

# 2010 Rural Health Care Committee Meetings Minutes

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**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**January 25, 2010**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, January 25, 2010. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:32 a.m. Eastern Time, with a quorum of seven of the eight Committee members present:

Anderson, D, Michael

Kragel, Dr. Peter – Vice Chair – *by telephone*

Barash, Scott – Acting CEO

Sanders, Dr. Jay – Chair

Gillan, Joe

Schroeder, Lee – *by telephone*

Jortner, Wayne

Members of the Committee not present:

Boyle, Anne

Other Board of Directors (Board) members and officers of the corporation present:

Belden, Richard – Chief Operating Officer

Blackwell, Mel – Vice President, Schools and Libraries Division

Bryant, Dr. Anne – Member of the Board

Campbell, Anne – Member of the Board

Capozzi, David – Acting General Counsel and Assistant Secretary

England, Dr. William – Vice President, Rural Health Care Division

Feiss, Geoff – Member of the Board

Holcombe, Jamie – Vice President of Information Technology

Jacobs, Ellis – Member of the Board

Lubin, Joel – Member of the Board

Scott, Wayne – Vice President of Internal Audit

Simon, Phyllis – Member of the Board

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Amalfitano, Vince	FCC – <i>by telephone</i>
Basillio, Enzo	USAC
Beard, Jay	USAC
Bellavia, Leslie	USAC
Ellis, Tess	USAC
Falkowitz, Ed	USAC
Hutchins, Spencer	FCC
Iversen, Eric	USAC
Jones, Pierce Graham	FCC
Kaushal, Dr. Mohit	FCC
Lenhardt, Chris	USAC
Lowery, Craig	USAC
Mhadji, Odari	USAC
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC
O'Connor, Austin	FCC
Parry, John	Solix
Reynolds, Daniel	USAC
Sardana, Sudar	USAC
Short, Don	USAC
Ward, Steve	Colorado Hospital Association
Watterson, Stefani	USAC

**ACTION ITEMS:**

**a1. Approval of Rural Health Care Committee Meeting Minutes of October 26, 2009.**  
On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of October 26, 2009.

**a2. Approval of 2nd Quarter 2010 and 2010 Annual Rural Health Care Support Mechanism Programmatic Budgets.** Mr. Belden presented this item to the Committee, noting that there was no change from the budget presented to the Committee in October.

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

**RESOLVED**, that the USAC Rural Health Care Committee approves a 2nd Quarter 2010 Rural Health Care Support Mechanism budget of \$2.4 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$2.4 million for Rural Health Care Support Mechanism administrative expenses in the required January 29, 2010 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee approves an annual 2010 Rural Health Care Support Mechanism budget of \$11.8 million.

**a3. Approval of 2nd Quarter 2010 Rural Health Care Support Mechanism Demand Projection for the January 29, 2010 FCC Filing.** Dr. England presented this item to the Committee.

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

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on January 25, 2010, a summary of the 2nd Quarter 2010 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required January 29, 2010 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million but not more than \$2.0 million.

- a4. Recommendation for Annual Election of Committee Chair and Vice Chair.** Dr. Sanders noted that the FCC Chairman has not yet selected nominees for the six open USAC Board of Directors (Board) seats, and, based on management's recommendation, the Committee would carry on with current Chair and Vice Chair, therefore, no action was taken on this matter.
- a5. Miscellaneous.** Solicit ideas for the April 2010 Committee Agenda. Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Dr. Kragel, Mr. Barash or Dr. England between quarterly meetings.

**INFORMATION ITEMS:**

- i1. Rural Health Care Support Mechanism Update.** Dr. England presented this item to the Committee, noting that:
- USAC has received a total of 3,520 FCC Form 465 applications and 2,354 FCC Form 466/466-A packets for Funding Year 2009.
  - RHC program staff continues to work closely with USAC Information Technology (IT) staff to develop and implement system enhancements to increase automation and operating efficiency of application processing and to plan for future systems modernization. A statement of work to determine the current and future system needs has been completed.
  - RHC Program beneficiary appeals, which include both the primary and Pilot Program, remained low this quarter at 10. Of the 10 appeals received, two were resolved and eight are currently under review.

- The RHC Program continues its outreach efforts to health care providers (HCPs) and service providers, focusing on improving the applications submitted by HCPs and ensuring a faster turnaround time from submission to funding.
- A significant number of administrative changes to improve program efficiency were implemented in 4th Quarter 2009. These changes improved data accuracy and application processing efficiency and allowed USAC to email support schedules, which previously could only be sent via U.S. mail.

**i2. Rural Health Care Pilot Program Update.** Dr. England presented this item to the Committee, noting that during 4th Quarter 2009:

- USAC posted 5 RFPs for competitive bidding.
- USAC committed \$2.18 million to 6 projects.
- USAC disbursed \$5.06 million to 14 projects.
- USAC received one Pilot Program appeal. To date, USAC has received three appeals for the Pilot Program. One appeal has been decided and two appeals remain pending. The two pending appeals involve an issue for which USAC is seeking policy guidance from the FCC

**i3. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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 Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session*.

**i4. Discussion with Dr. Mohit Kaushal Regarding FCC Broadband Health Care Initiatives.** Dr. Kaushal discussed FCC broadband health care initiatives as part of development of the National Broadband Plan.

At 12:41 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* with only members of the Committee, Board members, USAC officers and FCC staff present for the purpose of discussing the confidential and proprietary item noted above.

**EXECUTIVE SESSION:**

- i3. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.**  
Mr. Barash presented this item to the Committee.

At 12:43 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from ***Executive Session*** and immediately reconvened in ***Open Session***, at which time, Dr. Sanders reported that the Committee discussed item i3 above in ***Executive Session***.

On a motion duly made and seconded, the Committee adjourned at 12:45 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**April 26, 2010**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, April 26, 2010. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:31 a.m. Eastern Time, with a quorum of all seven Committee members present (there is one vacancy):

Anderson, D, Michael

Jortner, Wayne

Barash, Scott – Acting CEO

Kragel, Dr. Peter – Vice Chair – *by telephone*

Boyle, Anne

Sanders, Dr. Jay – Chair

Gillan, Joe

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board

Belden, Richard – Chief Operating Officer

Blackwell, Mel – Vice President, Schools and Libraries Division

Bryant, Dr. Anne – Member of the Board

Campbell, Anne – Member of the Board

Capozzi, David – Acting General Counsel and Assistant Secretary

England, Dr. William – Vice President, Rural Health Care Division

Erwin, WB – Vice President of Finance

Feiss, Geoff – Member of the Board

Jacobs, Ellis – Member of the Board

Ridley, Carolyn – Member of the Board

Scott, Wayne – Vice President of Internal Audit

Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Buckley, Thomas	FCC
Caruso, Michael	USAC
Ellis, Tess	USAC – <i>by telephone</i>
Hughes, Jeff	USAC
Iversen, Eric	USAC
Kaushal, Dr. Mohit	FCC – <i>by telephone</i>
McKinley, Larry	FCC
Mhadji, Idari	USAC
Nuzzo, Patsy	USAC
O'Connor, Austin	FCC
Parry, John	Solix
Permyakov, Andrey	USAC
Reynolds, Daniel	USAC
Rogers, Camelia	USAC
Sardana, Sudar	USAC
Short, Don	USAC
Theodoropoulos, Nikoletta	USAC
Watterson, Stefani	USAC

**ACTION ITEMS:**

**a1. Approval of Rural Health Care Committee Meeting Minutes of January 25, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of January 25, 2010.

**a2. Approval of 3rd Quarter 2010 Rural Health Care Support Mechanism Programmatic Budget.** Mr. Belden presented this item to the Committee, noting that there was no change from the budget presented to the Committee in January.

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

**RESOLVED**, that the USAC Rural Health Care Committee approves a 3rd Quarter 2010 Rural Health Care Support Mechanism budget of \$3.2 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$3.2 million for Rural Health Care Support Mechanism administrative expenses in the required April 30, 2010 filing to the FCC on behalf of the Committee.

- a3. Approval of 3rd Quarter 2010 Rural Health Care Support Mechanism Demand Projection for the April 30, 2010 FCC Filing.** Dr. England presented this item to the Committee, noting that no additional funds will have to be collected to support the Pilot Program because all funds necessary to support a three-year Pilot Program, ending on June 30, 2010 have been collected, and although a fourth year has been added to the Pilot Program, the FCC did not increase the total funding amount for the program.

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

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on April 26, 2010, a summary of the 3rd Quarter 2010 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required April 30, 2010 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million but not more than \$2.0 million.

- a4. Action on One USAC Internal Audit Division Rural Health Care Support Mechanism Service Provider Audit Report.** Mr. Scott presented this item to the Committee.

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

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed the USAC Internal Audit Division Rural Health Care Support Mechanism Service Provider Audit Report labeled RH2009SP001 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such report final.

- a5. Recommendation for Annual Election of Committee Chair and Vice Chair.** Dr. Sanders introduced this item to the Committee. Mr. Gillan, seconded by Mr. Jortner, nominated Dr. Sanders to serve as Committee Chair and Dr. Kragel to serve as Committee Vice Chair.

After discussion, 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 **Dr. Peter Kragel** as Vice Chair of the Committee for a term that begins immediately upon the adoption of this resolution by the Board and ends when a successor to the Chair and/or Vice Chair has been elected, when the Chair or Vice Chair resigns from the Committee or the Board, is removed by resolution of the Board, or the Chair and/or Vice Chair's Board term expires.

- a6. Miscellaneous.** Solicit ideas for the July 2010 Committee Agenda. Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Dr. Kragel, Mr. Barash or Dr. England between quarterly meetings.

**INFORMATION ITEMS:**

- i1. Rural Health Care Support Mechanism Update.** Dr. England presented this item to the Committee, noting that:
- For Funding Year 2009, USAC has posted 3,791 FCC Form 465 applications and has received 3,834 FCC Form 466/466-A packets.
  - For Funding Year 2010, USAC has posted 439 FCC Form 465 applications.
  - RHC program staff continues to work closely with USAC Information Technology (IT) staff to develop and implement system enhancements to increase application processing automation and operating efficiency and to plan for future systems modernization. An RFP (Request for Proposals) to determine current and future system

needs is currently being developed to address potential requirements proposed in the FCC Broadband Report.

- There were ten RHC Program beneficiary appeals this quarter, primarily resulting from applicant contract violations and consequential loss of funding. Of the ten appeals received, one was resolved and 14 are currently under review.
- The RHC program staff continues its outreach efforts, including developing a training program for new health care providers (HCPs) that focuses on improving the applications submitted, thus ensuring a faster turnaround time in processing applications, reducing funding denials and creating fewer appeals.
- RHC implemented additional administrative changes to improve program efficiency in 1st Quarter 2010. Changes included creating and executing a quality assurance program, continuing with fund year closeout efforts and creating and finalizing internal policies and procedures.
- USAC program staff provided a summary of the impact of the National Broadband Plan on the RHC Program. A discussion of the plan will be held in the quarterly Board of Directors meeting on April 27, 2010.
- The RHC Program Outreach Plan for 2010, developed by the RHC and the External Relations team, includes the goals and activities comprising USAC's efforts to educate and communicate with program audiences about successful participation in the Rural Health Care Program.

Mr. Iversen presented the USAC Rural Health Care Outreach and Education Plan to the Committee.

**i2. Rural Health Care Pilot Program Update.** Dr. England presented this item to the Committee, noting that:

- During 1st Quarter 2010 (1Q2010), USAC posted 12 Form 465 packages representing six projects; issued 25 funding commitments totaling \$29.80 million; and disbursed \$3.21 million in Pilot program support.
- Since the Pilot Program's inception through March 31, 2010, USAC has posted 73 Form 465 packages for 46 projects; issued 78 funding commitments totaling \$58.66 million to 26 projects; disbursed \$15.05 million in Pilot Program funds to

20 projects; and has verified the eligibility of almost 5,000 health care providers participating in Pilot Program networks.

- Funding commitments and disbursements are expected to increase next quarter.

- i3. Information on Rural Health Care and Schools and Libraries Program Support Services Contract Extension Option Exercise.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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 Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session*.

- i4. Discussion with Dr. Mohit Kaushal Regarding FCC Broadband Health Care Initiatives.** Dr. Kaushal discussed FCC broadband health care initiatives as part of development of the National Broadband Plan.

At 12:52 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing the confidential and proprietary item noted above.

**EXECUTIVE SESSION:**

- i3. Information on Rural Health Care and Schools and Libraries Program Support Services Contract Extension Option Exercise.** Mr. Barash presented this item to the Committee.

