

2011 Rural Health Care Committee Meetings Minutes

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UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

RURAL HEALTH CARE COMMITTEE MEETING

January 24, 2011

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 24, 2011. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:30 a.m. Eastern Time, with a quorum of six of the seven Committee members present (there is one vacancy):

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

Mr. Wayne Jortner joined the meeting 11:32 a.m. Eastern Time. He did not vote on item a1.

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

Abshire, Dr. Sheryl – Member of the Board
Belden, Richard – Chief Operating Officer
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
England, