

2004 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 26, 2004	2
April 19, 2004	7
July 1, 2004	11
July 19, 2004	13
October 18, 2004	16

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

January 26, 2004

MINUTES

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the USAC Office in Washington, D.C., on Monday, January 26, 2004. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:30 p.m. Eastern Time. Ms. Bayona, Administrative Assistant to USAC, called the roll. Seven of the eight members of the Committee were present, representing a quorum

Duff, Bridget

Hughes, Alison

Jackson, Jimmy – Vice Chair

Jortner, Wayne

Parrino, Cheryl – CEO

Sanders, Dr. Jay – Chair

Talbott, Dr. Brian

One Committee member joined the meeting in progress:

Sanford, Jo Anne – *by telephone*

Other Board members and Officers of the Corporation present:

Askin, Jonathan – USAC Board Member

Baker, Dave – USAC Board Member

Eichler, Edwin – USAC Board Member

Gumper, Frank – 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

Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Bayona, Janet	USAC
Delmar, Teleshia	USAC
England, William	USAC
Faunce, Donna	USAC – <i>by telephone</i>
Johnson, Daniel	USAC
Parry, John	NECA

Dr. Sanders welcomed the newest member of the Rural Health Care Committee, Ms. Bridget Duff.

ACTION ITEMS:

Committee member Ms. Sanford joined the meeting prior to the discussion of the following item.

- 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, October 20, 2003.
- a2. **Annual Election of Committee Chair and Vice Chair.** Ms. Parrino introduced this item and recalled for the Committee that the annual election of Chair and Vice Chair of the Committee takes place at the January quarterly meetings. The Rural Health Care Committee should bring nominations for Committee Chair and Vice Chair to the Board of Directors. She indicated that Dr. Sanders and Mr. Jimmy Jackson were willing to continue as Chair and Vice Chair respectively. Dr. Sanders stated that he was willing to continue as the Rural Health Care Committee Chair for 2004; however, he said that he believed that a change in leadership periodically is good for an organization. He welcomed a motion for another Committee member to put their name forward to take over the responsibilities of Committee Chair. No additional names were put forward; however, a Committee member concurred with Dr. Sanders' comments and encouraged the Committee to consider electing a new Chair at the January 2005 quarterly meeting.

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

RESOLVED, That the USAC Rural Health Care Committee recommends that the of 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 2004 quarterly Board meeting and that shall conclude at the close of the January 2005 quarterly Board meeting.

- a3. **Approval of the Proposed Plan for Beneficiary Audits of the Rural Health Care Support Mechanisms for Inclusion in the 2004 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 discussion of this item be conducted in *Executive Session* because discussion of specific audit plans, internal controls, and/or confidential company data would constitute a “[d]iscussion of internal rules and procedures concerning the administration of the universal service support mechanisms where discussion of the matter in open session 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 proposed plan for beneficiary audits of the Rural Health Care Support Mechanism for inclusion in the 2004 USAC Internal Audit Plan shall be conducted in *Executive Session*.

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

At 1:37 p.m., the Committee voted to go into *Executive Session* to address the confidential and proprietary item as noted above.

EXECUTIVE SESSION:

- a1. **Approval of the Proposed Plan for Beneficiary Audits of the Rural Health Care Support Mechanisms for Inclusion in the 2004 USAC Internal Audit Plan – Confidential & Proprietary – Executive Session.** Mr. Scott introduced this item and reviewed the details of the proposed beneficiary audits of the Rural Health Care Support Mechanisms.

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

RESOLVED, That the USAC Rural Health Care Committee approves the proposed plan for beneficiary and follow-up audits of the Rural Health Care Support Mechanisms for 2004 as presented by the USAC Internal Audit Division and recommends that the USAC Audit Committee include the proposed audits in the 2004 USAC Internal Audit Plan.

The Committee adjourned from *Executive Session* and reconvened in open session at 1:43 p.m. to report the discussion and action of the Committee during *Executive Session*.

