

Universal Services: Keeping Rural Communities Connected

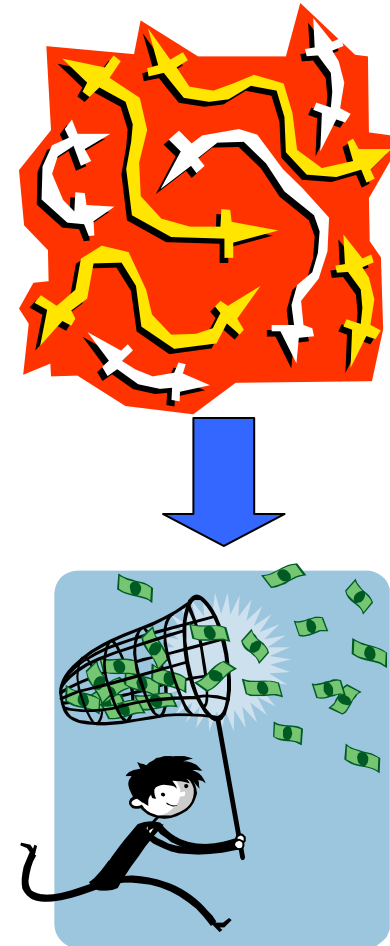
State Offices of Rural Health
Region B Annual Meeting
Tuesday, July 17, 2006



This Session Will Address:



- Background of Universal Services
- Program Structure
- Goals of Universal Service
- Fund Administration & Programs
- Rural Health Care Division
- Program Eligibility & Application Process



Background of Universal Services



- The "*universal service*" system was originally designed to make local telephone service available to all Americans at reasonable rates.
- President Clinton signed the Telecommunications Act of 1996, which is the first comprehensive revision of the telecommunications laws in over 60 years.
- The Act's revisions expand both the base of companies that contribute to offset communications service rates and the category of customers who benefit from discounts.
- Schools, libraries, and health care providers as well as residential and rural customers are the primary universal service beneficiaries.
- The Federal Communications Commission (FCC), as directed by Congress, and with the help of the Universal Service Administrative Company (USAC), administers the federal Universal Service Fund.

Overall Structure



 All telecommunications carriers that provide service internationally and between states pay contributions into the fund.



**Universal Service Fund
(USF)**

**Universal Service Administration Company
(USAC)**

**High Cost
Program**

**Low Income
Program**

**Schools &
Libraries
Program**

**Rural
Health Care
Program**

Universal Service Fund



Universal Service Fund (USF)

- Created by the Federal Communications Commission in 1997 to meet the goals of Universal Service as mandated by the Telecommunications Act of 1996.
- Act states.... All providers of telecommunications services should contribute to federal universal service in some equitable and nondiscriminatory manner;
- Have specific, predictable, and sufficient Federal and State mechanisms to preserve and advance universal service;
- All schools, classrooms, health care providers, and libraries should, generally, have access to advanced telecommunications services;
- The Federal-State Joint Board and the FCC should determine those other principles that, consistent with the 1996 Act, are necessary to protect the public interest.

Main Goals of Universal Service



As stated in the Telecommunications Act of 1996:

- to promote the availability of quality services at just, reasonable, and affordable rates
- to increase access to advanced telecommunications services throughout the Nation
- to advance the availability of such services to all consumers, including those in low income, rural, insular, and high cost areas at rates that are reasonably comparable to those charged in urban areas

Fund Administration



Universal Service Administration Company (USAC)

- Not for profit, independent corporation designated administrator of the federal funds by the FCC for the four Fund areas.
- Acts as the data collection agent for the FCC forms requiring telecommunication contributions to the fund
- Conducts random audits of participants

4 Fund Programs



High Cost Program

Supports companies that provide telecommunications services in areas where the cost of providing service is high

Low Income Program

Provides discounts on monthly service for primary residences to income eligible consumers

Schools & Libraries Program

Supports classrooms and libraries using educational resources available through telecommunications network, which includes internet

Rural Health Care Program

Helps link health care providers located in rural areas to urban medical centers so patients living in rural America have access to the same advanced diagnostic and other medical services available in urban areas

Who Pays For Universal Service?



All telecommunications carriers that provide service internationally and between states pay contributions into the fund.



- Some companies recover their contribution costs directly from customers by billing this charge. The FCC does not require companies to pass these costs to customers, so it is an internal business decision on the part of the company.
- Companies that choose to collect these fees from customers cannot collect fees that exceed their contribution to the Universal Service Fund.
- Companies contribute a certain % of the amount billed to their residential and business customers for interstate/international. The % is adjusted quarterly based on projected demand for the funding.

Rural Health Care Division (RHCD)



- Program administrator for the Rural Health Care Program and a department of the USAC
- Responsible for ensuring that health care providers in rural areas obtain the benefits of the Internet and current telecommunications technology through universal service support.
- **Funds up to \$400 million annually so rural health care providers pay no more than their urban counterparts pay for the same or similar telecommunication services.**

What Does This All Mean For Health Care Providers?



- Equalized rates between urban and rural areas for telecommunications services
- Support is available for telecommunications services and monthly Internet access charges used for the provision of health care.
- Support is also available for limited long-distance charges for accessing the Internet.
- The level of support depends on the location and the type of services chosen and is calculated individually for each health care provider. A health care provider can save on services it already has, upgrade current services, or install new services.

The Details...



- Health Care Providers (HCPs) are permitted to apply to receive reduced rates for a variety of telecommunications services under the RHCD program.
- May seek support for multiple services of any bandwidth
- The Rural Health Care Program reimburses service providers the difference for the discounts
- Application process available throughout a Funding Year but to be eligible for a full year discount you must file within Form Filing Window date set by USAC.
- We are in Funding Year is 2007 (July 1, 2007-June 30, 2008). The deadline to submit Form 465 to receive a full YEAR of support was June 2, 2007, but this does not mean you need to wait. You may still be eligible for at least 9 months of support!

Who's Eligible For RHCD Support?



Eligible Entities

- Post secondary educational institutions offering health care instruction, teaching hospitals, medical schools
- Community health centers
- Local health departments
- Dedicated ED's of rural for-profit hospitals
- Community mental health centers
- Not-for-profit hospitals
- Rural health clinics including mobile clinics
- Consortia of Health Care Providers (HCPs) consisting of one or more of the above
- Part-time eligible entities located in otherwise ineligible facilities

Non-Eligible Entities

- Private physician offices/clinics
- Nursing home, long term care facilities
- Residential substance abuse facilities
- Hospices
- Emergency Med Service Facilities
- For profit hospitals
- Home health agencies
- Blood Banks
- Social Service Agencies
- Community centers/vocational rehab/youth centers

Rural Designation



Rural Health Care Search Tools - Rural Health Care Tools - USAC - Microsoft Internet Explorer

Address: <http://www.universalservice.org/rhc/tools/rhc-search-tools.aspx>

USAC
Universal Service Administrative Company

Helping Keep Americans Connected

Rural Health Care

Health Care Providers | Service Providers

About Rural Health Care:

- Overview of the Program
- Overview of the Process
- Monthly Conference Calls
- Site Visits
- Understanding Audits
- Filing Appeals
- Rural Health Care Pilot Program

Rural Health Care Tools:

- Applicant Login
- Latest News
- Required Forms
- Tips and Best Practices
- Frequently Asked Questions
- Glossary of Terms
- Rural Health Care Search Tools

Rural Health Care Search Tools

- [Health Care Provider \(HCP\) Login](#)
- [Search Posted Services](#)
- [Packet Status Report](#)
- [Automated Search of Commitments](#)
- [Urban Rate](#)
- [List of Eligible Rural Areas](#)

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- To determine if your county is considered rural under this program you must perform a “Rural Eligibility Search” through the USAC RHCD website
- Some counties are considered ALL rural while others have certain tracts that are rural
- Rural designation may change from one year to another—grandfathered in for 3 years

Telecommunication Service Eligibility



Eligible Services

- Mileage-Related Charges
- T3/DS3
- T1/Fractional T1
- ISDN
- Frame Relay
- ATM
- Off-Premise Extension
- Satellite Service
- Centrex
- Dedicated Private Line/Foreign Exchange Line
- Network Reconfiguration Service
- Direct Inward Dialing
- One-Time Installation Charges
- Wireless/Microwave Services
- DSL

Non-Eligible Services

- Computers
- Fax Machines
- Video Cameras
- Telephones/Cell/Pager/Hand held Device
- Maintenance Charges
- Franchises, Zone Charges, Surcharges
- Construction/Infrastructure build out for installation of telecommunication service

