

2000 Rural Health Care Committee Meetings Minutes

Click on a date below to see the minutes. To see the entire year's minutes, click on the first date. Once open, search within the document for a particular word or phrase, using the 'Find' feature or Ctrl+f.

Meeting Dates

January 24, 2000	2
March 23, 2000	6
April 17, 2000	8
May 5, 2000	12
July 17, 2000	14
October 23, 2000	18

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

January 24, 2000

MINUTES

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Monday, January 24, 2000, at the Westin Grand, 2350 M Street, NW, Washington, D.C. Dr. Jay Sanders, Chair of the Committee called the meeting to order at 3:00 p.m. Eastern Time. Ms. Donna Faunce called the roll on behalf of Mr. Robert Haga, Acting Secretary. Five members were present, representing a quorum:

Sanders, Jay	Parrino, Cheryl
Hess, Kevin	Talbott, Brian
Jackson, Jimmy	

Three members of the Committee were absent:

Hogerty, Martha	Thoms, Allan
Lineberry, Isiah	

Officers of the Corporation present:

Haga, Robert – Acting Secretary/Treasurer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Armstrong, Linda	FCC
Bellucci, Vicky	MCI
Barash, Scott	USAC
Blackwell, Mel	USAC
DiQuattro, Jeff	PricewaterhouseCoopers
England, Bill	USAC
Faunce, Donna	USAC
Magruder, Lora	NECA

ACTION ITEMS:

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes of the meeting of October 25, 1999, and the minutes of the meeting of November 10, 1999.
- a2. Approval of the Annual 2000 and 2nd Quarter 2000 Rural Health Care Programmatic Budget.** Ms. Parrino reviewed the proposed Annual 2000 and 2nd Quarter budget for the Rural Health Care Program. Ms. Parrino noted that the 2000 budget would have been lower than the 1999 budget due to the reduced allocation for billing and collection costs approved by the FCC, except for the additional costs of implementing the ETC Order which resulted in a budget that is slightly higher.

On a motion duly made and seconded, the Committee unanimously adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves a 2nd Quarter 2000 Rural Health Care Programmatic Budget of \$854,900.

- a3. Approval of 2nd Quarter 2000 Rural Health Care Projections and Resolution on the February FCC Filing.** Mr. Blackwell discussed the applications received for Year 1 and Year 2 of the Program and provided the Committee with a revised estimate of demand for the Program. Based on the revised projection of demand, the Committee discussed the need to seek a waiver of the \$3 million limit on collections and disbursements in the second quarter set by the FCC in 47 CFR 54.623(a).

On a motion duly made and seconded, the Committee unanimously adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves the projection of demand for the Rural Health Care Program for the 2nd Quarter 2000 and recommends that USAC seek a waiver of the \$3 million limit on collections and disbursements in the second quarter set by the FCC in 47 CFR 54.623(a) and collect \$4,102,000 of additional funds for the Rural Health Care Program for the 2nd Quarter 2000 and authorizes USAC staff to file this information in the 2nd Quarter 2000 quarterly filing with the FCC due on February 1, 2000.

- a4. Approval of the Rural Health Care Program Year 3 Window Length.** Mr. Blackwell discussed the need to establish the length of the filing window for Year 3 of the Program and recommended that the Committee adopt a 70-day window, consistent with the length of the window for Year 3 of the Schools and Libraries Program. Mr. Hess asked whether extending the length of the window would result in additional support. Mr. Blackwell advised the Committee that because the Rural Health Care Division (RHCD) does not expect to receive funding requests in excess of funds available, the length of the window will likely have very little impact on program operations.

On a motion duly made and seconded, the Committee unanimously adopted the following

resolution:

RESOLVED, That the USAC Rural Health Care Committee approves establishing a 70-day window for the filing of Forms 466/468 for the 2000-2001 funding year.

INFORMATION ITEMS:

- i1. Status of the Implementation of Program Changes.** Mr. Blackwell briefly discussed ongoing activities to implement Program changes approved by the FCC. These activities include mailings to rural health care providers and telecommunications carriers concerning program changes, staff participation in conference calls, development of new forms for Year 3 of the Program, and efforts to reach out to health care providers concerning the need to submit a completed Form 467. Mr. Blackwell informed the Committee that staff expects to receive FCC and OMB approval of the Year 3 forms in early February and anticipates opening the Year 3 filing window in late March. Mr. Blackwell also advised the Committee that an additional \$780,000 has been committed to rural health care providers to date as a result of the elimination of the ETC Order.
- i2. Rural Health Care Program Status Report.** Mr. Blackwell briefly discussed outreach plans for Year 3 of the Program. Mr. Jackson stated that he has participated in several RHCD conference calls with both rural health care providers and telecommunications carriers and agrees that this is an appropriate venue for providing Program updates and responding to questions.
- i3. Status of Appeals.** Mr. Blackwell reviewed three appeals which were submitted to the RHCD between September 30 and December 31, 1999, and informed the Committee that the appeals have been denied. Mr. Blackwell also briefly discussed two appeals that were submitted to the FCC directly.
- i4. Coordination of Outreach Efforts with Other Government Agencies.** Mr. Blackwell discussed RHCD participation in the Joint Working Group on Telemedicine (JWGT). The Committee recommended that the RHCD request an opportunity to provide a Program update at the JWGT meeting scheduled for February 3, 2000.
- i5. Status of the Financial and Operational Audits of USAC.** Ms. Parrino provided the Committee with a timeline for all of the audits (including the Audit of Beneficiaries – see Information Item #i6) and noted that USAC is on track to file the Financial and Operational Audits by the March 2000 deadline.
- i6. Status of the Audit of Beneficiaries.** Ms. Parrino briefly discussed the status and revised timeline for the Audit of Beneficiaries.
- i7. Timeline and Key Dates.** Ms. Parrino indicated that the timeline and key dates have been updated.

On a motion duly made and seconded, the Committee voted to go into *Executive Session* at 4:05 p.m. to discuss the Request for Proposals for Programmatic Support Services for the Schools and Libraries and Rural Health Care Universal Service Support Mechanisms.

EXECUTIVE SESSION:

i8. Contract and RFP Review. Mr. Barash reported that the RFP process for programmatic support services for the Schools and Libraries and the Rural Health Care Programs is on schedule and going well. USAC anticipates receiving bids from several firms and has established an internal evaluation team to consider the proposals.

On a motion duly made and seconded, the Committee unanimously agreed to adjourn from *Executive Session* at 4:15 p.m. and reconvene in Open Session.

INFORMATION ITEMS (Continued):

i9. Miscellaneous. Members of the Committee expressed congratulations to Ms. Parrino, Mr. Blackwell, and other members of the USAC staff for their efforts to implement program changes that will result in greater benefits to the rural health care community.

There being no further business to attend to, the meeting was adjourned at 4:20 p.m. Eastern Time.

Robert Haga
Acting Secretary and Treasurer

Date

012400RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

March 23, 2000

MINUTES

A joint meeting of the Board of Directors of the Universal Service Administrative Company (USAC) and its Rural Health Care and Schools & Libraries Committees was held via conference call on Thursday, March 23, 2000. Mr. Frank Gumper, Chair of the Board, called the meeting to order at 12:08 p.m. Eastern Time on behalf of the Chairs of the Committees. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll on behalf of Mr. Edwin Eichler, USAC Secretary. Five of the eight members of the Rural Health Care Committee were present, representing a quorum.

Hess, Kevin
Jackson, Jimmy
Parrino, Cheryl

Talbot, Dr. Brian
Thoms, Allan

One member joined the meeting in progress:

Hogerty, Martha

Two members were absent:

Lineberry, Isiah

Sanders, Dr. Jay

Officers of the Corporation present:

Barash, Scott – Assistant Secretary
Haga, Robert – Assistant Treasurer

Other Board of Directors present:

Abramson, David
Bryant, Anne
Eichler, Ed
Gumper, Frank
Marockie, Dr. Henry
Rosenblum, Lisa

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Blackwell, Mel	USAC
Howard, Cathy	USAC
McDonald, George	USAC
Moore, Kate	USAC
Walsh, Dan	USAC

The Board of Directors and Committees immediately voted to go into *Executive Session* for purposes of discussing matters concerning the USAC Request For Proposals for Programmatic Support Services for the Schools and Libraries and Rural Health Care Programs.

EXECUTIVE SESSION:

- 1. Recommendation and Approval of the Next Step in the RFP Process of Selecting a Vendor for Programmatic Support Services for the Schools and Libraries and the Rural Health Care Programs.** USAC staff reviewed for the Board of Directors and the Committee members the proposed next step in the RFP process of selecting a vendor.

On a motion duly made and seconded, Mr. Hess, Chair of the Rural Health Care Committee, called for a voice vote of the six members present to approve the following resolution. The Rural Health Care Committee unanimously approved the resolution:

RESOLVED, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors approve the course of action proposed by USAC management regarding the proposals received in response to the Request for Proposals for Programmatic Support Services for the Schools and Libraries and Rural Health Care Universal Service Support Mechanisms.

There being no further business to attend to, Mr. Hess adjourned the meeting immediately following the vote.

D. Scott Barash
Assistant Secretary

Date

032300RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

April 17, 2000

MINUTES

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Monday, April 17, 2000, at the Westin Grand, 2350 M Street, NW, Washington, D.C. Dr. Jay Sanders, Chair of the Committee called the meeting to order at 2:30 p.m. Eastern Time. Ms. Donna Faunce called the roll on behalf of Mr. D. Scott Barash, Assistant Secretary. Five of the eight members were present, representing a quorum:

Sanders, Jay	Lineberry, Isiah
Hess, Kevin	Parrino, Cheryl
Hogerty, Martha	

Three members of the Committee were absent:

Jackson, Jimmy	Thoms, Allan
Talbott, Brian	

Other members of the USAC Board of Directors present:

Gumper, Frank

Officers of the Corporation present:

Barash, D Scott	Assistant Secretary
Haga, Robert	Assistant Treasurer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Blackwell, Mel	USAC
England, Bill	USAC
Faunce, Donna	USAC
Scher, Bill	FCC
Snegeriff, Petre	PricewaterhouseCoopers

ACTION ITEMS:

- a1. **Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the meetings of Monday, January 24, 2000, and Thursday, March 23, 2000.
- a2. **Approval of the 3rd Quarter 2000 Rural Health Care Programmatic Budget.** Ms. Parrino noted that the budget presented to the Committee has not changed from the budget presented to the Committee at its January 2000 meeting. Ms. Parrino stated that if it were necessary to modify the budget based on the outcome of contract negotiations, staff would notify the Committee and seek approval to revise the budget accordingly.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves a 3rd Quarter 2000 Rural Health Care Programmatic Budget of \$561,800.

- a3. **Approval of the 3rd Quarter 2000 Rural Health Care Projections and Resolution on the May FCC Filing.** Mr. Blackwell discussed the applications received for Years 1, 2, and 3 of the Program and staff's estimate of demand for the Program based upon the applications received. Mr. Blackwell reviewed the status of disbursements for Years 1 and 2, collections for the Program, and the 3rd Quarter 2000 funding requirement. In response to a question from the Committee concerning whether staff is able to estimate the number of potential applicants, Mr. Blackwell stated that the number is still unknown, but that staff will continue to look for new and reliable information.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves the projection of demand for the Rural Health Care Program for the 3rd Quarter 2000, and further recommends that USAC request that the FCC establish a contribution factor to collect (\$10,342) of additional funds for the Rural Health Care Program for the 3rd Quarter of 2000, and authorizes USAC staff to file this information in the May 2000 FCC filing.

- a4. **Update and Approval of Ongoing USAC Contract Negotiations.** With the consent of the Committee, the Chair postponed consideration of this item until the end of the meeting. See *Executive Session*.

INFORMATION ITEMS:

- i1. **Status of the Implementation of Program Changes.** Mr. Blackwell informed the Committee that the changes authorized by the FCC in the 14th and 15th Orders on Reconsideration have been fully implemented. Of the \$450,000 authorized by the Committee to implement the changes authorized in the ETC Order, staff was able to implement the changes using only approximately \$238,000. Mr. Blackwell informed the Committee that FCC staff worked tirelessly and expeditiously to obtain Office of

Management and Budget (OMB) approval of the forms for Year 3 in a timely manner.

Dr. Sanders **DIRECTED** the staff to prepare a letter of thanks to the FCC staff for their assistance in obtaining OMB approval of the forms.

- i2. Rural Health Care Program Status Report.** Mr. Blackwell informed the Committee that all financial activities associated with Year 1 of the Program were completed by March 31, 2000, complying with the applicable rules. Mr. Blackwell discussed the status of applications for Years 2 and 3 of the Program, and reported on outreach activities.
- i3. Status of Appeals.** Mr. Blackwell provided the Committee with a brief description of appeals submitted to the Rural Health Care Division and to the FCC between January 1 and March 31, 2000.
- i4. Comparison of the 1999 Rural Health Care Programmatic Budget and Preliminary Actuals.** Ms. Parrino reviewed the preliminary comparison of the 1999 Budget to Preliminary Actuals and stated that the final numbers will be available for the Committee meeting in July. Ms. Parrino stated that present estimates indicate actual expenses exceed the adjusted budget by .94 percent or \$30,600. Ms. Parrino explained that the 1999 actuals include 13 months of vendor costs for program administration due to the fact that the Rural Health Care Corporation did not accrue all 1998 expenses in its financial statements. In addition, the 1999 actuals include the additional costs incurred to process Year 1 applications as a result of the ETC order.
- i5. Status of the USAC Financial and Agreed Upon Procedures Audits for 1999.** Ms. Parrino informed the Committee that draft financial and agreed upon procedures audits for USAC and each of the Programs were submitted to the FCC on February 28, 2000. The draft audits provide USAC with an unqualified opinion that our financial statements fairly present our financial position, and the agreed upon procedures audits did not identify any material weakness or noncompliance with FCC rules.
- i6. Status of the Audit of Beneficiaries.** Ms. Parrino briefly discussed the status and revised timeline for the audit of beneficiaries.
- i7. Timeline and Key Dates.** Mr. Blackwell indicated that the timeline and key dates have been updated.

On a motion duly made and seconded, the Committee voted to go into ***Executive Session*** at 3:00 p.m. to discuss ongoing USAC contract negotiations.

On a motion duly made and seconded, the Committee unanimously agreed to adjourn from ***Executive Session*** at 3:15 p.m. and reconvene in Open Session for purposes of reporting action taken in ***Executive Session***.

EXECUTIVE SESSION:

- i8. Update and Approval of Ongoing USAC Contract Negotiations.** Mr. Barash discussed the status of contract negotiations for programmatic support services for the Schools and Libraries and the Rural Health Care Programs.

There being no further business to attend to, the meeting was adjourned at 3:20 p.m. Eastern Time.

D. Scott Barash
Assistant Secretary

Date

041700RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

May 5, 2000

MINUTES

A joint meeting of the Board of Directors of the Universal Service Administrative Company (USAC) and its Rural Health Care and Schools & Libraries Committees was held on Friday, May 5, 2000, at USAC, 2120 L Street, N.W., Suite 600, Washington, DC 20037. Mr. Kevin Hess, Vice Chair of the Committee, called the meeting to order at 12:45 p.m. Eastern Time. Ms. Cathy Howard, Executive Assistant to the USAC CEO, called the roll on behalf of Mr. Edwin Eichler, USAC Secretary. Five of the eight members of the Rural Health Care Committee were present, representing a quorum.

Hess, Kevin – *by telephone*
Hogerty, Martha – *by telephone*
Lineberry, Isiah – *by telephone*

Parrino, Cheryl – *by telephone*
Talbot, Dr. Brian – *by telephone*

Three members were absent:

Jackson, Jimmy
Sanders, Dr. Jay

Thoms, Allan

Officers of the Corporation present:

Barash, Scott – Assistant Secretary
Haga, Robert – Assistant Treasurer

Other Board of Directors members present:

Bryant, Anne – *by telephone*
Eichler, Ed – *by telephone*
Gold, Heather – *by telephone*
Gumper, Frank
Marockie, Dr. Henry – *by telephone*
Ouye, Kathleen G. – *by telephone*
Rosenblum, Lisa – *by telephone*
Wheeler, Tom – *by telephone*

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Blackwell, Mel	USAC
Howard, Cathy – <i>by telephone</i>	USAC
Moore, Kate	USAC
Walsh, Dan	USAC

The Board of Directors and the Committees immediately voted to go into **Executive Session** for purposes of discussing the contract award for Program Support Services for the Schools and Libraries and Rural Health Care Universal Service Support Mechanisms.

