Federal Communications Commission (FCC)
Frequently Asked Questions: Healthcare Connect Fund May 2013

FAQs Index

Click on a topic below to jump to questions relating to that topic:

* *Rural Health Care Support Mechanism*, WC Docket Docket No. 02-60, Report and Order, 27 FCC Rcd. 16678 (2012), *available online*.

Background

1. What is the Healthcare Connect Fund?

The Healthcare Connect Fund (fund) provides support for high-capacity broadband connectivity to eligible health care providers (HCPs) and encourages the formation of state and regional broadband HCP networks. Under the program, eligible rural HCPs, and those non-rural HCPs that are members of a consortium that has a majority rural HCP sites, can receive a 65 percent discount from the fund on all eligible expenses. HCPs are required to contribute the remaining 35 percent to participate in the program. HCPs can use the Healthcare Connect Fund to purchase services and equipment, as well as construct their own broadband infrastructure where it is shown to be the most cost effective option. *See HCF Order** at paras. 1-10.

2. What is the purpose of the Healthcare Connect Fund?

The purpose of the Healthcare Connect Fund is to expand HCP access to broadband services, particularly in rural areas, and to encourage the formation of state and regional broadband networks linking health care providers. *See HCF Order** at paras. 3-4 for additional details.

3. When does the Healthcare Connect Fund start?

Pilot projects can start the competitive bidding process on April 1, 2013, and will be eligible to receive funding starting on July 1, 2013. For new applicants (either current Telecommunications or Internet Access Program participants or HCPs new to Federal Communications Commission ("Commission") programs) the competitive bidding process will start in late summer 2013. New applicants will be eligible to receive funding starting on January 1, 2014. *See HCF Order** at paras. 351-359.

4. What will happen to the Telecommunications Program (the "Primary" Program)?

The Telecommunications Program will continue to operate alongside the new Healthcare Connect Fund. However, the Commission expects that many HCPs currently receiving support under the Telecommunications Program may migrate to the new Healthcare Connect Fund. *See HCF Order** at para. 3, (fn. 9).

5. What will happen to the Internet Access Program?

The Healthcare Connect Fund will replace the Internet Access Program and will provide support for services now eligible for support under the Internet Access Program. Funding for the Internet Access Program will end on June 30, 2014. HCPs who have been receiving support under the Internet Access program may join an existing Pilot Program network, or may transition to the Healthcare Connect Fund beginning on January 1, 2014. *See HCF Order** at para. 3 (fn. 9) and paras. 352-358 for additional details.

6. What are eligible sources of funding that an HCP may use for its 35 percent contribution requirement?

An HCP's 35 percent contribution requirement can come from any eligible source. Eligible sources include the applicant or eligible HCP participants; state grants, funding, or appropriations; federal funding, grants, loans, or appropriations; Tribal government funding; and other grant funding, including private grants. Other sources of funding outside of this list are not eligible sources of funding. Examples of ineligible sources include (but are not limited to) in-kind or implied contributions; a local exchange carrier (LEC) or other telecom carrier, utility, contractor, consultant, vendor, or other service provider; other universal service funding; and for-profit entities. *See HCF Order** at paras. 99-104 for additional information.

7. Do all applicants have to provide evidence that they have satisfied the 35 percent contribution requirement?

All applicants must certify that they have satisfied the 35 percent contribution requirement before receiving support through the Healthcare Connect Fund. However, only consortium applicants must submit with their funding requests evidence of a viable source for their 35 percent contribution. Consortia can provide evidence that they have satisfied their contribution requirement by submitting a letter that is signed by an officer, director, or other authorized employee of the Consortium Leader identifying the source of the funding, the type of eligible source, and if necessary, documentation of the funding. *See HCF Order** at paras. 285-289 for additional information.

