

# 2003 Rural Health Care Committee Meetings Minutes

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**January 22, 2003**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, NW, Washington, D.C., on Wednesday, January 22, 2003. Dr. Jay Sanders, Chair of the Committee, called the meeting to order at 1:14 p.m. Eastern Time and then welcomed new Board and Committee members Ms. Alison Hughes and Ms. Jo Anne Sanford. Ms. Ann Simmons, USAC Office & Facility Manager, called the roll. All eight members were present, representing a quorum:

Hughes, Alison	Rivera, Robert
Jackson, Jimmy – Vice Chair	Sanders, Dr. Jay – Chair
Jortner, Wayne	Sanford, Jo Anne
Parrino, Cheryl	Talbott, Dr. Brian

Other Board members and officers of the Corporation present:

Conn, David – Board Member  
Eichler, Ed – Board Member  
Gumper, Frank – Board Member  
Lubin, Joel – Board Member  
Barash, D. Scott – Assistant Secretary, Vice President & General Counsel  
Blackwell, Mel – VP, External Communications & Rural Health Care Division  
Carmichael, Mark – Assistant Treasurer; VP, Finance & Financial Operations  
Haga, Robert – VP, Strategic Planning & USAC Operations

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Bayona, Janet	USAC
England, Bill	USAC
Faunce, Donna	USAC
Jose, Stephanie	USAC
Lenhardt, Chris	USAC
Parry, John	NECA
Scott, Wayne	USAC
Simmons, Ann	USAC

**ACTION ITEMS:**

- a1. **Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the Rural Health Care Committee meeting of Monday, October 21, 2002.
- a2. **Annual Election of Committee Chairs and Vice Chairs.** Ms. Parrino briefed the new members of the Committee on the responsibilities of the Chair and Vice Chair of the Committee and on the election process.

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 elect **Dr. Jay Sanders** as Chair and **Mr. Jimmy Jackson** as Vice Chair of the USAC Rural Health Care Committee for the term of one year that shall begin at the conclusion of the January 2003 quarterly Board meeting and that shall conclude at the close of the January 2004 quarterly Board meeting.

- a3. **Acceptance of Nine Rural Health Care Support Mechanism Beneficiary Audit Reports.** Mr. Scott, USAC Director of Internal Audit, reviewed the nine completed 2002 beneficiaries audit reports of the Rural Health Care Support Mechanism.

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

**RESOLVED**, That the Rural Health Care Committee accepts the 2002 Agreed Upon Procedures Audit Reports RH001BE2002, RH002BE2002, RH003BE2002, RH004BE2002, RH005BE2002, RH006BE2002, RH007BE2002, RH008BE2002, and RH009BE2002 of Rural Health Care Support Mechanism beneficiaries as presented by the USAC Internal Audit Division.

- a4. Approval of Annual 2003 and 2<sup>nd</sup> Quarter 2003 Rural Health Care Programmatic Budget.** Ms. Faunce, USAC Budget & Finance Analyst, reviewed the 2003 annual budget and 2<sup>nd</sup> Quarter 2003 programmatic budget for the Rural Health Care Support Mechanism. The 2003 annual programmatic budget is lower than the 2002 budget and reflects the fixed price for USAC's contract with NECA for programmatic support services. The proposed 2<sup>nd</sup> Quarter 2003 budget is also lower than 2<sup>nd</sup> Quarter 2002 actual expenditures primarily due to a reduction in the program contingency for additional forms filed.

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

**RESOLVED**, That the USAC Rural Health Care Committee approves an annual 2003 programmatic budget for the Rural Health Care Support Mechanism of \$2,601,000; and

**RESOLVED FURTHER**, That the USAC Rural Health Care Committee approves a 2<sup>nd</sup> Quarter 2003 programmatic budget for the Rural Health Care Support Mechanism of \$672,700.

- a5. Approval of 2<sup>nd</sup> Quarter 2003 Rural Health Care Support Mechanism Projections and Resolution on the January 31, 2003, FCC Filing.** Mr. Blackwell reviewed the projections for 2<sup>nd</sup> Quarter 2003, including the details of the individual components for the Rural Health Care Support Mechanism funding requirement for the quarter.