At 12:53 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from *Executive Session* and immediately reconvened in *Open Session*, at which time, Dr. Sanders reported that the Committee discussed item i3 above in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 12:54 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**July 26, 2010**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, July 26, 2010. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:30 a.m. Eastern Time, with a quorum of all seven Committee members present (there is one vacancy):

Anderson, D. Michael	Jortner, Wayne
Barash, Scott – Acting CEO	Kragel, Dr. Peter – Vice Chair – <i>by telephone</i>
Boyle, Anne	Sanders, Dr. Jay – Chair
Gillan, Joe	

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board  
Belden, Richard – Chief Operating Officer  
Campbell, Anne – Member of the Board  
Capozzi, David – Acting General Counsel and Assistant Secretary  
England, Dr. William – Vice President, Rural Health Care Division  
Erwin, WB – Vice President of Finance  
Holcombe, Jamie – Vice President of Information Systems  
Scott, Wayne – Vice President of Internal Audit  
Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Ayalur, Rekha	USAC
Becker, Ellen	FCC – <i>by telephone</i>
Betancourt, Laura	USAC
Caruso, Michael	USAC
Delmar, Teleshia	USAC
Ellis, Tess	USAC – <i>by telephone</i>
Hughet, Pamela	USAC
Mhadji, Idari	USAC
Miller, Jack	Solix

NAME	COMPANY
Mitchell, Jeff	USAC
Nuzzo, Patsy	USAC
Parry, John	Solix
Permyakov, Andrey	USAC
Reynolds, Daniel	USAC
Rogers, Camelia	USAC
Sardana, Sudhir	USAC
Short, Don	USAC
Theodoropoulos, Nikoletta	USAC
Watterson, Stefani	USAC

**ACTION ITEMS:**

**a1. Approval of Rural Health Care Committee Meeting Minutes of April 26, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 26, 2010.

**a2. Approval of 4th Quarter 2010 and Revised 2010 Annual Rural Health Care Support Mechanism Programmatic Budgets.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC Rural Health Care Committee approves a 4th Quarter 2010 Rural Health Care Support Mechanism budget of \$2.5 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee approves a revised annual 2010 Rural Health Care Support Mechanism budget of \$10.2 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$2.3 million for Rural Health Care Support Mechanism administrative expenses in the required August 2, 2010 filing to the FCC on behalf of the Committee.

**a3. Approval of 4th Quarter 2010 Rural Health Care Support Mechanism Demand Projection for the August 2, 2010 FCC Filing.** Dr. England presented this item to the Committee.

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

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on July 26, 2010, a summary of the 4th Quarter 2010 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required July 30, 2010 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million but not more than \$2.0 million.

- a4. Miscellaneous.** Solicit ideas for the October 2010 Committee Agenda. Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Dr. Kragel, Mr. Barash or Dr. England between quarterly meetings.

**INFORMATION ITEMS:**

- i1. Rural Health Care Support Mechanism Update.** Dr. England presented this item to the Committee, noting that:
- USAC received 3,942 FCC Form 465 applications and 7,934 FCC Form 466/466-A packets for Funding Year 2009. In addition, 3,171 FCC Form 465 applications and 227 FCC Form 466/466-A packets for Funding Year 2010 have been received.
  - RHC program staff continues to work closely with USAC information technology (IT) staff to develop and implement system enhancements to increase application processing automation and operating efficiency and to plan for future systems modernization.
  - There were seven RHC Program beneficiary appeals this quarter, primarily resulting from applicant contract violations and consequential loss of funding. Of the seven appeals received, none were resolved but seven prior appeals were resolved, leaving 16 currently under review.
  - RHC program staff continues outreach efforts, including developing and conducting two training sessions for health care providers (HCPs) and service providers. Staff also attended, exhibited and presented at the 15th Annual American Telemedicine Association conference, the 4th Biannual Alaska Rural Health Conference and the National Rural Health Association annual conference.

- RHC staff continued to respond to requests for information from the Government Accountability Office (GAO), which is conducting a review and preparing a report on the Rural Health Care Program.