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Healthcare Provider Eligibility

8. What is the Form 460?

The Form 460 is the first step HCPs must take to participate in the Healthcare Connect Fund. All HCP sites, including those participating in consortia, must obtain an eligibility determination via the Form 460 to participate in the Healthcare Connect Fund. If participating in a consortium, an HCP may opt to allow the consortium to file a Form 460 on its behalf to determine its eligibility. In addition, the Form 460 is used to register ineligible HCP sites, off-site data centers, and off-site administrative offices. The Form 460 is also used to notify USAC when information for a site or consortium has changed.

- An individual applicant must file a Form 460 for itself and a separate Form 460 for each associated off-site administrative office or data center.
- A consortium applicant must file a Form 460 identifying all of the sites on its network. This includes eligible sites, ineligible sites, off-site data centers and off-site administrative offices. A consortium applicant may also file a Form 460 on behalf of any site on its network to determine that site's eligibility, at the option of the HCP (see paragraph above). Consortium applicants must keep their Form 460s current to reflect their current membership. *See* *HCF Order** at paras. 207-215 for additional information.

9. What HCPs are eligible to receive support under the Healthcare Connect Fund?

Public and not-for-profit health care providers are eligible to receive support under the Healthcare Connect Fund. "Health care provider" is defined by statute as hospitals, rural health clinics, local health departments, community health centers or health centers providing health care to migrant workers and post-secondary educational institutions offering heath care instruction, teaching hospitals, and medical schools. *See* 47 USC § 254(h)(7). As discussed below in Question 11, non-rural HCPs may participate and receive support as part of consortia that include a majority rural HCP sites. *See* *HCF Order** at paras. 44-67 for additional details on HCP eligibility. Ineligible HCP sites also may participate in a consortium, but they will not receive support (they must pay "fair share"). *See* *HCF Order** at paras. 178-184 for additional details on cost allocation for ineligible entities.

10. How can an HCP find out if it is an eligible entity?

USAC will use the FCC Form 460 to determine whether a site is eligible to receive support through the Healthcare Connect Fund. All sites, whether considered eligible or ineligible HCPs, must file a Form 460, even if they were previously determined to be eligible under the Telecommunications, Internet Access, or Pilot programs. *See* Question 8 (above) and *HCF Order** at paras. 213-215 for additional information.

11. Can non-rural HCPs receive Healthcare Connect Fund support?

Yes. Non-rural HCPs can receive support from the program, as long as they apply as part of a consortium that has a majority rural HCP sites and are otherwise considered eligible. However, non-rural hospital sites with 400 or more licensed beds may receive no more than $30,000 per year in support for recurring charges and no more than $70,000 in support for non-recurring charges every five years, exclusive of any costs shared by the network. *See* *HCF Order** at paras. 57-67 for additional details.

12. What does it mean for a consortium to be considered "majority rural"?

A consortium is considered to be "majority rural" if more than 50 percent of the eligible HCP sites participating in the consortium are rural within the Commission's rural health care definition of rural. A consortium applicant must be majority rural within three years of obtaining its first funding commitment. *See* *HCF Order** at para. 61 for additional details.

13. How can an HCP determine if it is located in a rural or non-rural area?

For purposes of the FCC's rural health care programs, an eligible HCP must be located in an FCC-approved rural location to be considered "rural." Individual HCPs can determine whether they are located in a rural area through a look-up tool on USAC's website http://www.usac.org/rhc/telecommunications/tools/Rural/search/search.asp. *See* *HCF Order,** para. 57 for additional details.

USAC has already determined the rurality of HCPs participating in the Pilot Program. Consortia in the Pilot Program can find out which of their HCPs are rural by accessing their Form 465 Attachment datasheet in SharePoint, exporting to Excel, and reviewing the column titled "Rural." USAC will also provide each Pilot project a complete listing of all HCPs in its consortium that have received a funding commitment and the physical location information and rurality determination for each HCP. Contact USAC at rhc-assist@usac.org for help determining whether HCPs in your network are rural.

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NOTE: The FCC and USAC does not use the "Am I Rural" website maintained by the State of Missouri to determine rurality, nor does it use definitions of rurality used by other government agencies for other purposes.