EXECUTIVE SESSION:

- 2. Contract Award for Program Support Services for the Schools and Libraries and Rural Health Care Universal Service Support Mechanisms.** Mr. Gumper noted that members of the Board met with USAC staff on May 1 to review and discuss in detail the vendor proposals. Based on the vendor proposals, staff proposes that the Committee recommend the award of the contract to the National Exchange Carrier Association, Inc. (NECA).

On a motion duly made and seconded, Mr. Hess, Chair of the Rural Health Care Committee, called for a voice vote of the five members present to approve the following resolution. All five votes were affirmative.

RESOLVED, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors approve the proposed contract with the National Exchange Carrier Association, Inc., to provide programmatic support services for the Schools and Libraries and Rural Health Care Universal Service Support Mechanisms.

There being no further business to attend to, Mr. Hess adjourned the meeting immediately following the vote.

D. Scott Barash
Assistant Secretary

Date 050500RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

July 17, 2000

MINUTES

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Monday, July 17, 2000, at the Westin Grand, 2350 M Street, NW, Washington, D.C. Dr. Jay Sanders, Chair of the Committee called the meeting to order at 2:30 p.m. Eastern Time. Ms. Ann Simmons, Administrative Assistant for USAC, called the roll on behalf of Mr. D. Scott Barash, Assistant Secretary. Six of the eight members were present, representing a quorum:

Sanders, Jay - Chair	Lineberry, Isiah – <i>by telephone</i>
Hess, Kevin - Vice Chair	Parrino, Cheryl
Hogerty, Martha	Thoms, Allan

One member joined the meeting in progress:

Talbott, Brian

One member of the Committee was absent:

Jackson, Jimmy

Officers of the Corporation present:

Barash, Scott	Assistant Secretary
Haga, Robert	Assistant Treasurer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Blackwell, Mel	USAC
Carroll, Kristy	USAC
Chang, Michael	USAC
England, Bill	USAC
Faunce, Donna	USAC
Nadel, Mark	FCC
Petroski, Ed	NECA
Rhyner, Rich	NECA
Simmons, Ann	USAC

OPEN SESSION:

ACTION ITEMS:

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the meetings of Monday, April 17, 2000, and Friday, May 5, 2000.
- a2. Approval of the 1999 Universal Service Administrative Company Financial Audits and Company Agreed Upon Procedures Reviews.** Ms. Parrino reported to the Committee that USAC's independent auditor, Arthur Andersen LLP, has completed the 1999 financial and operational audits for USAC and we received a "clean" opinion. USAC's proposed response to the observations and recommendations is in the packet of information before the Committee and will be filed shortly. Staff welcomes any comments or suggested changes from the Committee.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors approve the Rural Health Care Program agreed upon procedures reports.

- a3. Authorization to File Draft USAC 2000 Financial and Operational Audit Plans with the FCC.** Ms. Parrino reported to the Committee that the draft audit plan included in Attachment E of the Board material for USAC is only slightly modified from the plan that was approved by the FCC for the 1999 audit.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the Rural Health Care Committee recommends that the USAC Board of Directors authorize USAC to file with the FCC the proposed draft 2000 operational audit plan as it relates to the Rural Health Care Program.

- a4. Approval of 4th Quarter 2000 Rural Health Care Programmatic Budget and Approval of Revised Budget for 2000.** Mr. Blackwell reported to the Committee that the 2000 Budget has been increased by \$535,700. There were four items that resulted in the increase reflected in the 4th Quarter Budget. These included a correction to the 1st Quarter budget for activities related to implementing the FCC's Year 3 Order and the ETC Order that made significant changes to the program, an increase during the 3rd and 4th Quarters to reflect the actual cost of the new NECA program support services contract, allocation of 50 percent of the Vice President's salary to the Rural Health Care Program, and an increase in travel expenses to oversee activities during the transition from PwC to NECA. Ms. Parrino provided the Committee with a comparison of the 1999 annual budget to the revised 2000 annual budget.

On a motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, That the USAC Rural Health Care Committee approves an increase of \$13,500 for travel costs; and

RESOLVED FURTHER, That the USAC Rural Health Care Committee approves a 4th Quarter 2000 Rural Health Care Programmatic Budget of \$1,122,800 and a revised annual Programmatic Budget of \$3,304,800.

- a5. Approval of 4th Quarter 2000 Rural Health Care Projections and Resolution on the August 2000 FCC Filing.** Mr. Blackwell noted to the Committee that they must approve funding requirements based on anticipated program demand and administrative expenses for the Rural Health Care Program for the 4th Quarter 2000. Mr. Blackwell estimated that for Program Year 2, approximately \$6.7 million will be needed to fund Year 2 applicants, of which \$2.8 million will be disbursed during the 4th Quarter 2000. For Year 3, USAC believes that demand will be approximately \$10.1 million (50 percent higher than Year 2), of which one-fourth, or \$2.525 million, would need to be collected in 4th Quarter 2000. This amount is decreased by the prior-period adjustment of \$0.712 million and by the projected interest of \$13,000 and increased by the inclusion of administrative expenses.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves the projection of demand for the Rural Health Care for the 4th Quarter 2000, and further recommends that USAC request that the FCC establish a contribution factor to collect \$2.927 million of additional funds for the Rural Health Care Program for the 4th Quarter 2000, and authorizes USAC staff to include this information in the August 2000 FCC filing.

- a6. Miscellaneous.** None.

INFORMATION ITEMS:

- i1. Rural Health Care Program Status Report.** Mr. Blackwell informed the Committee that all financial activities associated with Year 1 of the Program were completed in March. In addition, the procedures necessary to process funding commitments for Year 3 of the program should be completed by the end of July. Mr. Blackwell reviewed the outreach activities and the completion of activities by the National Organization of State Offices of Rural Health (NOSORH) and the National Rural Health Resource Center (NRHRC). To date, \$66,046 has been paid for those activities. USAC expects to receive a final report from NOSORH shortly.
- i2. Status of Appeals.** Mr. Blackwell provided the Committee with a description of appeals submitted to the Rural Health Care Division and to the FCC between April 1 and June 30, 2000.
- i3. Status of the Audit of Beneficiaries .** Mr. Blackwell reported that all audits were conducted and that no significant issues have been discovered. USAC is waiting to receive a final report from the auditors. The Committee asked what criteria are used to determine which applicants to be audited. Ms. Parrino stated that criteria were established in

consultation with the auditors, and included random selection from discrete categories to provide for diversity in applicant type, geographic location, and risk factors. Ms. Parrino noted that staff would provide the FCC with a copy of the audit and that it was possible that an audit of beneficiaries would be part of next year's agreed upon procedures review.

- i4. Comparison of the 1999 USAC Budget to Actual.** Ms. Parrino reported that 1999 expenditures were 13.5 percent below the original budget, but 8.3 percent above the adjusted budget. Ms. Parrino noted that the primary reason that actual results were over the adjusted budget was the inclusion of 13 months of costs in 1999 to properly accrue December expenses. Ms. Parrino reported that staff is pleased with the efforts to reduce costs in 1999 while working hard to increase participation in the Program and to implement the significant improvements authorized by FCC.
- i5. Status of Transition to New NECA Contract for Programmatic Support Services for the Rural Health Care Program.** Mr. Blackwell reported that most of the transition activities associated with the new contract with the National Exchange Carrier Association, Inc. (NECA) have been completed and there are no significant issues or problems to report. In order to assure quality control during the initial work phase, staff will review all funding commitment decision letters before they are sent to applicants.
- i6. Status of Effort to Identify the Eligible Pool of Rural Health Care Providers.** Mr. Blackwell reported that staff is conducting research to determine if a better estimate of eligible rural health care providers can be determined. Staff intends to bring a report to the Committee at its next quarterly meeting.
- i7. Rural Health Care Program Timeline and Key Dates.** Mr. Blackwell reviewed with the Committee the key dates associated with Year 2 and Year 3 application cycles and audits. Mr. Blackwell highlighted the Year 2 close out schedule and recent discussions with the FCC to ensure that the schedule is appropriate. Mr. Blackwell also reported that Ms. Linda Armstrong of the FCC recently announced that she would be leaving her position with the Common Carrier Bureau to join the International Bureau of the FCC. Mr. Blackwell reiterated USAC's gratitude for the diligent efforts of Ms. Armstrong to aid the Rural Health Care Program.

The Committee **DIRECTED** the Assistant Secretary to write a letter to Ms. Armstrong thanking her for her service on behalf of the Rural Health Care Program.

- i8. Miscellaneous.** The Committee discussed the lack of press coverage highlighting the impact of the awards of the Rural Health Care Program. Mr. Blackwell stated that staff would work to address this issue.

There being no further business to attend to, the meeting was adjourned at 3:46 p.m. Eastern Time.

D. Scott Barash
Assistant Secretary

Date 071700RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

October 23, 2000

MINUTES

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held on Monday, October 23, 2000, at the Westin Grand, 2350 M Street, NW, Washington, D.C. Dr. Jay Sanders, Chair of the Committee, called the meeting to order at 2:50 p.m. Eastern Time. Ms. Ann Simmons, Administrative Assistant for USAC, called the roll on behalf of Mr. D. Scott Barash, Assistant Secretary. Five of the eight members were present, representing a quorum:

Sanders, Dr. Jay – Chair	Jackson, Jimmy
Hess, Kevin – Vice Chair	Parrino, Cheryl
Hogerty, Martha	

One member joined the meeting in progress:

Lineberry, Isiah – *by telephone*

Two members were absent:

Talbott, Brian	Thoms, Allan
----------------	--------------

One Board member joined meeting in progress:

Gumper, Frank, Chair of the USAC Board of Directors

Officers of the Corporation present:

Barash, Scott	Assistant Secretary
Haga, Robert	Assistant Treasurer

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Blackwell, Mel	USAC
England, Bill	USAC
Faunce, Donna	USAC
Petroski, Ed	NECA
Sandy, Colin	NECA
Simmons, Ann	USAC

OPEN SESSION:

ACTION ITEMS:

- a1. **Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the meeting of Monday, July 17, 2000.
- a2. **Approval of Administrator's Deadlines for Distributing Universal Service Support and Criteria for Exceptions to the Administrator's Deadlines.** Ms. Parrino reported to the Committee that the FCC rules do not establish firm deadlines for service providers to submit requests for payment or for distributing universal service support for all of the support mechanisms. Ms. Parrino recommended that March 31 of the year following the end of the program year be established as the deadline for distributing support.

On a motion duly made and seconded, the Committee adopted the following resolutions:

RESOLVED, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors establish a deadline of March 31 of the calendar year following the program year in which the costs are incurred for the disbursement of program funds and determine that it is appropriate for USAC to establish absolute and interim deadlines in consultation with the FCC; and

RESOLVED FURTHER, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors adopt the criteria proposed in this issue paper for setting aside administrative deadlines.

- a3. **Approval of 1st Quarter 2001 Rural Health Care Programmatic Budget and Information on Estimated 2001 Annual Budget.** Ms. Faunce reported to the Committee that staff seeks approval of the 1st Quarter programmatic budget. She also reported that the estimated annual budget for the Rural Health Care Program for 2001 is 33 percent lower than its 2000 annual budget. The savings are primarily due to lower costs associated with program services.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves a 1st Quarter 2001 Rural Health Care Programmatic Budget of \$702,800.

- a4. **Approval of 1st Quarter 2001 Rural Health Care Projections and Resolution on the November 2000 FCC Filing.** Mr. Blackwell discussed the applications received for Years 2 and 3 of the Program and the staff's projection of demand for the program based on the applications received, and projection of expenses for the Rural Health Care Program for 1st Quarter 2001. Mr. Blackwell also gave the Committee an update on the program status for Years 2 and 3.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves the projection of demand for the Rural Health Care Program of the 1st Quarter 2001, and further recommends that USAC request that the FCC establish a contribution factor to collect \$1.815 million of additional funds for the Rural Health Care Program for the 1st Quarter 2001, and authorizes USAC staff to file this information in the November 2000 FCC filing.

a5. Approval of the Audit of Beneficiaries of the Rural Health Care Program.

Mr. Blackwell reported to the Committee that staff seeks approval of the audit of beneficiaries of the Rural Health Care Program. The audit noted no exceptions.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee approves the 1999 audit Rural Health Care Program beneficiaries.

a6. Approval of Criteria and Procedure for Recommending that the FCC Initiate Enforcement Action Against a Participant in the Universal Service Support Mechanisms.