Internet Service/Charges Eligibility



Eligible Services

- Monthly Access Charges
- Email
- Web Hosting

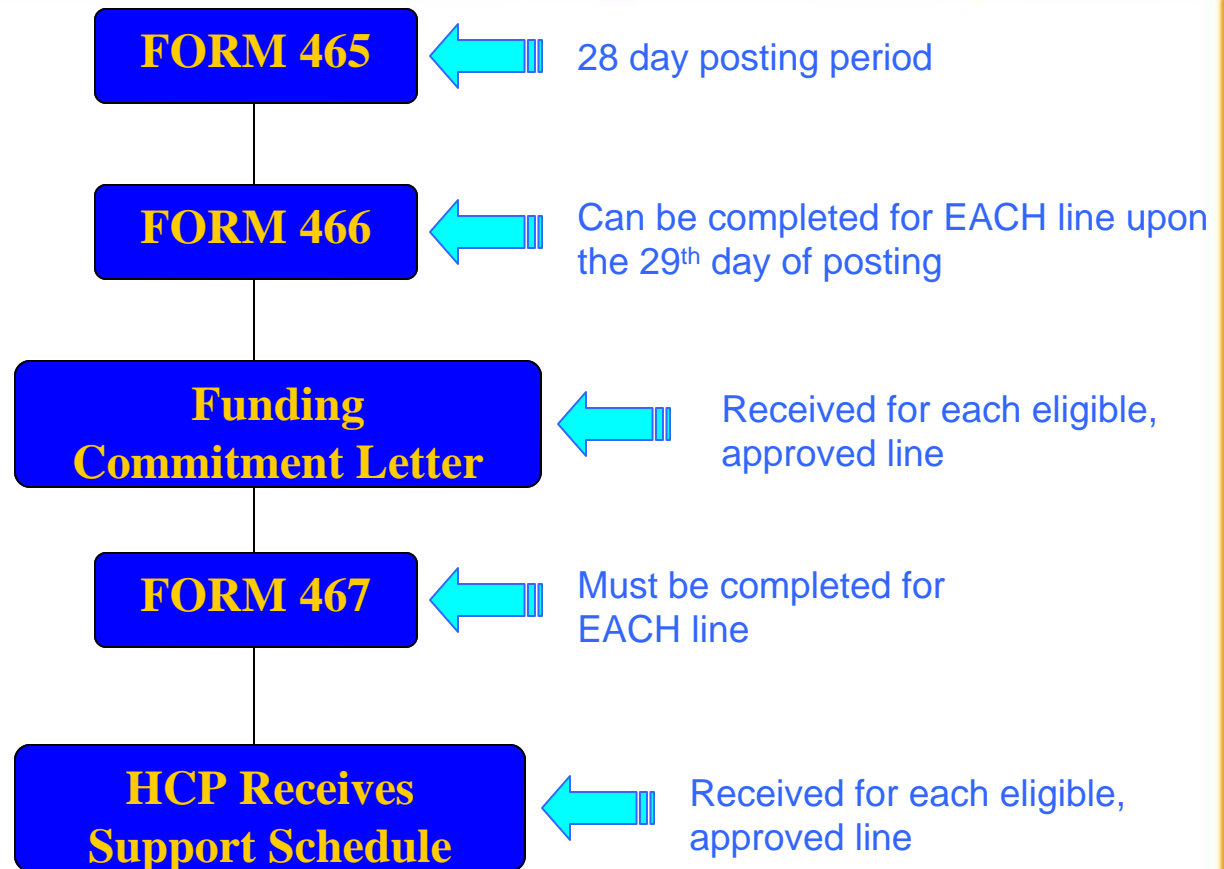
Non-Eligible Services

- Caching
- Filtering Content
- Training
- Servers
- Web Casting
- Equipment and wiring
- Maintenance

Overview of Application Process



This is a multi-step process that needs to be completed in order to take advantage of the Rural Health Care Program



FCC Registration Number



- Before you begin the application process make sure your eligible facility has a FCC Registration Number (FCCRN).
- This is a 10 digit number assigned to an entity with the FCC that uniquely identifies the registrant in all transactions with the FCC
- For more information on FCCRN, to apply, or to locate your # visit www.fcc.gov

Step 1: Form 465



- Form 465: Description of Services Requested & Certification Form
- Requests bids from service providers for services
- Separate Form 465 completed for each physical location
- USAC reviews submitted Form 465 and posts on website
- Posting starts 28-day competitive bidding process
- Everyone must complete the 28-day posting requirement
- Health care provider must consider all bids received and select the most “cost-effective” method to meet its requirements.
- “Cost effective” (as defined by the FCC) is the method of least cost after considering the features, quality of transmission, reliability, and other factors relevant to choosing a method of providing the required services.
- If no bids were received 28 days HCP may pursue various telecommunication providers
- HCPs entering into any agreements to obtain/change services before the 28day posting period is completed will be ineligible to receive support

Step 2: Form 466



- Form 466/466A: Funding Request Certification Form and/or Internet Service Funding Request & Certification Form
- Specifies types of services, cost, provider(s), terms of any service agreements, certification
- A separate form must be completed for each line applying for
- If applying for Internet Service Funding, an HCP can receive up to 25% discount on charges
- Must submit bills and/or contracts for each line applying for

Form 466 Choosing Urban/Rural Rate vs. Mileage Based Rate



- May request telecommunication support based on
 - Mileage Based- Based on circuit distance. If there are no mileage based charges this number is zero and you should use the urban rate/rural rate comparison for cost savings.
 - Urban rate/rural rate comparison- based on the difference between what rural HCP pays and what an equivalent circuit would cost in any city with a population of 50,000 (urban rate) or more in the health care provider's state.
- Which is best? If it's a mileage based line it would be best to figure out if mileage based or urban rate gives you the most bang for your buck. If the line(s) is not mileage based then you automatically file for urban rate cost savings.

