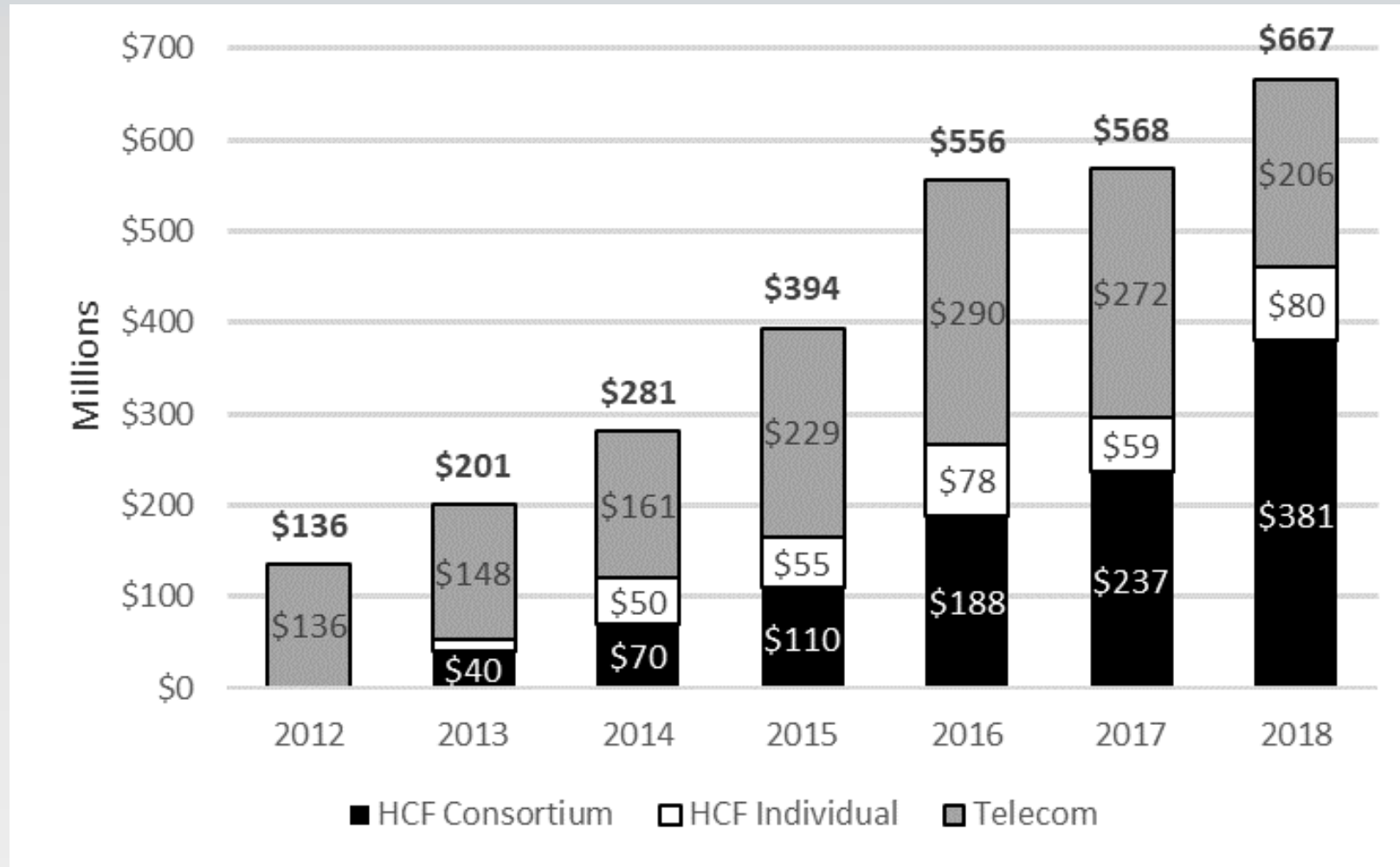


Fig. 2: Gross Demand by Program and Funding Year²⁴



Overall RHC Program: Major Changes

- ***Disclaimer:*** *Do not use this limited summary as a substitute for reviewing the RHC Report and Order yourself; it is very detailed and comprehensive.*
- **Funding Prioritization** (FY 2020) – New scheme based on rurality and whether medically underserved:
 - Rurality tiers based on existing RHC program definitions of “rural”
 - MUA/P = Medically Underserved Area or Population (for primary care)
 - Maintained by HRSA

Health Care Provider Site is Located in:	MUA/P	Not in MUA/P
Extremely Rural Tier	<i>Priority 1</i>	<i>Priority 4</i>
Rural Tier	<i>Priority 2</i>	<i>Priority 5</i>
Less Rural Tier	<i>Priority 3</i>	<i>Priority 6</i>
Non-Rural Area ³⁵¹	<i>Priority 7</i>	<i>Priority 8</i>

- If cap exceeded, each priority category will be fully funded until funding is exhausted; pro-rata reductions within final funded priority category.