14. How can a Pilot project determine the non-rural/rural composition of its network?

USAC will advise each Pilot project on the composition of its network. USAC will also provide each Pilot project a complete listing of all HCPs in its consortium that have received a funding commitment and the physical location information and rurality determination for each HCP. Consortia in the Pilot Program also can find out which of their HCPs are rural by accessing their Form 465 Attachment datasheet in SharePoint, exporting to Excel, and reviewing the column titled "Rural." Contact USAC at rhc-assist@usac.org for additional information.

15. Do non-rural "grandfathered" sites on Pilot project networks count toward their non-rural/rural percentage?

No. For the purposes of determining whether a network is majority rural, non-rural grandfathered sites (those in existing Pilot project networks before the implementation of the Healthcare Connect Fund) do not count toward the urban/rural composition of a Pilot project network. However, any new sites added to the network must be a majority rural in the aggregate.

For example, if 60 out of 100 HCPs participating in a Pilot project network are non-rural, those non-rural sites can be "grandfathered" and can receive funding in the Healthcare Connect Fund. However, if the Pilot project would like to add new HCP sites to its network, any new sites it adds must be a majority rural in the aggregate. For example, if the Pilot project adds ten new sites to its network, the majority of new sites must be rural. *See HCF Order** at para. 62 for additional details.

16. Do ineligible sites on a consortium network count towards the network's non-rural/rural percentage?

No. Only eligible HCPs sites will be used to determine whether a network is majority rural.

17. Do part-time eligible rural HCPs (HCPs that receive prorated support commensurate with the amount of eligible health care services they provide) count towards a network's rural percentage?

Yes. Part-time eligible HCPs will be counted as a single site when USAC is determining the rurality of a network, and if they are located in a rural area, they will be considered rural for this purpose.

18. What are Letters of Agency (LOA) and when do they need to be filed?

Letters of Agency (LOAs) provide a Consortium Leader with the authority to act on behalf of the HCPs in its network. Each Consortium Leader must use an LOA to obtain authorization from each HCP that wants to participate in the network. LOAs are not required for those participating HCP sites that are owned or otherwise controlled by the Consortium Leader. In addition, one LOA is sufficient for multiple HCP sites that are owned or otherwise controlled by a single consortium member. *See HCF Order** at paras. 208-212 for additional information on LOAs. Pilot projects must submit new LOAs as they transition sites into the Healthcare Connect Fund. See Question 51 below for additional details.

19. What is the two-step LOA process?

Under the two-step LOA process, a Consortium Leader must first obtain LOAs from members to seek bids for services, and then obtain LOAs to apply for funding in the program. The first LOA is required prior to the submission of the request for services (Form 461), while the second LOA is only required prior to the submission of the request for funding (Form 462). An applicant may either obtain both required authorizations upfront in a single LOA or obtain each authorization as needed. *See HCF Order** at paras. 208-212 for additional information on LOAs.

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Expenses and Equipment Eligibility

20. What expenses will Healthcare Connect Fund support?

A chart in the *HCF Order**, at para. 106, summarizes the expenses supported under the Healthcare Connect Fund, for both individual and consortium applicants. This chart is reproduced immediately below. *See* *HCF Order** at Section V for additional details.

Eligible Services and Equipment

	INDIVIDUAL Applicants	CONSORTIUM Applicants
Eligible Services	✓	✓
Reasonable & Customary Installation Charges (≤$5,000 undiscounted cost)	✓	✓
Lit Fiber Lease	✓	✓
Dark Fiber		
• Recurring charges (lease of fiber and/or lighting equipment, recurring maintenance charges)	✓	✓
• Upfront payments for IRUs, leases, equipment	No	✓
Connections to Research & Education Networks	✓	✓
HCP Connections Between Off-Site Data Centers & Administrative Offices	✓	✓
Upfront Charges for Deployment of New or Upgraded Facilities	No	✓
HCP-Constructed and Owned Facilities	No	✓
Eligible Equipment		
• Equipment necessary to make broadband service functional	✓	✓
• Equipment necessary to manage, control, or maintain broadband service or dedicated health care broadband network	No	✓

21. Are costs related to network design eligible for support?

Yes. Expenses related to network design, engineering, operations, installation, and construction of the network are eligible for support under the Healthcare Connect Fund. *See* *HCF Order** at para. 177, bullet 5, for additional information.

22. Are a lead entity's administrative costs related to managing a consortium eligible for support?

No. Administrative expenses are not eligible for support under the Healthcare Connect Fund. *See* *HCF Order** at para. 177 for a full list of ineligible expenses.

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23. Should eligible expenses associated with a data center or administrative office that supports multiple HCPs in a network be attributed to the network or to a particular HCP?

Expenses associated with data centers and administrative offices that support multiple HCPs in a network should not be attributed to a particular HCP. When a data center or administrative office supports multiple HCPs in a network, regardless of whether it is located off-site or not, its expenses are considered to be "shared" and should be tracked separately. However, if a data center or administrative office in a network supports only one HCP, expenses associated with that data center or administrative office should be attributed only to the HCP it supports. *See HCF Order** at paras. 137-148 for more information.

24. Will eligible expenses associated with a data center or administrative office located on the site of a non-rural hospital with 400 or more beds count towards that hospital's funding cap for recurring and non-recurring costs?

See response to Question 23. If the data center or administrative office supports other HCPs in the network in addition to the hospital, then its expenses should be tracked separately and should not count towards the hospital's funding caps. If the data center or administrative office only supports the 400-or-more bed hospital located on the same site, then its expenses will count towards the hospital's funding caps for recurring and non-recurring services.

25. What types of equipment are eligible in Healthcare Connect?

Network equipment necessary to make broadband services functional is eligible for support in the Healthcare Connect Fund, as long the equipment is used in connection with broadband services funded through the Healthcare Connect Fund.

- Applicants applying as individual HCPs (not as a part of a consortium) can receive funding for end-user equipment only.
- Consortium applicants and their participating HCPs can request funding for both end-user equipment and for equipment necessary to operate and manage the dedicated broadband health care network.

Equipment that is not directly associated with broadband services (such as computers, end user wireless devices, smartphones, tablets, and video/audio/web conferencing equipment or services) is not eligible for support through the Healthcare Connect Fund. Equipment support is not available for networks that are not dedicated to health care. Bridges and multi-point-control units that are necessary for video and Web conferencing also are not eligible for support. *See HCF Order** at paras. 156-163 for more information.

26. Can applicants purchase indefeasible rights of use (IRUs) through the Healthcare Connect Fund?

Yes, but only if the applicant is a member of a consortium. IRUs are eligible for support as upfront expenses for consortia in the Healthcare Connect Fund. *See HCF Order** at paras. 151-155 for more information on upfront expenses. However, if a consortium requests support for an IRU that costs more than $50,000 per HCP site *on average*, that support must be amortized over three years. For example, if a consortium has four sites, upfront payments for the consortium must be prorated over at least three years if the amount of upfront payments requested is more than $200,000. Upfront payments for sites within a consortium may vary, and upfront payments for a specific site may exceed $50,000 without requiring amortization as long as the average upfront payment per site in a consortium does not exceed $50,000. *See HCF Order** at paras. 185-190.

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Competitive Bidding

27. What is the Form 461?

The FCC Form 461 is the way by which applicants can seek bids for supported services. The purpose of the Form 461 and supporting documentation is to provide sufficient information about the requested services to enable an effective competitive bidding process, and to provide the Universal Service Administrative Company (USAC) with the required certifications and other information necessary to prevent waste, fraud, and abuse. Applicants using a request for proposal (RFP) to solicit bids must still file a Form 461. *See* *HCF Order** at paras. 239-242 for additional details.

28. Can an applicant use one Form 461 to make more than one request for services (*e.g.*, a request for a network operations center (NOC) and a request for circuits)?

Yes, an applicant can request more than one service using a single Form 461 package. Contact USAC for additional details at rhc-assist@usac.org.