Mr. Barash reported to the Committee that this issue is a result of the work initiated by the full Board of Directors and the Schools & Libraries Committee. The criteria for recommending that the FCC initiate enforcement action against a participant in the Universal Service Support Mechanism are intended to cover all of the programs. Mr. Barash reviewed the criteria with the Committee.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee recommends to the USAC Board of Directors that the USAC Board of Directors adopt the proposed criteria for recommending FCC enforcement action against a participant in the universal service support mechanisms.

a7. Possible Assignment of the Rural Health Care and Schools and Libraries Program Service Agreement - Confidential & Proprietary.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee determines that discussion of the request to USAC by National Exchanges Carrier Association, Inc. to assign the Rural Health Care and Schools and Libraries Program Services Agreements to NECA Services, Inc., shall be conducted in *Executive Session*.

See *Executive Session*.

a8. Miscellaneous. None

INFORMATION ITEMS:

i1. Rural Health Care Program Status Report. Mr. Blackwell reported that work has been completed with the National Organization of State Offices of Rural Health (NOSORH) and

the National Rural Health Resource Center (NRHRC) and RHCD is awaiting their final report. During the 3rd Quarter USAC and RHCD staff made presentations at the FCC's Indian Telecom Training Initiative 2000 conference in Saint Paul, Minnesota and at the Telecom South II conference in Roanoke, Virginia. New program brochures were developed and mailed to a variety of constituent groups. Staff continues to be a resource in the meetings of the Joint Working Group on Telemedicine.

- i2. Status of Appeals.** Mr. Blackwell reported that RHCD received no new letters of appeal. The two appeals that were pending have been approved. The FCC reviewed four appeals submitted in March 2000 and upheld the RHCD's decisions.
- i3. Status of Transition to NECA Contract for Programmatic Support Services for the Rural Health Care Program.** Mr. Blackwell reported that the transition to the new contract with NECA is going well. NECA has successfully posted initial applications for Year 3, issued funding commitments and support schedules for Year 2, and is completing the final database changes needed to process Year 3 packets.
- i4. Research Results of RHCD's Efforts to Identify the Eligible Pool of Rural Health Care Providers.** Mr. Blackwell reported on the results of research seeking to identify the number of rural health care providers that may be eligible to participate in the Rural Health Care Program. The results of the in-depth staff research indicate that there are approximately 6,265 rural health care providers who could be eligible to take advantage of the support program administered by USAC.

The Committee thanked Michael Chang, who conducted the research while serving as an intern with USAC, for doing an excellent job.

- i5. Rural Health Care Program Timeline and Key Dates.** Mr. Blackwell reviewed with the Committee the key dates associated with Year 2, Year 3, and Year 4 application cycles and audits. Mr. Blackwell highlighted the current 4th Quarter 2000 activities.
- i6. Miscellaneous.** None.

On a motion duly made and seconded, the Committee voted to go into *Executive Session* at 3:26 p.m. Eastern Time for purposes of discussing a vendor contract.

Mr. Hess recused himself from the discussion and voting on the issue described below.

On a motion duly made and seconded, the Committee voted at 3:45 p.m. Eastern Time to return to *Open Session* for the purpose of reporting the action taken in *Executive Session*.

EXECUTIVE SESSION:

- a7. Possible Assignment of the Rural Health Care and Schools and Libraries Program Services Agreement.** The Committee discussed the pros and cons, including legal issues identified by USAC's General Counsel, of the request by the National Exchange Carrier Association, Inc. (NECA) to assign the Rural Health Care and Schools and Libraries Program Agreement to a newly-formed, for profit company, NECA Services, Inc.

On a motion duly made and seconded, the Committee adopted the following resolution:

RESOLVED, That the USAC Rural Health Care Committee does not authorize the USAC CEO to assign the Rural Health Care and Schools and Libraries Program Services Agreement to NECA Services, Inc.

There being no further business to attend to, Dr. Sanders adjourned the meeting at 3:47 p.m. Eastern Time.

D. Scott Barash
Assistant Secretary

Date

102300RHCmin