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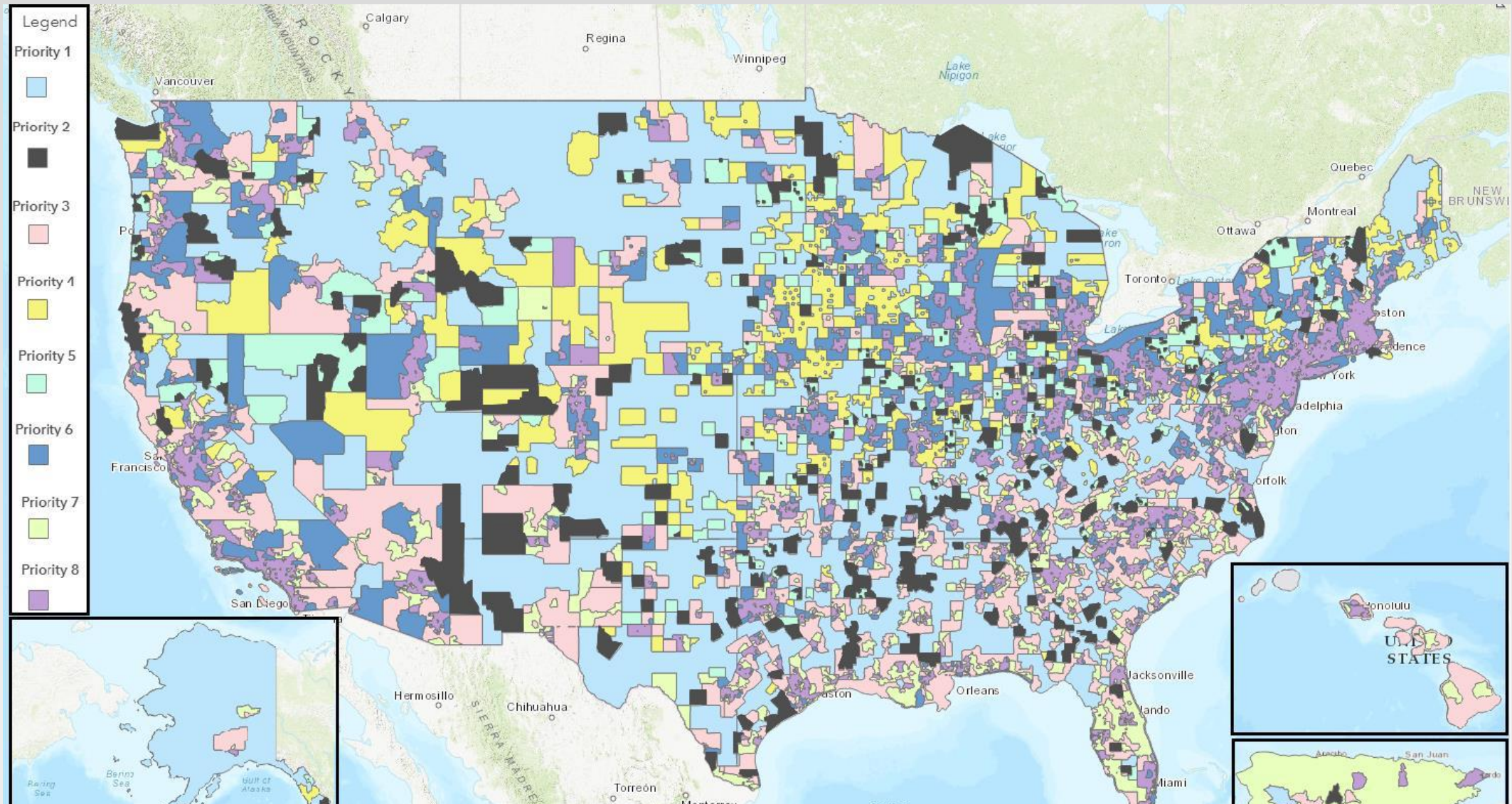


Table 3: Allocation of Funding Year 2017 Commitments in Prioritization Categories³⁸⁵

HCP Site is located in:	MUA/P	Number of HCP Sites	Committed Funding Amount	Not in MUA/P	Number of HCP Sites	Committed Funding Amount (\$)
<i>Extremely Rural Tier</i>	<i>Priority 1</i>	2,782	\$139,495,781	<i>Priority 4</i>	701	\$20,254,621
<i>Rural Tier</i>	<i>Priority 2</i>	955	\$27,694,946	<i>Priority 5</i>	716	\$17,789,469
<i>Less Rural Tier</i>	<i>Priority 3</i>	1,200	\$36,501,369	<i>Priority 6</i>	828	\$20,283,456
<i>Non-Rural Areas</i>	<i>Priority 7</i>	831	\$47,308,989	<i>Priority 8</i>	1,311	\$70,544,242