Form 466 Choosing Urban/Rural Rate vs. Mileage Based Rate,2



- Urban rates are provided for applicants on the RHCD website and are used as a “safe harbor” if the HCP has difficulty obtaining urban rates on their own. These will vary for each state. (These are Month-to-Month rates)

Universal Service Administrative Company
Rural Health Care

Home > Urban Rates

2007 Urban Rates for FL

Service	Monthly Recurring Charge
OC3 MTM	N/A
DS3 MTM	\$3,680.00
T1 MTM	\$336.00
FR 1.544 MTM	\$462.00
FR 768 MTM	\$379.00
FR 512 MTM	\$374.00
FR 384 MTM	\$371.00
FR 256 MTM	\$348.00
FR 128 MTM	\$310.00
FR 64 MTM	\$238.00
FR 56 MTM	\$230.00

[Search Again >](#)

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Form 466 Choosing Urban/Rural Rate vs. Mileage Based Rate,3



- Applicants are not required to use these posted rates
- You can compare rates for functionally similar services as viewed from the end user's perspective. Functionally similar means the line(s) are operated at advertised speeds within the same category and nature of the service is the same.
- If you obtain an urban rate outside of what's posted on the RHCD website you must submit the following documentation:
 - Document must have carrier logo & name of service rep
 - Service type/bandwidth clearly listed
 - Term of the rate must be clearly stated (MTM, 24 m contract, etc)
- Urban rates for **contracts** can be obtained by calling 1-800-229-5476

Step 3: Receive FCL



- **Funding Commitment Letter (FCL)**

- USAC reviews submitted Form 466/466A packets for accuracy and documentation
- Longest and most time consuming part of process
- Any missing or invalid information will be requested from USAC
- Upon receipt of proper documentation HCP receives FCL for each line of requested service
- Copy of the FCL also sent to HCP service provider by USAC

Step 4: Form 467



- Form 467: Receipt of Service Confirmation Form
- Once a Funding Commitment Letter is received the HCP submits Form 467 for each line
- Validates that the service has begun from the provider
- Must be received by USAC to issue discounts to HCP

Step 5: Support Schedule



- Once Form 467 is received, reviewed, and approved, the Support Schedule is sent to the HCP and the service provider
- Details the discount each line at HCP receives for Funding Year
- Service Provider either credits bill or issues retroactive check to HCP

Behind the Scenes

- Service Provider invoices USAC for cost difference
- USAC credits or reimburses carrier's Universal Fund account

"Evergreen"



- Most applicants to the Rural Health Care Program have contracts.
- The contract must identify both parties to the contract, be signed and dated by both parties, specify the type and terms of service, have a specific duration, and be reviewed and verified as to these details by USAC.
- Verified contracts have “Evergreen Status” for the life of the contract
- They need not post the Form 465 and may annually apply for support of the contracted service by filing Form 466/466A
- A health care provider that submits a contract that does not meet evergreen requirements is treated as having a month-to-month, tariffed service and may not receive support prior to selection of the most cost-effective service after the required 28-day posting of Form 465 each Funding Year.
- Applicants with evergreen contracts need not post Form 465 during the life of that contract, but must post a Form 465 to add service, make cardinal changes, renew, or extend the contract (including optional extensions).

Monthly Conference Calls



- RHCD offers monthly conference calls for applicants on the 2nd Thursday of each month. If you have questions this is an opportunity to speak with an RHCD rep and also listen to other HCPs experiences in this process.
- **1-800-240-9939**
 - Passcode: **6772932#** ← Don't forget the #!

In Summary...



- **Process can be very time consuming (especially for multiple lines in a facility) and confusing if navigating the process for the first time.**
- **If applying online, make sure that you also submit, by mail, a copy of your bill, contract, and documentation of bids received—expedites process**
- **RHCD website is not very user-friendly so don't be shy about calling and asking them any questions**
- **I look at it as a learn as you go process**
- **Don't give up! It is worth it! Savings do add up-especially when HCP's have multiple lines and/or multiple carriers**
- **From Funding Years 2004-2007 we have saved four rural hospitals \$127,164.28!**



Need Help?



Visit the RHCD Website for more Information on the Process:
www.usac.org/rhc/

Heartland Rural Health Network, Inc. offers USAC/RHCD
Application Services

Contact:

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