**i2. Rural Health Care Pilot Program Update.** Dr. England presented this item to the Committee, noting that:

- During 2nd Quarter 2010, USAC posted seven Form 465 packages representing four projects; issued nine funding commitments totaling \$5.54 million; and disbursed \$6.61 million in Pilot Program support. Since the Pilot Program's inception through June 30, 2010, USAC has posted 80 Form 465 packages for 46 projects, issued 89 funding commitments totaling \$64.20 million to 29 projects; disbursed \$21.77 million in Pilot Program funds to 20 projects; and verified the eligibility of almost 5,726 health care providers participating in Pilot Program networks. Funding commitments and disbursements are expected to increase next quarter.
- USAC continues to hold monthly conference calls for coaches and project coordinators. USAC completed one-on-one meetings with all projects during 3rd Quarter 2009 and in 1st Quarter 2010, started one-on-one meetings focused on projects that appear to be lagging and might still have difficulty completing their design, vendor selection and funding requests by the revised FCC deadline of June 30, 2011. These meetings provide tailored support through the application process. In addition, at the FCC's request, USAC is assessing the reasons for each project's delay and the potential to achieve project goals.
- USAC staff meets weekly with FCC staff to discuss and clarify policy and program issues that arise as projects develop and to ensure that USAC is correctly implementing program requirements. USAC staff continues to assist Pilot Program project coordinators by discussing project-specific issues and by reviewing draft documents such as letters of agency, requests for proposals, or Form 465 attachments.

**i3. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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 Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session*.

At 12:17 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing the confidential and proprietary item noted above.

**EXECUTIVE SESSION:**

- i3. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.**  
Mr. Barash presented this item to the Committee.

At 12:21 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from ***Executive Session*** and immediately reconvened in ***Open Session***, at which time, Dr. Sanders reported that the Committee discussed item i3 above in ***Executive Session***.

On a motion duly made and seconded, the Committee adjourned at 12:21 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

**Rural Health Care Committee Meeting**

**October 25, 2010**

**MINUTES**

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) was held at USAC's offices in Washington, D.C. on Monday, October 25, 2010. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:31 a.m. Eastern Time, with a quorum of five of the seven Committee members present (there is one vacancy):

Barash, Scott – Acting Chief Executive Officer  
Gillan, Joe  
Jortner, Wayne

Kragel, Dr. Peter – Vice Chair  
Sanders, Dr. Jay – Chair

Committee members not present:

Anderson, D. Michael  
Boyle, Anne

Other Board of Directors (Board) members and officers of the corporation present:

Abshire, Dr. Sheryl – Member of the Board  
Belden, Richard – Chief Operating Officer  
Campbell, Anne – Member of the Board  
Capozzi, David – Acting General Counsel and Assistant Secretary  
Case, David – Vice President of Finance  
England, Dr. William – Vice President, Rural Health Care Division  
Feiss, Geoff – Member of the Board  
Holcombe, Jamie – Vice President of Information Systems  
Jacobs, Ellis – Member of the Board  
Scott, Wayne – Vice President of Internal Audit  
Talbot, Dr. Brian – Member of the Board

Others present for the meeting:

NAME	COMPANY
Beard, Jay	USAC
Betancourt, Laura	USAC
Biasillo, Enzo	USAC
Costa, Paloma	USAC

NAME	COMPANY
Delmar, Teleshia	USAC
Donadio, G	SAIC
Ellis, Tess	USAC
Iversen, Eric	USAC
McKinley, Larry	FCC
Mhadji, Idari	USAC
Miller, Jack	Solix
Nuzzo, Patsy	USAC
Parry, John	Solix
Permyakov, Andrey	USAC
Rock, Anil	USAC
Sardana, Sudhir	USAC
Short, Don	USAC
Smith, Chris	USAC
Watterson, Stefani	USAC

**ACTION ITEMS:**

- a1. Approval of Rural Health Care Committee Meeting Minutes of July 26, 2010.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of July 26, 2010.
- a2. Approval of 1st Quarter 2011 Rural Health Care Support Mechanism Programmatic Budget and Information on the Estimated 2011 Annual Budget.** Mr. Belden presented this item to the Committee. The Committee decided to discuss this matter in *Executive Session*. In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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 Rural Health Care Support Mechanism budgets shall be conducted in *Executive Session*.

- a3. Approval of 1st Quarter 2011 Rural Health Care Support Mechanism Demand Projection for the November 2, 2010 FCC Filing.** Dr. England presented this item to the Committee.