ACTION ITEMS (Cont.):

- a1. **Approval of 2004 Annual and 2nd Quarter Rural Health Care Support Mechanism Programmatic Budgets.** Ms. Faunce, USAC Budget and Financial Analyst, introduced this item and presented an overview of the annual and 2nd Quarter 2004 programmatic budgets for the Rural Health Care Support Mechanism. She explained that the budget increase was due to a higher fixed price for the NECA Services, Inc. programmatic support services contract and related costs associated with the recently adopted FCC order modifying the Rural Health Care Support Mechanism. She also explained that the increase was partially offset by a reduction in the contingency for unanticipated program changes that is built into the budget.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 2nd Quarter 2004 Rural Health Care Support Mechanism budget of \$790,700; and

RESOLVED FURTHER, That the USAC Rural Health Care Committee approves a annual 2004 Rural Health Care Support Mechanism budget of \$3,117,700.

- a2. **Approval of 2nd Quarter 2004 Rural Health Care Support Mechanism Projections and Resolution on the January 30, 2004, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 2nd Quarter 2004. In response to a question from a Committee member, Mr. Blackwell, Ms. Faunce, and Ms. Parrino explained how the dollar amounts are reconciled during each quarter 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, having reviewed at its meeting on January 26, 2004, a summary of the 2nd Quarter 2004 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required January 30, 2004, 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.

- a3. **Miscellaneous.**

- **Solicit Ideas for April 2004 Committee Agenda.** Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Blackwell between quarterly meetings.

INFORMATION ITEMS:

- i1. **Rural Health Care Support Mechanism Update.** Mr. Blackwell noted that the postings for Funding Year 2003 are running 30 percent ahead of where they were at the same point in Funding Year 2002 and that all administrative changes are working extremely well for the applicants and for the Rural Health Care Division (RHCD). Factors contributing to this performance include: (1) pre-population of Form 466 by RHCD for repeat applicants; (2) the enabling of e-certification for Form

466; and (3) the posting of urban rates by RHCD.

Mr. Blackwell announced that in November 2003 the Federal Communications Commission (FCC) adopted an order modifying the rules to improve the effectiveness of the Rural Health Care Support Mechanism. Mr. England, RHCD Director of Operations & Systems, gave a presentation regarding the changes to the program as well as FCC Chairman Powell's November 7 remarks in anticipation of the order. In addition, Mr. Blackwell informed the Committee that the FCC had issued a Further Notice of Proposed Rulemaking and is seeking public comments on a number of issues: the definition of "rural area," additional administrative changes, and whether mobile health care facilities should be eligible for support.

i2. Status of Rural Health Care Support Mechanism Appeals. Mr. Blackwell indicated that between October 1 and December 31, 2003, USAC received five new letters of appeal for the Rural Health Care Support Mechanism. During the past quarter, he reported that one appeal was denied, one was withdrawn, and six are pending.

i3. Rural Health Care Outreach Report. Mr. Blackwell noted that RHCD plans to conduct additional outreach to potential applicants and vendors as a result of the recently released FCC Order. RHCD expects to utilize a variety of distribution channels to disseminate information regarding program changes, such as printed and electronic notices, tradeshow, web-based activities, and state specific activities. Due to the unexpected length of the Rural Health Care Committee meeting, Mr. Blackwell gave a brief summary rather than the planned PowerPoint presentation of WebEx and explained how beneficial this web-based training could be for RHCD.

i4. Rural Health Care Support Mechanism Timeline and Key Dates. Mr. Blackwell indicated that the Funding Year 2004 filing window is tentatively set to open on March 29, 2004.

i5. Miscellaneous.

- **Farwell to the CEO of USAC.** Dr. Sanders announced that this would be Ms. Parrino's last Rural Health Care Committee meeting as she would be stepping down as the CEO of USAC effective January 31, 2004. Dr. Sanders stated that it has been a privilege working beside Ms. Parrino. The Committee thanked Ms. Parrino for her dedication, commitment, and leadership, and gave her a round of applause.