Overall Program: Major Changes

- Competitive bidding (FY 2020)
 - Request for services must specify actual services needed (*e.g.*, Internet, bandwidth), not functions (*e.g.*, transmit x-rays);
 - Must identify disqualification criteria;
 - Harmonized HCF and Telecom Program bidding rules;
 - Fair and open requirement
 - Submission of bid matrices and declaration of assistance
 - HCF competitive bidding exemptions available in both programs (except \$10K or less)
 - E-rate Gift Prohibitions implemented for RHC
 - Permitted: Modest refreshments; conference gifts (\$20 value or less; not to exceed \$50 annually); charitable contributions not intended to circumvent competitive bidding.
 - New rules for consultants
 - Registration; utilization and identification by service providers and applicants
- New Filing Window: 90 days before start of funding year (April 1)
- New Invoicing Deadlines (same as E-rate)
 - 120 days after funding year ends
 - One extension allowed; *must be requested before deadline expires.*

Telecommunications Program: Major Changes

- USAC to establish urban and rural rates based on rate survey
 - Rates available July 1, 2020, for use in FY 2021 funding year (July 1, 2021 through June 30, 2022); updated “periodically” thereafter.
 - Rural rates will be the median rate in a given rural area within a state:
 - **Less Rural** (specific census tracts within a Core Based Statistical Area (CBSA) that contains an Urban Area with a population of 25,000 or greater, but census tracts do not contain any part of a Place or Urban Area with a population of greater than 25,000)
 - **Rural** (within a CBSA that does not have an Urban Area with a population of 25,000 or greater)
 - **Extremely Rural** (entirely outside of a CBSA area)
 - **Frontier** (Extremely Rural and not accessible by road) (Alaska only)
 - Urban rates will be median based on “urbanized areas” within a state.
 - Urban and rural rates will distinguish between “dedicated” and “best efforts” services
 - HCPs must specify during competitive bidding if they need dedicated services.

Healthcare Connect Fund: Major Changes

- Changes for Consortia with Non-Rural Participants (FY 2020)
 - Elimination of grace period: must be majority rural at time of application for funding.
 - Increase in min. rural percentage in years in which cap exceed; no grace period.
 - 5% each year cap exceeded, up to 75% rural percentage maximum.
- Extensions of Service Delivery Deadlines (FY 2020)
 - Service-delivery deadline always June 30 rather than contract-end date; must still notify USAC if contract extended beyond contract end-date.
 - USAC authorized to grant one-year extensions for non-recurring services (*e.g.*, dark fiber, special construction, equipment).
 - Automatic in certain situations (*e.g.*, funding commitment received on or after March 1);
 - Request must be submitted before June 30.
- Additional Time to Complete Competitive Bidding (FY 2021)
 - Bidding initiation can start July 1 instead of January 1 (current HCF deadline).

USDA ReConnect Program

➤ **\$600 million available in 2019**

- Eligible entities: Non-profits; for-profit corporations; limited liability companies; cooperative or mutual organizations; states, local governments, or any agency, subdivision, instrumentality, or political subdivision thereof; territories or possessions of the United States; and Indian tribes.
- \$200 million grants (*25% match requirement*); \$200 million loans; \$200 million 50/50 combo
 - Pure grants available in areas where 100% of households unserved by 10/1 broadband.
 - 2019: \$522 million in grants requested; \$635 million requested 50/50 combo

➤ **Competitive award process using point system**

- How rural; speed/quality of service; commitment to build higher speeds;
 - Number of anchor institutions service, including farms, businesses, educational facilities, healthcare centers, and “critical community centers”;
 - Serving tribal lands; whether the state has a broadband plan, allows utilities to provide broadband, and has committed to expedite rights-of-way and permitting.
- *It is possible to view and comment on applications while they are under review. For more info: <https://www.usda.gov/reconnect/forms-and-resources>*
- **2019 application deadlines passed; 2020 deadlines and funding not yet announced**

Other USDA Programs

➤ Distance Learning and Telemedicine (DLT) Grants

- Opioid DLT for “projects related to prevention, treatment, or recovery for opioid use disorder in rural areas” (\$20 million in 2019)
- Traditional DLT and Opioid DLT require 15% match funding; project size from \$50K to \$500K
- Funds a wide variety of telemedicine needs including external broadband facilities, inside wiring, telemedicine equipment (carts, computers, video equipment), instructional programming, technical assistance.
- For more information: <https://www.rd.usda.gov/programs-services/distance-learning-telemedicine-grants>

➤ Community Connect Grants

- Construction, acquisition, or leasing of facilities, spectrum, land or buildings used to deploy broadband service for:
 - Residential and business customers located within the Proposed Funded Service Area (PFSA);
 - Participating critical community facilities (such as public schools, fire stations, and public libraries);
 - The cost of providing broadband service free of charge to the critical community facilities for 2 years.
- For more information: <https://www.rd.usda.gov/programs-services/community-connect-grants>
- **2019 application deadlines passed; 2020 deadlines and funding not yet announced**

Questions?

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