

March 5, 1999

Mr. William Kennard  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, DC 20554

Ms. Cheryl Parrino  
CEO  
Universal Services Administrative Corporation  
583 D'Onofrio Drive  
Suite 201  
Madison, WI 53719

Dear Chairman Kennard and Ms. Parrino:

The groups indicated below provide these comments regarding the Rural Health Care program that is being administrated by the Universal Services Administrative Corporation (USAC). These groups represent a wide variety of individuals and institutions from across the United States who are involved in the provision of health care, telecommunications services, telehealth and telemedicine. We have a strong interest in the implementation of the Rural Health Care program that maximizes the benefits for patient care in rural America. These comments reflect a level of frustration with the limitations of the program that have become apparent over the first year of implementation.

Our comments are divided into two areas. First, we include proposed actions that can be made by the FCC, which are critical in order to improve the current program operations. These are:

1. The Commission should take steps to notify all approved applications and start the discounts immediately. Current applications now before USAC have been pending for many months. Approvals for these applications have been held up for months for reasons that are not clear. This delay has caused undue hardships on the rural health providers, who are operating on very narrow financial margins already. Continued delay is unconscionable.
2. The application process as it exists today is burdensome, complicated, causes substantial hardship on applicants, and creates a barrier on getting the program benefits out to the intended beneficiaries. The process should be streamlined in two ways.
  - a. The Commission should reconsider the requirement that all applications are required to enter into a 28-day posting period, at least for areas where there is no existing competition for local service. To date, there have been no competing bids proposed for any application, nor are any competing bids anticipated. The applications are typically for services to very remote locations where no alternative service providers are available. We understand and sympathize with the desire of the Commission to promote competition. However, this has led to additional delays and costs placed on the backs of rural health care providers and delayed the provision of health services for rural Americans.

- b. The Commission should streamline the application process. We suggest that the Commission eliminate the complicated process of requiring the local exchange carrier to make calculations of specific charges to be discounted. Instead a simplified process should be put into effect whereby the approved rural health care provider simply submits their paid phone bill for eligible broad band (T1) services with distance line charges spelled out to USAC. USAC would reimburse the carrier for the discounted distance line charges on the bill. The carrier would pass on the money in the form of a discount on the next bill. The discounts should be based on an average cost for communications services to rural areas versus urban areas in existence for each state.
3. The Commission should consider reimbursement for other costs associated with providing telecommunications services for rural health care that have higher costs for rural areas. Such costs include connection fees for ISDN and switched services, and toll charges for connections to urban areas.
4. The rural health program is supposed to serve public health agencies, which provide essential services to rural communities. However, very few of these agencies currently have applications pending. The Commission should assess the reasons for this non-participation, identify specific program elements needed to increase participation and set targets for improving participation.

Second, we include a set of recommendations that may require statutory amendments to the governing legislation. These are based on the experience gained in the program over the past year where obvious deficiencies have become apparent. Given the current under utilization of estimated funding of the rural health program, the approval of these changes would have minimal impact on the size of the rural health program as originally envisioned. These are:

1. The program should include discounts for all forms of communications services when used in the delivery of health care to rural health care providers. As currently designed, services eligible for the rural health care program are effectively limited to a T1 line, largely because of the use of distance costs associated with this service. However, advancements over the past few years in technology and communications have enabled health care providers to transmit and receive information at speeds lower than that required of T1 lines. Although lower in cost, this still remains an impediment to many health providers due to the few resources available in support of rural health care.
2. The existing regulatory framework requiring additional agreements between multiple local and long distance carriers should be resolved. Establishing links between many applicants and urban centers require crossing LATA boundaries, due to the large distances. The ETC requirement has either precluded support for rural health care providers or led to unnecessary complications between local and long distance carriers in the development of applications by eligible health providers. Coordination between multiple telecommunication companies requires the rural provider to rely on employees of the companies to help complete forms and develop adjusted rate schedules. This adds time and complexity to the application process.

3. The rural health care program, unlike the school and library program, does not cover associated costs with the establishment of high-speed communications connections. The health care program should be changed to mirror those services that are currently eligible in the school and library program.
4. The rural health care program should be changed to foster collaboration among all eligible institutions where appropriate and allow the rural health provider to collaborate with public health agencies in the implementation of the program. In many rural communities the health care institution and the local school and library are located in very close proximity. However, the programs operated by USAC do not allow a combined effort by health, school, and library facilities. In many areas this leads to unnecessary duplication of communication services. In addition, local public health agencies can be an important partner with the rural health care providers.
5. The program should consider all rural health institutions under the program without regard to tax status as eligible for receiving discounted services. In many areas, particularly the many different Health Professional Shortage Areas, the only health provider serving rural residents does not happen to be a non-profit institution.
6. The legislation ignores three other important health care institutions serving rural America: long-term care facilities, home health agencies and skilled nursing facilities. These facilities should be made eligible for support under the program.

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Organizations endorsing this letter:

**American Academy of Physician Assistants**  
**American College of Nurse Practitioners**  
**American Hospital Association**  
**American Telemedicine Association**  
**Association of Telemedicine Service Providers**  
**National Association of Community Health Centers**

**National Organization for State Offices of Rural Health  
National Rural Health Association**