There being no further business, Dr. Sanders adjourned the meeting at 2:27 p.m.

Robert W. Haga

Assistant Secretary

Date

012604RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

April 19, 2004

MINUTES

The quarterly meeting of the Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors was held at the USAC Office in Washington, D.C., on Monday, April 19, 2004. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:31 p.m. Eastern Time. Ms. Bayona, Administrative Assistant to USAC, called the roll. Six of the eight members were present, representing a quorum:

Duff, Bridget

Jackson, Jimmy – Vice Chair

Jortner, Wayne

Sanders, Dr. Jay – Chair

Sanford, Jo Anne

Talbott, Dr. Brian

One member joined the meeting in progress:

Hughes, Alison

One member was absent:

Zaina, Lisa

Other Board members and Officers of the Corporation present:

Baker, Dave – USAC Board Member

Buller, Karen – USAC Board Member

Eichler, Edwin – USAC Board Member

Gumper, Frank – 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

Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Bayona, Janet	USAC
Cullen, Kathy	Telcordia
Delmar, Teleshia	USAC
Divak, Helen	Telcordia
England, William	USAC
Faunce, Donna	USAC
Helbing, Jeremy	USAC
Johnson, Daniel	USAC
Master, Maveck	Telcordia
Miller, Linda	USAC
Parry, John	NECA Services
Spade, Gina	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 Monday, January 26, 2004.

Committee member Ms. Hughes joined the meeting during the discussion of the following item.

- a2. Approval of the 3rd Quarter 2004 Rural Health Care Support Mechanism Programmatic Budget.** Ms. Faunce, USAC Budget and Financial Analyst, introduced this item. Mr. Blackwell pointed out that the proposed 3rd Quarter 2004 budget increase reflects the following: (1) an anticipated higher volume of forms to be processed in calendar year 2004 due to increased program participation in each funding year and the recent FCC order, which modified the program to provide support for Internet access and expanded the scope of eligible entities; and (2) an increase in administrative travel and outreach activities required in order to implement and conduct outreach regarding the recent program changes.

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 2004 Rural Health Care Support Mechanism budget of \$785,000.

- a3. Approval of 3rd Quarter 2004 Rural Health Care Support Mechanism Projections for the April 30, 2004, FCC Filing.** Mr. Blackwell introduced this item. He stated that the Funding Year 2004 demand is strong and comparable to last year at the same date. He said that the Rural Health Care Division (RHCD) staff project that the applicants receiving support in Funding Year 2003 would receive a similar level of support in Funding Year 2004, and projected an increase in demand for Funding Year 2004 based on the large number of new applicants in Funding Year 2003 and the inclusion of Internet as a supportable service. Mr. Blackwell noted that the projections for Funding Year 2004 include provisions associated with changes to the Rural Health Care Support Mechanism ordered by the FCC. Mr. Blackwell indicated that staff has an effort underway to help applicants make the correct choice of Internet and telecommunications services on their initial application.

In response to a question concerning the negative 2Q2004 demand projection, Ms. Faunce stated that typically USAC collects one-fourth of the amount needed to meet estimated demand for the Funding Year in each quarter of the Funding Year, but that in 1Q2004 it billed for one half (i.e., two-fourths) of the demand for Funding Year 2003. Consequently, it did not need to bill for Funding Year 2003 demand in 2Q2004 but only for administrative expenses decreased by prior period adjustments and interest income – resulting in a negative requirement in that 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 April 19, 2004, a summary of the 3rd Quarter 2004 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC management to proceed with the required April 30, 2004, filing to the FCC on behalf of the Committee. USAC 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.

a4. Miscellaneous.

- **Solicit Ideas for July 2004 Committee Agenda.** Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Blackwell between quarterly meetings.

INFORMATION ITEMS:

- i1. Rural Health Care Support Mechanism Update.** Mr. Blackwell stated that RHCD would likely receive in excess of 1000 applications for Internet service for Funding Year 2004 and that RHCD staff has conducted outreach in a variety of ways to inform the applicants and vendors of the revised support mechanism. He reported that to date, outreach activities have included two mailings to applicants and vendors, conference calls, face-to-face presentations to applicants, and web site postings. He said that RHCD staff would continue its outreach activities throughout the funding year in an effort to maximize participation. Mr. Blackwell reported that Funding Year 2003 is going very well and that the Notice of Proposed Rulemaking (NPRM) comment on the definition

of “rural area” for the Rural Health Care Support Mechanism has received the most comment from applicants.

- i2. Status Report of Ongoing Rural Health Care Support Mechanism Audits.** Mr. Scott updated the Committee on the status of ongoing and planned audits of the Rural Health Care Support Mechanism. In response to a Committee member’s inquiry regarding the operational audit carried over from 2003, Mr. Scott indicated that this particular audit is nearly completed and that the draft audit report is expected to be presented at the July 2004 quarterly meetings.
- i3. Status Report on Rural Health Care Support Mechanism Appeals – *Executive Session Option*.** Mr. Blackwell noted that the four new letters of appeal for the Rural Health Care Support Mechanism and the three appeals pending from a prior period have all been resolved.
- i4. Miscellaneous.** None

There being no further business, Dr. Sanders adjourned the meeting at 1:55 p.m.

Robert W. Haga

Assistant Secretary

Date

041904RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

July 1, 2004

MINUTES

A joint meeting of the Rural Health Care and Schools & Libraries Committees of the Board of Directors of the Universal Service Administrative Company (USAC) was held at the USAC office in Washington, DC on Thursday, July 1, 2004. Ms. Anne Bryant, Vice Chair of the Schools & Libraries Committee, called the meeting to order at 11:35 a.m. Eastern Time. Ms. Renee Lamoureux, Executive Assistant to the CEO, called the roll. Nine of the twelve members were present, representing quorums for both committees:

Rural Health Care Committee:

Hughes, Alison– *by telephone*

Sanders, Dr. Jay–Chair– *by telephone*

Jackson, Jimmy–Vice Chair–*by telephone*

Sanford, Jo Anne– *by telephone*

Jortner, Wayne – *by telephone*

Zaina, Lisa – CEO

Schools & Libraries Committee:

Baker, Dave– *by telephone*

Bryant, Anne-Vice Chair–*by telephone*

Jackson, Jimmy–*by telephone*

Campbell, Anne – *by telephone*

Zaina, Lisa – CEO

Other Board Members and Officers of the Corporation present

:

Eichler, Edwin, USAC Board Member

Barash, D. Scott – Vice President and General Counsel

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

Others present for the meeting:

NAME	COMPANY
Bayona, Janet	USAC
Lamoureux, Renee	USAC
Panton, Marci	USAC

ACTION ITEMS:

- a1. **Approval to Engage Mitretek Systems to Conduct an Efficiency Study on the Rural Health Care and Schools and Libraries Mechanisms.** Mr. Haga stated that USAC’s current contract with NECA Services, Inc. (NSI) for programmatic support services in connection with the Rural Health Care and Schools and Libraries Support Mechanisms expires on June 30, 2005. It is USAC’s intent to issue a request for proposals (RFP) for these services prior to the expiration of the NSI contract. Before issuing a RFP, USAC’s management believes that it would be beneficial to engage a firm to review the effectiveness and efficiency of USAC’s current processes, procedures, and their application. In order to complete this analysis prior to the issuance of a RFP, a complete competitive process to find a vendor cannot be properly accomplished. USAC management, therefore, seeks approval to engage Mitretek Systems, a neutral, third-party non-profit company, on a sole-source basis to perform such analysis.

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

RESOLVED, That the USAC Rural Health Care and Schools & Libraries Committees authorizes USAC management to engage Mitretek Systems for the purposes of conducting an efficiency study on the Rural Health Care and Schools and Libraries mechanisms.

There being no further business, Ms. Bryant adjourned the meeting at 11:59 a.m.