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

**RESOLVED**, that the USAC Rural Health Care Committee, having reviewed at its meeting on October 25, 2010, a summary of the 1st Quarter 2011 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required November 2, 2010 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than \$1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than \$1.0 million but not more than \$2.0 million.

- a4. Miscellaneous.** Solicit ideas for the October 2010 Committee Agenda. Dr. Sanders reminded Committee members that they may offer suggestions for agenda items at each quarterly meeting. Ideas may be submitted to Dr. Sanders, Dr. Kragel, Mr. Barash or Dr. England between quarterly meetings.

**INFORMATION ITEMS:**

- i1. Rural Health Care Support Mechanism Update.** Dr. England presented this item to the Committee, noting that:

- USAC received 3,942 FCC Form 465 applications and 7,989 FCC Form 466/466-A packets for Funding Year 2009. In addition, USAC has received 3,589 FCC Form 465 applications and 1,623 FCC Form 466/466-A packets for Funding Year 2010.
- RHC program staff continues to work closely with USAC Information Technology (IT) staff to develop and implement system enhancements to increase application processing automation and operating efficiency and to plan for future systems modernization.
- There were nine RHC Program beneficiary appeals received this quarter, primarily resulting from applicant contract violations and consequential loss of funding. Of the nine appeals received, one was resolved and 11 prior appeals were resolved, leaving 15 currently under review.
- RHC program staff continues outreach efforts, including developing and conducting two webinars for service providers in 3Q2010. A new program manager was recently hired to focus on outreach efforts; she has worked closely with the external relations team on the website, and developing conference and training materials.

- The Government Accountability Office (GAO) has completed its fieldwork and is preparing to issue a draft report on Rural Health Care Program objectives and performance. USAC has worked with the GAO throughout their review responding to information requests and anticipates submitting a response to the draft report.
- USAC continued the Payment Quality Assurance (PQA) Program that was initiated in August 2010. PQA will enable USAC to provide information about improper payments to the FCC as required by the Improper Payments Information Act of 2002 (31 U.S.C. § 3321) (IPIA).
- An FCC Notice of Proposed Rulemaking (NPRM) to create new broadband support mechanisms for the Rural Health Care Program was published in the Federal Register on August 9, 2010. Sixty entities filed comments and 39 filed reply comments during the comment period that closed September 23, 2010.

**i2. Rural Health Care Pilot Program Update.** Dr. England presented this item to the Committee, noting that during 3rd Quarter 2010:

- USAC posted 8 Form 465 packages representing 8 projects, issued 49 funding commitments totaling \$25.8 million, and disbursed \$5.48 million.
- RHCP staff verified the eligibility of almost 132 Health Care Providers participating in Pilot Program networks.
- There were no appeals from Pilot Program beneficiaries.

**i3. Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** In accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, Mr. Capozzi recommended that discussion of this item be conducted in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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 Schools and Libraries and Rural Health Care Program support services solicitation shall be conducted in *Executive Session*.

**i4. Semiannual Status Report on Ongoing USAC Audits.** Mr. Scott presented this item to the Committee.

- i5. **Semiannual Status Report on Actions Taken on Final USAC Audits.** Mr. Scott presented this item to the Committee.

At 12:00 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into **Executive Session** for the purpose of discussing the confidential and proprietary item noted above.

**EXECUTIVE SESSION:**

- a3. **Approval of 1st Quarter 2011 Rural Health Care Support Mechanism Programmatic Budget and Information on the Estimated 2011 Annual Budget.** Mr. Belden presented this item to the Committee.

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

**RESOLVED**, that the USAC Rural Health Care Committee approves a 1st Quarter 2011 Rural Health Care Support Mechanism programmatic operations budget of \$3.0 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$3.0 million for Rural Health Care Support Mechanism administrative expenses in the required November 2, 2010 filing to the FCC on behalf of the Committee.

- i3. **Schools and Libraries and Rural Health Care Program Support Services Solicitation Update.** Mr. Barash presented this item to the Committee.

At 12:20 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned from **Executive Session** and immediately reconvened in **Open Session**, at which time, Dr. Sanders reported that the Committee took action on item a3 and discussed item i3 above in **Executive Session**.

On a motion duly made and seconded, the Committee adjourned at 12:22 p.m. Eastern Time.

/s/ David A. Capozzi

Assistant Secretary