



The FCC's Healthcare Connect Fund



Highlights and Overview

September 23-24, 2013

Welcome to Healthcare Connect Fund Training!

Agenda

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 - The Universal Service Fund and USAC
 - Current FCC Rural Health Care programs
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- Program Basics
 - Who is Eligible and What is Supported in Healthcare Connect
 - Application Process and Competitive Bidding
 - Funding Caps and Filing Windows
- Resources

Important Caveat

- This training is just a general overview and starting point for applicants
 - Every applicant's situation is different
 - The training does not cover every program requirement
 - The training does not cover requirements for service providers and consultants
- It is essential to read the following documents carefully as you proceed through the planning and application process:
 - Healthcare Connect Fund Order (FCC 12-150), located at <http://www.fcc.gov/encyclopedia/rural-health-care>,
 - The Rural Health Care program rules, 47 C.F.R. § 54.600-680, located at <http://www.ecfr.gov>, and
 - The Healthcare Connect Fund forms and instructions (FCC Forms 460-463), located at <http://www.usac.org/rhc/healthcare-connect/tools/forms/default.aspx>.
- Consult the FCC and USAC websites for additional resources

The Universal Service Fund and USAC

What is the **Universal Service Fund (USF)**?

- The USF is money collected from telecommunications companies dedicated to fulfilling the universal service goals; and
- Helps make telecom access available to all U.S. consumers

The FCC's universal service programs provide support to:

- High cost companies serving remote and rural areas (Connect America Fund),
- Low-income consumers (Lifeline Program),
- Health care providers (Rural Health Care Program), and
- Schools and libraries (E-rate)

The Universal Service Fund and USAC, cont'd

- The **Universal Service Administrative Company (USAC)** is a not-for-profit corporation established by the FCC to administer the FCC's four universal service programs.
- USAC's functions and responsibilities include:
 - Administering each of the USF programs, including processing of applications;
 - Billing contributors, collecting contributions, and disbursing universal service support; and
 - Reporting quarterly to the FCC on disbursement of USF support; and
 - Estimating improper payments and conducting audits.

The Universal Service Fund and USAC, cont'd

USAC cannot:

- Make policy,
- Interpret unclear provisions of statutes or rules,
- Interpret the intent of Congress, or
- Advocate policy positions before the FCC or FCC staff.

Current FCC Rural Health Care Programs

- Telecommunications Program
 - Funds urban/rural rate difference for telecommunications services for rural HCPs
 - Remains in place after Healthcare Connect Fund is implemented
- Internet Access Program
 - Provides 25 percent discount on Internet access services for rural HCPs
 - Ends June 30, 2014, as participants transition to Healthcare Connect Fund
- Pilot Program
 - Supports 50 state-wide and regional broadband HCP networks
 - Participants transition to Healthcare Connect Fund as Pilot funds are exhausted

Key Features of New Healthcare Connect Fund

- Support for broadband connectivity and broadband networks for eligible health care providers (HCPs)
- Both consortium and individual HCPs may apply
- 35% HCP contribution required
- Funding begins January 1, 2014 (July 1, 2013, for existing Pilot projects)

Key Features of New Healthcare Connect Fund (cont'd)

- Covers both broadband services and HCP-owned infrastructure
- Non-rural HCPs can participate if in majority-rural consortia
- Multi-year funding commitments available
- Connections to off-site administrative offices and data centers covered

Key Features of New Healthcare Connect Fund (cont'd)

- Administrative benefits include:
 - Flat-rate discount, which simplifies the calculation of discount level
 - Consortia can use a single application
- Healthcare Connect provides options:
 - HCPs can apply as individuals
 - HCPS can join an existing consortium, either now or after participating as an individual HCP in Healthcare Connect
 - HCPs also can band together and form a new consortium

Goals of Healthcare Connect Fund

- FCC's Performance Goals for Healthcare Connect Fund:
 - Increase access to broadband for HCPs, especially those serving rural areas
 - Foster development and deployment of broadband health care networks
 - Maximize cost-effectiveness of the program
- FCC/USAC will collect data through the application process to help measure progress toward achieving these goals.
- Consortia will also file annual reports regarding their use of broadband connections, including data on telemedicine, exchange of health information, and remote training.

Benefits of Consortium Approach

- Creation and growth of broadband HCP networks
- Lower administrative costs
- Sharing of medical, administrative, and technical expertise
- Lower prices, higher bandwidth, and better quality connections
- Non-rural sites may participate in consortia and receive the discount, as long as they are in a consortium with a majority rural sites.
- Consortia can include ineligible health care provider sites, who pay their “fair share” but can be part of the network and benefit from negotiated rates
- Improved quality and reduced cost of healthcare through leveraging broadband connections in consortia

How Broadband Can Transform Healthcare

- Pilot Program consortia used broadband connectivity to improve the quality and reduce the cost of providing healthcare.
 - Access by rural HCPs to medical specialists at larger HCPs through telemedicine
 - Enhanced exchange of electronic health records and coordination of patient care
 - Remote training of medical personnel
 - Reducing the cost of providing health care
- Access to broadband can provide similar benefits for individual HCPs.
- Examples taken from Staff Pilot Evaluation and Healthcare Connect Fund Order follow on next four slides.

Access by Rural HCPs to Medical Specialists at Larger HCPs through Telemedicine

- Bacon County Hospital (GA)
 - A young woman's life was saved because the local physicians were able to use their telemedicine connection to a specialist in Savannah, and as a result, administer the clot-busting drug TPA.
- Heartland Unified Broadband Network (IA, MN, NE, ND, SD, WY)
 - Telemedicine enabled a rural critical access hospital to provide **\$24,456** in services locally that would otherwise have been provided elsewhere, including specialist ordered services such as bone scans, ultrasounds, x-rays, CT studies, and various lab tests.
- North Country Telemedicine Project (NY)
 - Predicted that it will enhance its patient hospital revenue by **\$4.1 million** due to increased retention of patients across five specialties- general surgery, cardiology, gastroenterology, oncology and pulmonology.

Enhanced Exchange of Electronic Health Records and Coordination of Patient Care

- Sanford Health Collaboration and Communication Channel (SD, IA, MN)
 - Upgraded from T-1 connections to Ethernet services, which then enabled the project to roll-out EHRs.
 - ▶ EHRs enable this hospital, which has patients coming from as far as 150 miles away to a number of entry points, to treat patients more efficiently and effectively.
 - ▶ Patient outcomes are better because all the patient information is centrally captured.
- Heartland Unified Broadband Network (IA, MN, NE, ND, SD, WY)
 - Following the implementation of electronic Intensive Care Unit (e-ICU) services, HUBNet dropped the average number of days patients spend in ICU, thereby reducing costs, and has reduced the number of patient transfers to other hospitals.

Remote Training of Medical Personnel

- Continuing medical education provides rural providers with increased learning opportunities and reduces their sense of medical isolation.
- Palmetto State Providers Network (SC)
 - **Twenty-five** continuing education courses were offered to **457** health care providers within a 7-month period in 2011, and physician's assistant students on rotation throughout the PSPN sites were trained remotely during July and August 2011.
- Iowa Rural Health Telecommunications Program (IA, NE, SD)
 - Reported that the network and the telemedicine services provided over it have enhanced physician satisfaction and collegial support.

Reducing the Cost of Providing Health Care

- Palmetto State Providers Network (SC)
 - Emergency Department psychiatry treatment costs dropped from **\$2,500 to \$400** per patient, per day as a result of its tele-psychiatry program. As a result, it realized **\$18 million** Medicaid savings.
- Pennsylvania Mountains Healthcare Alliance (PA)
 - The transmission of clinical and financial information over their network reduced employee turnover because employees are now able to do transcription work from home. Since the network was implemented, the turnover rate for transcriptionists dropped from fifty to zero percent, saving the hospital approximately **\$20,000** per full time employee.
- Adirondack Champlain Telemedicine Information Network (NY)
 - Anticipated **\$9 million** in future operating cost savings as a direct result of the provision of tele-cardiology, tele-trauma, tele-mental health, tele-neurology, and tele-respiratory services.

Skilled Nursing Facilities Pilot Program

- Purpose is to test how to support broadband connections for skilled nursing facilities
- FCC has been soliciting input regarding design of the pilot program
- Pilot will get underway in 2014
- Funding will be up to \$50 million total over a three-year period
- Participants will be required to collect data and submit reports

Who is eligible to participate in Healthcare Connect?

- To be eligible, an HCP must be public or not-for-profit and belong to one of these statutory categories (47 U.S.C. § 254(h)(7)(B):
 - Hospitals
 - Rural health clinics
 - Community health centers or health centers serving migrants
 - Community mental health centers
 - Local health departments or agencies
 - Post-secondary educational institutions offering health care instruction, teaching hospitals, and medical schools
 - Consortia of the above

Who is eligible to participate (cont'd)

- Non-rural HCPs may participate in Healthcare Connect Fund if they belong to a consortium that has a majority rural HCPs
- The largest HCPs (400 + patient beds) are eligible, but support is capped if non-rural.
- Consortia may include ineligible HCP sites, who pay their “fair share” but can be part of the network and benefit from negotiated rates

What is supported?

- **For all applicants:**
 - Broadband services
 - Reasonable and customary installation charges
 - Equipment necessary to make service functional
 - Connections to off-site administrative offices and data centers
 - Connections to research & education networks

What is supported? (cont'd)

- **Consortium applicants** also may receive support for:
 - Equipment necessary for network
 - Upfront charges for deployment of new or upgraded facilities, including dark fiber
 - HCP constructed and owned facilities, if shown to be most cost-effective option

Application Process – Usual Steps

1. Get organized

- Assess technical requirements
- Organize consortium and design network (consortia)
- Determine source of 35 percent HCP contribution
- Obtain and submit letters of agency and network plan (consortia)
- Determine eligibility (FCC Form 460)

Application Process – Usual Steps (cont'd)

2. Conduct Competitive Bidding

- Prepare request for services (or RFP if applicable) and establish criteria for evaluating competitive bids
- Submit request for services (or RFP) for competitive bidding (unless exempt from competitive bidding) (FCC Form 461)
- Review bids and select most cost-effective bid
- Note: There are several exemptions from the competitive bidding requirement

Application Process – Usual Steps (cont'd)

3. Obtain funding commitment, receive services, and invoice

- Submit request for funding commitment (FCC Form 462)
- Begin receiving services
- Receive vendor invoice and pay HCP portion (35 %)
- Submit invoice for payment by Administrator to vendor (FCC Form 463)

Application Process – Usual Steps (cont'd)

4. Comply with other Program requirements – which include:

- Retain documentation and records
- Support audit requirements and site visits
- File annual report (consortia)

Timeline

- Pilot Projects
 - Funding became available July 1, 2013, for existing Pilot projects
 - May add new sites to existing Pilot networks
- New individual and consortium applicants
 - Funding available beginning January 1, 2014
 - FCC Form 460 available now for online submission
 - Other forms available soon (sign up for HCF Bulletin to be notified)
 - Competitive bidding process may be completed in time for funding to begin January 1, 2014
 - Deadline for requesting funding commitments is June 30 (the last day of the funding year)

Funding Caps and Filing Window

- Cap on total funding for FCC Rural Health Care Programs, including Healthcare Connect Fund and Skilled Nursing Facilities Pilot, is \$400 million annually
 - Commission said in Healthcare Connect Fund Order that it was unlikely this cap would be reached in foreseeable future
- Cap for upfront payments in Healthcare Connect Fund is \$150 million annually
- Under longstanding rule, USAC will process requests for funding commitments on a first-come, first-served basis, unless it establishes a filing window (47 C.F.R. § 54.675(c)(2))
 - If USAC establishes a filing window, applications filed within the window will be deemed to have been filed at the same time.

Resources

- Details of program and rules are set forth in FCC's Order released December 21, 2012, and in the rules, FCC forms, and instructions
- For more information:
 - Healthcare Connect Fund order, at http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-12-150A1.doc
 - FCC website, <http://www.fcc.gov/encyclopedia/rural-health-care>
 - Healthcare Connect Fund FAQs, <http://www.fcc.gov/encyclopedia/healthcare-connect-fund-frequently-asked-questions>
 - USAC website, www.usac.org/rhc
 - Pilot Program map, <http://www.fcc.gov/maps/rural-health-care-pilot-program>
 - Pilot Program Staff Evaluation, http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-12-1332A1.pdf
 - HCF Rules: 47 C.F.R. § 54.600-680, located at <http://www.ecfr.gov>
 - Questions: rhc-assist@usac.org