Robert W. Haga

Assistant Secretary

Date

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

Rural Health Care Committee Meeting

July 19, 2004

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held its quarterly meeting at the USAC Office in Washington, D.C., on Monday, July 19, 2004. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:30 p.m. Eastern Time. Ms. Lamoureux, Executive Assistant to the CEO, called the roll. Seven of the eight members of the Committee were present, representing a quorum:

Duff, Bridget

Hughes, Alison- *by telephone*

Jackson, Jimmy – Vice Chair-*by telephone*

Jortner, Wayne

Zaina, Lisa – CEO

Sanders, Dr. Jay – Chair

One Committee member joined the meeting in progress:

Sanford, Jo Anne – *by telephone*

Other Board members and Officers of the Corporation present:

Askin, Jonathan – USAC Board Member

Baker, Dave – USAC Board Member

Eichler, Edwin – USAC Board Member

Gumper, Frank – USAC Board Member

Barash, D. Scott – VP 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

Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:

NAME	COMPANY
Bayona, Janet	USAC
Delmar, Teleshia	USAC
Lenhardt, Chris	USAC
Faunce, Donna	USAC
Ashe-Donnem, Caroline	USAC

NAME
Parry, John

COMPANY
NSI

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, April 19, 2004.
- a2. **Approval of the 4th Quarter 2004 Rural Health Care Support Mechanism Programmatic Budget.** Ms. Faunce, USAC Budget and Financial Analyst, introduced this item, presented an overview of the 4th Quarter 2004 programmatic budgets for the Rural Health Care Support Mechanism, and indicated that no changes to the annual budget were proposed at this time.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 4th Quarter 2004 Rural Health Care Support Mechanism budget of \$783,600.

- a3. **Approval of 4th Quarter 2004 Rural Health Care Support Mechanism Projections and Resolution on the August 2, 2004, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 4th 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 July 19, 2004, a summary of the 4th Quarter 2004 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required August 2, 2004, 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.

- a4. **Miscellaneous.**

- **Solicit Ideas for April 2004 Committee Agenda.** Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Blackwell between quarterly meetings.

INFORMATION ITEMS:

- i1. **Rural Health Care Support Mechanism Update.** Mr. Blackwell noted that revisions have been made to all application forms to comply with the November 17, 2003 FCC order. He further advised that of the 2,099 Forms 465 posted, 83% were e-certified and the postings for Funding Year 2004 are running 15 percent ahead of where they were at the same point in Funding Year 2003 and 300% ahead of Funding Year 2002.

Mr. Blackwell reported on numerous RHCD outreach efforts as well as contract performance under the USAC and NECA Services, Inc. (NSI) contract under which, NSI has met the target for all of the measurable opportunities.

- i2. **Status of Rural Health Care Support Mechanism Appeals.** Mr. Blackwell indicated that between April 1 and June 30, 2004, USAC received nine new letters of appeal for the Rural Health Care Support Mechanism of which, three were withdrawn, three were denied, two were approved, and 1 was currently pending.
- i3. **Status Report on Ongoing Rural Health Care Support Mechanism Audits.** Ms. Delmar noted that USAC IAD audit work of the RHC support mechanism is currently in the planning phases with fieldwork expected to commence shortly. Ms. Delmar also reported that USAC IAD will begin conducting yearly audits of RHC.
- i4. **Status Report on Actions Taken on Final USAC Audits** Ms. Delmar indicated that there were no Rural Health Care audits that required further management action.
- i5. **Rural Health Care Support Mechanism Timeline and Key Dates.** Mr. Blackwell indicated that the Funding Year 2005 filing window tentatively set to open on November 15, 2004 will likely be moved to the first quarter 2005 due to anticipated FCC action which could affect program rules.

There being no further business, Dr. Sanders adjourned the meeting at 2:27 p.m.