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

**RESOLVED**, That the USAC Rural Health Care Committee, having reviewed at its meeting on January 22, 2003, a summary of the 2<sup>nd</sup> Quarter 2003 support mechanism estimates, including administrative costs, as provided in Attachment A, hereby directs USAC staff to proceed with the required January 31, 2003, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

- a6. Miscellaneous.** None

**INFORMATION ITEMS:**

- i1. Rural Health Care Support Mechanism Update.** Mr. Blackwell updated the Committee on the execution of the NECA contract extension approved by the Committee, the FCC Notice of Proposed Rulemaking (NPRM) concerning potential changes to the Rural Health Care Support Mechanism, Funding Year 2003 anticipated administrative changes, and outreach activities.
- i2. Status of Rural Health Care Support Mechanism Appeals.** Mr. Blackwell reported that between October 1 and December 31, 2002, USAC received six new letters of appeal for the Rural Health Care Support Mechanism. Two appeals were approved, two appeals were denied, and two

appeals were pending on December 31. One new appeal and one appeal from a previous quarter are pending before the FCC. No appeals are currently pending before USAC.

- i3. Status Report on Rural Health Care Support Mechanism Audits.** Mr. Scott provided the Committee with a status report on ongoing Funding Year 2001 audits and planned audits for Funding Year 2002 of the Rural Health Care Support Mechanism. Fieldwork has been completed on all of the Funding Year 2001 audits. The Committee accepted a number of the audits earlier in the meeting, and the remaining audits will be completed and presented at the April 2003 Committee meeting.
- i4. Rural Health Care Support Mechanism Timeline and Key Dates.** Mr. Blackwell noted that the Funding Year 2003 application-filing window is tentatively scheduled to open March 26, 2003.
- i5. Miscellaneous.**
  - **An update on the Anti-Bio terrorism Network.** Dr. Sanders updated the Committee on the Southern Governors' Association initiative on homeland security.
  - There being no further business, Dr. Sanders adjourned the meeting at 1:55 p.m.

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Robert W. Haga

Assistant Secretary

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Date

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**April 23, 2003**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, NW, Washington, D.C., on Wednesday, April 23, 2003. Dr. Jay Sanders, Chair of the Committee, called the meeting to order at 1:05 p.m. Eastern Time. Ms. Janet Bayona, Administrative Assistant to USAC, called the roll. Seven of the eight members of the Committee were present, representing a quorum:

Hughes, Alison

Jackson, Jimmy – Vice Chair

Jortner, Wayne

Parrino, Cheryl

Sanders, Dr. Jay – Chair

Sanford, Jo Anne – *by telephone*

Talbott, Dr. Brian

One member was absent:

Rivera, Robert

Other Board members and officers of the Corporation present:

Buller, Karen – Board Member

Gumper, Frank – Board Member

Barash, D. Scott – Vice President and General Counsel

Blackwell, Mel – VP, External Communications and Rural Health Care Division

Carmichael, Mark – Assistant Treasurer; VP, Finance and Financial Operations

Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations

Others present for the meeting:

NAME	COMPANY
Bayona, Janet	USAC
Faunce, Donna	USAC
French, Laurie	USAC
Howard, Cathy	USAC
Jose, Stephanie	USAC
Lenhardt, Chris	USAC
Lipscomb, Greg	FCC
Mendiola, Ray	NECA
Niebauer, Amanda	USAC
Okudaira, Nobuko	USAC
Scott, Wayne	USAC

**ACTION ITEMS:**

- a1. **Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Wednesday, January 22, 2002.
- a2. **Action on Eight Rural Health Care Support Mechanism Beneficiary Audit Reports.** Mr. Scott, USAC Director of Internal Audit Division, introduced eight completed 2002 beneficiary audit reports of the Rural Health Care Support Mechanism. In response to a question by a Committee member, Mr. Scott confirmed that there were findings in only one of the audit reports that appeared to be the result of an error.

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

**RESOLVED**, That the USAC Rural Health Care Committee has reviewed the 2002 Agreed Upon Procedures Reports (Audit Nos. RH2002BE010, RH2002BE011, RH2002BE012, RH2002BE013, RH2002BE014, RH2002BE015, RH2002BE016 and RH2002BE017) of Rural Health Care Support Mechanism beneficiaries, together with management’s response thereto, and recommends to the USAC Audit Committee that each such audit report be deemed final.

- a3. **Approval of the 3<sup>rd</sup> Quarter 2003 Rural Health Care Programmatic Budget.** Ms. Faunce, USAC Budget and Finance Analyst, introduced the 3<sup>rd</sup> Quarter 2003 programmatic budget for the Rural Health Care Support Mechanism.

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

**RESOLVED**, That the USAC Rural Health Care Committee approves a 3<sup>rd</sup> Quarter 2003 programmatic budget for the Rural Health Care Support Mechanism of \$616,000.

- a4. **Approval of 3<sup>rd</sup> Quarter 2003 Rural Health Care Support Mechanism Projections and Resolution on the May 2, 2003, FCC Filing.** Mr. Blackwell introduced and summarized the Rural Health Care Support Mechanism funding projections for the 3<sup>rd</sup> Quarter 2003.

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

**RESOLVED**, That the USAC Rural Health Care Committee, having reviewed at its meeting on April 23, 2003, a summary of the 3<sup>rd</sup> Quarter 2003 support mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required May 2, 2003, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

- a5. **Miscellaneous.**

- **Solicit Ideas for July Committee Agenda.** Dr. Sanders reported that Ms. Parrino and Mr. Gumper discussed the process for preparing the agendas for the quarterly meetings and decided to include this miscellaneous item on each quarterly Committee agenda. Dr. Sanders stated that Committee members may offer suggestions for agenda items at each quarterly meeting or by contacting him or Ms. Parrino between quarterly meetings with suggestions. There were no suggested agenda items offered at this time.

**INFORMATION ITEMS:**

- i1. **Rural Health Care Support Mechanism Update.** Mr. Blackwell noted that the Funding Year 2003 window opened without incident and that ninety-five percent of the applicants thus far have successfully posted their FCC Forms 465 electronically. At this time, the Rural Health Care Division (RHCD) is awaiting FCC approval to eliminate the FCC Form 468 and post urban rates to the USAC web site.
- i2. **Review of Revised 2003 USAC Internal Audit Plan – Confidential & Proprietary – Executive Session.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in **Executive Session**, Mr. Barash recommended that this discussion be conducted in **Executive Session** because a discussion of specific audit plans, internal controls, and/or confidential company data would result in disclosure of confidential techniques and procedures that would compromise program integrity.

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 revised 2003 USAC Internal Audit Plan shall be conducted in **Executive Session**.

See **Executive Session** for a report of this discussion.

The Committee voted to go into **Executive Session** to address the confidential and proprietary item as noted above.

**EXECUTIVE SESSION:**

- i3. **Review of Revised 2003 USAC Internal Audit Plan – Confidential & Proprietary – Executive Session.** Mr. Scott explained the revisions made to the audit plan that will affect the Rural Health Care Division.

The Committee adjourned from **Executive Session** and reconvened in open session at 1:30 p.m. to report the discussion of the Committee during **Executive Session**

**INFORMATION ITEMS (Cont.):**

- i4. **Status Report on Rural Health Care Support Mechanism Audits.** Mr. Scott gave the Committee an update regarding the status of ongoing and planned audits of the Rural Health Care Support Mechanism. Fieldwork has been completed on all of the Funding Year 2000 audits. The Committee accepted nine of the audits at the January 2003 meeting and eight others earlier in this meeting. The remaining audit reports will be presented to the Committee at the July 2003 quarterly meeting.
- i5. **Status Report on Actions Taken on Final Audits.** Mr. Scott explained that this will be a new issue paper that will provide details of follow-up actions being taken on final audits and that once all follow-up action has been reported on an audit, the audit will be dropped from this listing.
- i6. **Status of Rural Health Care Support Mechanism Appeals.** Mr. Blackwell indicated that between January 1 and March 31, 2003, USAC received four new letters of appeal for the Rural Health Care Support Mechanism. One appeal was approved, one was denied, one was withdrawn, and one is pending. An appeal pending from a previous period was also approved.
- i7. **Miscellaneous.** Dr. Sanders announced to the Committee that Bill England, USAC Director of RHCD Operations and Systems, has been elected to the Board of the American Telemedicine Association.

There being no further business, Dr. Sanders adjourned the meeting at 1:40 p.m.

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Robert W. Haga

Assistant Secretary

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Date

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**July 21, 2003**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, NW, Washington, D.C., on Monday, July 21, 2003. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:00 p.m. Eastern Time. Ms. Bayona, Administrative Assistant for USAC, called the roll. Six of the eight members of the Committee were present, representing a quorum:

Jackson, Jimmy – Vice Chair	Sanders, Dr. Jay – Chair
Jortner, Wayne	Sanford, Jo Anne
Parrino, Cheryl	Talbott, Dr. Brian

Two members were absent:

Hughes, Alison	Rivera, Robert
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Other Board members and officers of the Corporation present:

Eichler, Ed – Board Member

Gumper, Frank – Board Member

Barash, D. Scott – Vice President and General Counsel

Blackwell, Mel – VP, External Communications and Rural Health Care Division

Carmichael, Mark – Assistant Treasurer; VP, Finance and Financial Operations

Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Bayona, Janet	USAC
Carroll, Kristy	USAC
Delmar, Teleshia	USAC
England, William	USAC
Faunce, Donna	USAC
Howard, Cathy	USAC
Jose, Stephanie	USAC
Lenhardt, Chris	USAC
Lipp, Shannon	FCC
Scott, Wayne	USAC
Stach, Nicole	FCC

**ACTION ITEMS:**

- a1. Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Wednesday, April 23, 2003.
- a2. Action on One Rural Health Care Support Mechanism Beneficiary Audit Report.** Mr. Scott, USAC Director of Internal Audit, introduced this item and reported on the one remaining 2002 beneficiary audit report of the Rural Health Care Support Mechanism, which is now complete and reported no audit findings.

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

**RESOLVED,** That the USAC Rural Health Care Committee has reviewed Audit Report labeled RH2002BE018 together with management's response thereto, and recommends to the USAC Audit Committee that such audit report be deemed final.

- a3. **Assignment of the Rural Health Care and Schools and Libraries Support Mechanisms Services Agreement – Confidential & Proprietary – Executive Session.** In accordance with the approved criteria and procedure for conducting USAC Board and Committee business in *Executive Session*, Mr. Barash recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract negotiations*, and public disclosure of this matter would compromise USAC's negotiation strategy to the detriment of the corporation and the Universal Service Fund. Moreover, certain of these matters implicate the *attorney-client privilege* and, therefore, should not be discussed in open session.

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 assignment of the Rural Health Care and Schools and Libraries Program Services Agreement with the National Exchange Carrier Association, Inc. to NECA Services, Inc. shall be conducted in *Executive Session*.

See *Executive Session* for a report of the discussion and action taken on this item.

The Committee immediately voted to go into *Executive Session* to address the confidential and proprietary item as noted above.

**EXECUTIVE SESSION:**

- a4. **Assignment of the Rural Health Care and Schools and Libraries Support Mechanisms Services Agreement – Confidential & Proprietary – Executive Session.** Ms. Parrino introduced this item. Mr. Gumper presented an overview of this agreement and on NECA Services, Inc. (NSI). After discussion, the Committee approved the assignment but amended the resolution to include a stipulation that some of the management employees responsible for performing under the contract would be NSI employees. In addition, the Committee concurred that the resolution be amended further to require the inclusion of performance incentives for the Rural Health Care portion of the agreement similar to what was offered for the Schools and Libraries portion of the agreement.

On a motion duly made and seconded, the Committee adopted the following resolution *as amended (in italics)*:

**RESOLVED**, That the USAC Rural Health Care Committee recommends that the USAC Board of Directors authorize the USAC CEO to assign the Rural Health Care and Schools and Libraries Program Services Agreement between USAC and the National Exchange Carrier Association, Inc. (NECA), to NECA Services, Inc. (NSI), subject to mutual agreement on modifications to the current Agreement reflecting the terms and conditions of the assignment, *and providing that some of the management employees assigned to this agreement be NSI employees, and providing that USAC staff negotiates performance incentives for the Rural Health Care portion of the agreement similar to the performance incentives negotiated for the Schools and Libraries portion of the agreement.*

The Committee adjourned from **Executive Session** and reconvened in open session at 1:20 p.m. to report the discussion and action of the Committee during **Executive Session**.

**ACTION ITEMS (Cont.):**

- a5. **Approval of the 4<sup>th</sup> Quarter 2003 Rural Health Care Programmatic Budget.** Ms. Faunce, USAC Budget and Finance Analyst, introduced the 4<sup>th</sup> Quarter 2003 programmatic budget for the Rural Health Care Support Mechanism. She explained that the 4<sup>th</sup> Quarter 2003 budget is lower than the 4<sup>th</sup> Quarter 2002 budget due to lower program costs and the timing of audit expenditures in 2002 as compared to 2003. In response to a question from a Committee member, Ms. Faunce and Mr. Blackwell explained that the first quarter 2003 variance report showed travel expenses under budget due to fewer trips to NECA.

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

**RESOLVED**, That the USAC Rural Health Care Committee approves a 4<sup>th</sup> Quarter 2003 programmatic budget for the Rural Health Care Support Mechanism of \$627,900.

- a6. **Approval of 4<sup>th</sup> Quarter 2003 Rural Health Care Support Mechanism Projections and Resolution on the August 1, 2003, FCC Filing.** Mr. Blackwell introduced and summarized the Rural Health Care Support Mechanism funding projections for the 4<sup>th</sup> Quarter 2003.

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

**RESOLVED**, That the USAC Rural Health Care Committee, having reviewed at its meeting on July 21, 2003, a summary of the 4<sup>th</sup> Quarter 2003 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required August 1, 2003, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

- a7. **Miscellaneous.**

- **Solicit Ideas for October Committee Agenda.** Dr. Sanders raised the idea of inviting representatives from FCC to discuss their performance measurements of the benefits relating to the Rural Health Care Support Mechanism.

**INFORMATION ITEMS:**

- i1. **Rural Health Care Support Mechanism Update.** Mr. Blackwell reported that the Funding Year 2003 window opened without incident and that postings are running six weeks ahead of all previous years and are on pace to exceed all funding years except for Funding Year One. Mr.

Blackwell also reviewed the four areas of agreed upon measurements pertaining to NECA's performance.

- i2. **Status Report of Rural Health Care Support Mechanism Audits.** Mr. Scott provided the Committee with a status report relating to all ongoing and planned audits.
- i3. **Status Report on Actions Taken on Final Audits Concerning the Rural Health Care Support Mechanism.** Mr. Scott reported on the actions taken on a 2002 Rural Health Care beneficiary audit.
- i4. **Status of Rural Health Care Support Mechanism Appeals.** Mr. Blackwell reported that between April 1 and June 30, 2003, USAC received one new letter of appeal for the Rural Health Care Support Mechanism, which is currently pending. One appeal pending from a previous quarter was denied and two appeals from a previous quarter are pending before the FCC.
- i5. **Rural Health Care Support Mechanism Timeline and Key Dates.** Mr. Blackwell indicated that the Funding Year 2004 filing window will likely open in November 2003.
- i6. **Miscellaneous.** None.

There being no further business, Dr. Sanders adjourned the meeting at 1:41 p.m.

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Robert W. Haga

Assistant Secretary

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Date

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**October 20, 2003**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the Westin Grand, 2350 M Street, NW, Washington, D.C., on Monday, October 20, 2003. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:00 p.m. Eastern Time. Ms. Bayona, Administrative Assistant to USAC, called the roll. All eight directors of the Committee were present, representing a quorum:

Hughes, Alison	Rivera, Robert – <i>by telephone</i>
Jackson, Jimmy – Vice Chair	Sanders, Dr. Jay – Chair
Jortner, Wayne	Sanford, Jo Anne
Parrino, Cheryl	Talbott, Dr. Brian

Other Board members and Officers of the Corporation present:

Campbell, Anne – USAC Board Member

Eichler, Edwin – USAC Board Member

Gumper, Frank – USAC Board Member

Hess, Kevin – USAC Board Member

Barash, D. Scott – Vice President and General Counsel

Blackwell, Mel – VP, External Communications and Rural Health Care Division

Carmichael, Mark – Assistant Treasurer; VP, Finance and Financial Operations

Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Bayona, Janet	USAC
Delmar, Teleshia	USAC
Dunn, Amanda	USAC
England, William	USAC
Faunce, Donna	USAC
Johnson, Daniel	USAC
Lenhardt, Chris	USAC
Lipp, Shannon	FCC
McCrone, Tina	USAC
McLaren, Kirk	USAC
Murphy, Kristin	USAC
Okudaira, Nobuko	USAC
Parry, John	NECA
Scott, Wayne	USAC

**ACTION ITEMS:**

- a1. **Approval of the Minutes.** On a motion duly made and seconded, the Committee approved the minutes as distributed of the USAC Rural Health Care Committee meeting of Monday, July 21, 2003.
- a2. **Approval of the Rural Health Care Support Mechanism Application Filing “Window” Length for Funding Year 2004 and Beyond.** Mr. Blackwell introduced this item and asked to have Form 468 omitted from the resolution because USAC is no longer using this form. Dr. Sanders recommended further amending the resolution by adding a sentence from the issue paper directing USAC management to come back to the Committee for further direction should circumstances warrant changing the window length. The Committee concurred.

On a motion duly made and seconded, the Committee adopted the following resolution *as amended (in strikeout and in italics)*:

**RESOLVED**, That the USAC Rural Health Care Committee approves establishing a 70-day window for the filing of Form ~~466468~~ for Funding Year 2004 and for all future funding years. *Should circumstances change such that a 70-day filing window would no longer be appropriate or reasonable, USAC management should bring forth a recommendation to the Committee to modify the filing period.*

- a3. Approval of 1<sup>st</sup> Quarter 2004 Rural Health Care Programmatic Budget and Information on Estimated 2004 Annual Budget.** Ms. Faunce, USAC Budget and Financial Analyst, introduced this item. Mr. Jortner inquired as to why travel and mailing expenses were under budget for the first six months of 2003. Mr. Blackwell explained that this is primarily due to two factors that have not occurred yet but for which budgeted dollars have been approved: (1) the new filing window for Funding Year 2004 has not yet opened, and (2) USAC is waiting for the FCC to issue an order, and anticipates that travel and mailing expenses will be incurred in notifying applicants of programmatic changes to the Rural Health Care Support Mechanism as a result of this order.

Ms. Hughes asked if there are plans to expand the market for more outreach. Mr. Blackwell responded that the Rural Health Care Division (RHCD) generally reaches out to about 25,000 potential applicants each funding year. He said that unless the FCC makes certain modifications that would increase the number of applicants eligible, there are no plans to expand the outreach market at this time. If, however, changes were made to the eligibility requirements, expanded outreach would occur. The Committee **DIRECTED** USAC staff to create a report that lists all outreach activities for distribution to the Committee.

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

**RESOLVED**, That the USAC Rural Health Care Committee approves a 1<sup>st</sup> Quarter 2004 Rural Health Care Support Mechanism budget of \$758,300.

- a4. Approval of 1<sup>st</sup> Quarter 2004 Rural Health Care Support Mechanism Projections and Resolution on the October 31, 2003, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 1<sup>st</sup> Quarter 2004.

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

**RESOLVED**, That the USAC Rural Health Care Committee, having reviewed at its meeting on October 20, 2003, a summary of the 1<sup>st</sup> Quarter 2004 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required October 31, 2003, filing to the FCC on behalf of the Committee. Staff may make adjustments if the variance is equal to or less than \$0.5 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$0.5 million but no more than \$1.0 million.

**a5. Miscellaneous.**

- **Solicit Ideas for January 2004 Committee Agenda.** Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him, Mr. Blackwell, or Ms. Parrino between quarterly meetings. Ms. Hughes expressed that she would like to have a report on the January agenda about the WebEx training being used by SLD along with an evaluation of whether this training would be a valued approach for RHC training.

**INFORMATION ITEMS:**

- i7. Rural Health Care Support Mechanism Update.** Mr. Blackwell reported that Funding Year 2003 application-filing window opened without incident, postings of Forms 465 are running 30 weeks ahead of last year and are on pace to exceed all funding years except for Funding Year 1998, and Forms 466 are being submitted by applicants ten weeks earlier than in any previous funding year. In addition, he said that RHCD staff continues to hold monthly outreach conference calls on the second Thursday of each month for applicants and service providers. Mr. Blackwell then introduced Mr. Daniel Johnson, USAC Manager of External Communications and RHCD, who has assumed the responsibilities and duties of the previous RHCD manager.

Dr. Sanders announced to the Committee that he has been invited to attend a speech by Chairman Powell on November 7 at the University of Virginia. He notes that it is possible that Chairman Powell will discuss issues concerning the Rural Health Care Support Mechanism that will be addressed by the Commission in WC Docket 02-60.

- i8. Status Report on Actions Taken on Final Audits Concerning the Rural Health Care Support Mechanism.** Mr. Scott, USAC Director of Internal Audit Division, reported that the follow-up action on RHC2002BE011 has been resolved; therefore, the audit will be removed from the summary matrix.

- i9. Status of Rural Health Care Support Mechanism Appeals.** Mr. Blackwell indicated that between July 1 and September 30, 2003, USAC received seven new letters of appeal for the Rural Health Care Support Mechanism. Two appeals were denied, one was approved, and four are pending. One appeal received in a previous period is also pending.

- i10. Miscellaneous.** None.

There being no further business, Dr. Sanders adjourned the meeting at 1:24 p.m.

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Robert W. Haga

Assistant Secretary

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Date

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