29. When must an applicant submit a formal Request for Proposal (RFP)?

Applicants must file an RFP with their Form 461 if they are (1) applicants who are required to issue an RFP under applicable state, Tribal, or local procurement rules or regulations; (2) consortium applicants that seek more than $100,000 in program support in a funding year; or (3) consortium applicants that seek support for infrastructure (*i.e.,* HCP-owned facilities) as well as services. Any applicant who utilizes an RFP in conjunction with their competitive bidding process must submit a copy of the RFP to USAC for posting and must immediately provide USAC with any subsequent changes to the RFP. *See* *HCF Order** at para. 236.

30. Are applicants who submit RFPs with the Form 461 required to provide information on the proposed utilization for each location in the RFP?

The Healthcare Connect Order does not specify what information should be included in an applicant's RFP. However, the RFP should provide sufficient information to enable an effective competitive bidding process, including describing the HCP service needs and defining the scope of the project and the network costs (if applicable). The RFP also should specify the period during which bids will be accepted, and should include the scoring criteria that will be used to evaluate bids for cost-effectiveness and solicit sufficient information so that the criteria can be applied effectively. *See* *HCF Order** at para. 238 for additional details.

31. What dates should applicants include in their contracts with vendors?

Applicants should decide what dates to include in their service contracts (*i.e.*, start dates, end dates, extension dates) with vendors based on the best interest of their networks. However, applicants should consider how the funding year may impact their funding commitment and if they are seeking to voluntarily extend an "evergreen contract."

If an applicant would like to set the end date of its service contract to correspond to the end of the funding year, the service contract should end on June 30. Additionally, if an applicant is interested in extending its "evergreen contract," it should keep in mind that the rules of the program permit applicants to voluntarily extend the contract for up to five years. *See* *HCF Order** at para. 264 for more information.

32. What is a Master Services Agreement (MSA) under the Healthcare Connect Fund?

An MSA is a contract (typically multi-year) between HCPs in a consortium and a vendor that contractually obligates the vendor to offer certain services to existing and/or future members of the consortium at specified pricing. An MSA under the Healthcare Connect Fund also may be a contract that has been negotiated by a federal, state, Tribal, or local government from which HCPs may be entitled to purchase services. Such MSAs must have been negotiated pursuant to competitive bidding. *See* *HCF Order** at paras. 256-260 for more details regarding the circumstances under which HCPs may rely on MSAs.

33. What does it mean if a contract has been designated as "evergreen"?

If USAC has designated a multi-year contract as "evergreen," then, for the life of the contract, HCPs do not need to annually rebid the service or post an FCC Form 461.

- The evergreen status of existing contracts and the length of the evergreen period will be indicated in the funding commitment letter sent by USAC.

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- A new contract entered into by an HCP or consortium as a result of competitive bidding will be designated as evergreen if it meets all of the following requirements: (1) signed by the individual HCP or consortium lead entity; (2) specifies the service type, bandwidth and quantity; (3) specifies the term of the contract; (4) specifies the cost of services to be provided; and (5) includes the physical addresses or other identifying information of the HCPs purchasing from the contract.

See *HCF Order** at paras. 261-265 for additional information on evergreen contracts.

34. Can Pilot Program participants that have negotiated a long-term contract beyond the period of their Pilot awards seek to have their contracts designated as "evergreen" without going through the competitive bidding process?

Yes, as long as the existing contract meets the requirements for an evergreen contract. See Question 33 above. In addition, if an HCP has a contract that was designated as evergreen under the Telecommunications Program or Internet Access Program prior to January 1, 2014, it may seek support for services provided under such an evergreen contract from the Healthcare Connect Fund without undergoing additional competitive bidding, so long as the services are eligible for support under the Healthcare Connect Fund, and the HCP complies with all other Healthcare Connect Fund rules and procedures. *See* *HCF Order** at paras. 261-265 for a discussion of evergreen contracts.

35. Can consortia add new HCPs to their networks without going through the competitive bidding process?

Yes, as long as adding new HCPs was contemplated in the original request for competitive bids. If adding additional HCP sites was not a part of the original bid solicitation, the applicant must conduct a new competitive bidding process. However, if adding new sites was contemplated in the original bid solicitation, applicants do not need to complete the competitive bidding process again to add new HCPs to the network. *See* *HCF Order** at paras. 234-238 and 261-265 for additional information. This is true even if a consortium requests more than $100,000 in funding in a year to add new sites to its network using its original bid solicitation. *See* Question 29 above for more details on competitive requirement for applicants seeking funds over $100,000 in a year.

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Funding Commitments & Caps

36. What is a Form 462?

The Form 462 is the form with which an applicant submits a funding request to USAC after the competitive bidding process is complete. The Form 462 should identify the service(s), rates, service provider(s) or vendor(s), and date(s) of the service provider (vendor) selection. Both individual applicants and consortium applicants should submit a separate form for each service provider or vendor, and that form should list the relevant information for all service(s) or circuit(s) for which the applicant is seeking support at the time. Consortium applicants should include the relevant information for all consortium members, including the service(s) or circuit(s) for which each member is seeking support at the time. *See* *HCF Order** at paras. 279-293 for additional information.

37. Are applicants guaranteed a certain amount of funding through the Healthcare Connect Fund?

No. Funding requests for all applicants are processed on a first-come, first-served basis, unless USAC has established a filing window, in which case all applications received within the window will be deemed to have been filed at the same time. The Commission has stated that it does not anticipate that it will reach the $400 million funding cap for all rural health care programs in the foreseeable future. However, because funding is not guaranteed, an applicant may choose to include in any contract it makes with a vendor a provision governing the effectiveness of the agreement if the applicant does not receive a funding commitment from USAC. *See* *HCF Order** at paras. 365-368 for more information.

38. Can an applicant receive support for a 36-month contract for eligible services if it covers a time period that spans more than three funding years?

No. Applicants in the Healthcare Connect Fund can only receive a multi-year funding commitment that covers a period of up to three funding years. Accordingly, any months outside of the three funding years would not be covered by the commitment.

For example, if an applicant requested a 36-month funding commitment for services starting on July 1, 2014, USAC could issue a 36-month funding commitment that would expire on June 30, 2017, and the applicant would receive a commitment for the full 36 month period. However, if an applicant requested a 36-month funding commitment for services that started on January 1, 2014, USAC could issue only a commitment for services for the remaining six months of funding year 2013, and all of funding years 2014 and 2015. Although the applicant's contract would also cover six months of funding year 2016, it would not be covered by the multi-year funding commitment. Accordingly, the commitment would end on June 30, 2016. *See* *HCF Order** at paras. 294-299 for more information on multi-year funding commitments.

39. Does the Healthcare Connect Fund provide support for non-recurring installation charges for broadband services?

Yes. The Healthcare Connect Fund provides support for reasonable and customary installation charges for broadband services up to an undiscounted rate of $5,000 (*i.e.,* up to $3,250 in support). Any HCPs that are subject to non-recurring installation charges in excess of $5,000 may seek upfront support for eligible services and equipment if those charges independently qualify as eligible expenses (*e.g.*, upfront charges for service provider deployment of facilities, costs for HCP-constructed and owned infrastructure, network equipment, etc.). *See* *HCF Order** at paras. 149-150 for additional information on installation expenses.

40. Are site and service substitutions allowed in the Healthcare Connect Fund?

Yes, the Healthcare Connect Fund permits site and service substitutions in limited circumstances. A site or service substitution may be permitted if: (1) the substitution is provided for in the contract, within the change clause, or constitutes a minor modification; (2) the site is an eligible HCP and the service an eligible service under the Healthcare Connect Fund; (3) the substitution does not violate any contract provision or state or local procurement laws; and (4) the requested change is within the scope of the controlling Form 461, including any applicable Request for Proposal. Additionally, support for a qualifying site and service substitution will be provided only if the substitution will not cause the total amount of the funding commitment letter to increase. *See* *HCF Order** at paras. 313-315 for additional information on site and service substitutions.

41. What is the $400 million cap?

The Commission has capped the total amount of support that can be provided each funding year for all rural health care programs, including the Telecommunications Program, Internet Access Program (until June 30, 2014) and the Healthcare Connect Fund at $400 million.

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42. What is the $150 million cap on payments for upfront charges and multi-year commitments in the Healthcare Connect Fund?

The Commission has capped total commitments for upfront charges and multi-year funding commitments as part of the Healthcare Connect Fund at $150 million annually. Upfront payments are all expenses related to HCP-owned infrastructure, carrier infrastructure upgrades, pre-paid leases, and IRUs. Consortium applicants may receive support for upfront charges, as long as (1) the upfront payment is used for services that provide a bandwidth of at least 1.5 Mbps (symmetrical) and (2) the upfront payment is part of a multi-year contract. Individual applicants are not eligible to receive support for upfront charges, except for installation charges.

A multi-year funding commitment is any funding commitment that extends beyond a single funding year. Eligible entities may receive support for multi-year funding commitments for period of time that covers up to three funding years. *See HCF Order* at paras.185-192* for more information on limitations on upfront payments

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Invoicing

43. What is the Form 463?

The Form 463 is form with which the applicant submits the invoice to USAC that serves as the request for the disbursement of funding from the Healthcare Connect Fund for the services, equipment, and/or facilities set forth in an applicant's funding commitment letter

44. When must invoices for multi-year funding commitments be submitted to USAC?

Invoices must be submitted to USAC within six months after the last day covered by the funding commitment. For example, if a consortium receives a multi-year funding commitment for services that ends on May 30, 2016, the applicant must submit its invoice to USAC by November 30, 2016 (six months from the end of the funding commitment). The funding commitment letter issued by USAC will provide the six-month invoicing deadline. *See HCF Order** at paras. 303-305 for more information on invoicing.

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Reporting Requirements

45. When do applicants need to file an annual report and what should be included in it?

Individual applicants in the Healthcare Connect Fund will not be required to file annual reports. For Pilot projects, the first annual report will be due on September 30, 2013. Although the specific requirements for the annual report have not yet been determined, applicants will be required to provide information that will help the Commission assess progress towards the performance goals and measures it has outlined for the rural health care program. Pilot projects also may be required to provide additional information. More details about the annual report will be forthcoming. Until those details are released, please see *HCF Order*[*] at paras. 31-43 and 318-322 for additional information.

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Transitioning from the Pilot Program to Healthcare Connect Fund

46. Can Pilot Projects use support from the Healthcare Connect Fund to add new sites to their networks? If so, when can they add new sites?

Yes, existing Pilot projects can use support from the Healthcare Connect Fund to add new sites to their networks. Pilot projects can use SharePoint and existing Pilot Program forms to initiate the competitive bidding process as early as April 1, 2013. Pilot projects can receive funding commitments for eligible services starting July 1, 2013. *See* *HCF Order** at paras. 351-359 for more details

Once new forms for the Healthcare Connect Fund are available, Pilot projects will no longer be permitted to use existing Pilot Program forms to add new sites to their network. Instead, Pilot projects will be required to add new sites using the Forms 460, 461, and 462. If an applicant qualifies for a competitive bidding exemption, this should be indicated on the Forms 461 and 462. *See* *HCF Order** at Sections VI, paras. 213-302 for additional information on the application process.

47. How can a consortium change the entity it has designated as its Consortium Leader?

A consortium can change the entity it has designated as its Consortium Leader by amending the Form 460 with the new Consortium Leader designation. *See* *HCF Order** at paras. 198-212 for information about requirements and responsibilities of Consortium Leaders.

48. Will USAC continue to use SharePoint for the Healthcare Connect Fund?

USAC will continue to use SharePoint until the existing "My Portal" site is modified for applicants seeking funding from the Healthcare Connect Fund. USAC expects that the new "My Portal" website will be available for Healthcare Connect Fund applicants by the fall of 2013. *See* *HCF Order** at paras. 360-361 for additional details.

49. When can Pilot Program participants seek funding from the Healthcare Connect Fund and what forms should they use to submit their funding requests?

As Pilot projects and their member HCPs begin to exhaust Pilot funding, they can apply as consortia for support under the Healthcare Connect Fund. Pilot projects can also use Healthcare Connect Fund support to add additional sites to their networks. USAC will start accepting funding requests from existing Pilot projects on April 1, 2013, and support will be available beginning July 1, 2013. Existing Pilot projects should use the Pilot program forms and SharePoint to submit their funding requests until the new forms are available. *See* *HCF Order** at paras. 351-361 for additional details.

50. Do Pilot projects need to update their sustainability plans to reflect changes in membership?

Pilot projects should update their sustainability plans to reflect a change in membership if it results in a material change in sources of future support or management, a change that would impact projected income or expenses by the greater of 20 percent or $100,000 from the previous submission, or if the applicant submits a funding request based on a new Form 461 (*i.e.*, a new competitive bidding contract). In general, sustainability plan requirements in the Healthcare Connect Fund are similar to those required in the Pilot Program. Accordingly, HCPs who have or intend to have an ownership interest, indefeasible right of use (IRU), or capital lease interest in facilities funded by the Healthcare Connect Fund must file a sustainability plan. Applicants are free to include additional information to demonstrate a project's sustainability, but the sustainability plan must at minimum address the following: (1) projected sustainability period; (2) principal factors in determining sustainability; (3) terms of membership in the network; (4) ownership structure; (5) sources of future support; and (6) management structure of the network. *See* *HCF Order** at paras. 290-293 for additional information on sustainability plans.

51. Can Pilot projects use existing LOAs for HCP sites on their networks to seek funding from the Healthcare Connect Fund?

No. LOAs used in the Pilot Program are specific to that program and cannot be used to seek funding in the Healthcare Connect Fund. LOAs that cover HCPs in the Pilot Program expire when Pilot Program funding for that HCP site is exhausted.

52. Will vendors need to file a new Form 498 to participate in the Healthcare Connect Fund?

Only service providers that have not already been assigned a service provider identification number (SPIN) by USAC will need to complete and submit a Form 498. Service providers who elect the direct reimbursement option under the revised offset rule may also make the election on Form 498. Form 498 will be revised in accordance with the new requirements of the Healthcare Connect Fund. *See* *HCF Order** at paras. 271-271 for more information about requirements for service providers. *See* 47 CFR § 54.679.

* *Rural Health Care Support Mechanism*, WC Docket Docket No. 02-60, Report and Order, 27 FCC Rcd. 16678 (2012), *available online*.

Skilled Nursing Facility Pilot Program

53. What is the Skilled Nursing Facilities (SNF) Pilot Program?

The SNF Pilot program is an initial step to test how to support broadband connections for SNFs. The SNF Pilot will focus on determining how the Commission can best utilize program support to assist SNFs that are using broadband connectivity to work with eligible HCPs to optimize care for patients in SNFs through the use of electronic health records, telemedicine, and other broadband-enabled health care applications. The pilot will be funded with up to $50 million over a three-year period and will be implemented in funding year 2014. *See* *HCF Order** at paras. 345-350 for additional details on the SNF Pilot.

54. Are SNFs eligible to apply for funding on their own under the Telecommunications Program or Healthcare Connect Fund?

No. In the Healthcare Connect Fund Order, the Commission stated that "on this record, we reach no conclusion about whether or under what circumstances a SNF might qualify as an HCP under the statute." SNF participation in the Healthcare Connect Fund will be limited to the SNF Pilot Program, when it is implemented. *See* *HCF Order** at paras. 345-350 for additional details on the SNF Pilot.

Outside the SNF Pilot Program, consortia still can include SNFs as long as those facilities pay their fair share. *See* *HCF Order** at paras. 178-184 for additional information on cost allocation for ineligible entities.

* *Rural Health Care Support Mechanism*, WC Docket Docket No. 02-60, Report and Order, 27 FCC Rcd. 16678 (2012), *available online*.