Robert W. Haga

Assistant Secretary

Date

012604RHCmin

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**Rural Health Care Committee Meeting**

October 18, 2004

MINUTES

The Rural Health Care Committee of the Universal Service Administrative Company (USAC) Board of Directors held its quarterly meeting at the USAC Office in Washington, D.C., on Monday, October 18, 2004. Dr. Sanders, Chair of the Committee, called the meeting to order at 1:30 p.m. Eastern Time. Ms. Lamoureux, Executive Assistant to the CEO, called the roll.

Seven of the eight members were present, representing a quorum:	
Duff, Bridget	Sanders, Dr. Jay – Chair
Hughes, Alison	Sanford, Joanne – by telephone
Jackson, Jimmy - Vice Chair	Talbott, Brian
Jortner, Wayne	Zaina, Lisa – CEO

Other Board members and Officers of the Corporation present:
Eichler, Edwin – USAC Board Member
Gumper, Frank – USAC Board Member
Barash, D. Scott – Vice President and General Counsel
Blackwell, Mel – VP, External Communications & Rural Health Care Division
Carmichael, Mark – Assistant Treasurer; VP, Finance and Financial Operations
Haga, Robert – Assistant Secretary; VP, Strategic Planning and USAC Operations
Scott, Wayne – VP, Internal Audit Division

Others present for the meeting:	
Name	Company
Bancroft, Royce	USAC
Bayona, Janet	USAC
Chou, Elizabeth	USAC
England, Bill	USAC

Faunce, Donna	USAC
Hill, William	FCC
Johnson, Daniel	USAC
Lamoureux, Renee	USAC
Lenhardt, Chris	USAC
Miller, Linda	USAC
Parry, John	NSI
Spade, Gina	FCC
Stephens, Mark	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 Monday, July 19, 2004.
- a2. **Approval of the 1st Quarter 2005 Rural Health Care Support Mechanism Programmatic Budget.** Ms. Faunce, USAC Budget and Financial Analyst, introduced this item, presenting an overview of the 1st Quarter 2005 programmatic budgets for the Rural Health Care Support Mechanism. In response to a question from the Committee, Mr. Scott discussed the allocation of audit costs among the programs.

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

RESOLVED, That the USAC Rural Health Care Committee approves a 1st Quarter 2005 Rural Health Care Support Mechanism budget of \$1,022,000..

- a3. **Approval of 1st Quarter 2005 Rural Health Care Support Mechanism Projections and Resolution on the November 2, 2004, FCC Filing.** Mr. Blackwell introduced this item and summarized the Rural Health Care Support Mechanism funding projections for 1st Quarter 2005.

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 18, 2004, a summary of the 1st Quarter 2005 Rural Health Care Support Mechanism demand estimates, including administrative costs, hereby directs USAC staff to proceed with the required November 2, 2004, 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. .

a4. Action on Four Rural Health Care Support Mechanism Beneficiary Audit Reports. Mr. Lenhardt, Senior Internal Audit and Fraud Specialist, presented the four beneficiary audit reports to the Committee.

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

RESOLVED, That the USAC Rural Health Care Committee, had reviewed the 2004 Agreed Upon Procedures Reports (Audit Nos. RH2004BE001, RH2004BE002, RH2004BE003 and RH2004BE004) 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.

a5. Miscellaneous.

- Solicit Ideas for January 2005 Committee Agenda. Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting or by contacting him or Mr. Blackwell between quarterly meetings.

Information Items

i1. Rural Health Care Support Mechanism Update. Mr. Blackwell advised that, as of September 30, 2004, 2,485 Forms 465 were posted, of which, 78% were e-certified. Funding Year 2004 postings are running 27 weeks ahead of where they were at the same point in Funding Year 2003, as applicants continue to take advantage of e-certification.

i2. Status of Rural Health Care Support Mechanism Appeals. Mr. Blackwell indicated that between July 1 and September 30, 2004, USAC received no new letters of appeal for the Rural Health Care Support Mechanism. Of the four appeals previously filed, one was denied, two were approved, and one remains pending.

There being no further business, Dr. Sanders adjourned the meeting at 1:50 p.m.

Robert W. Haga
Assistant Secretary

Date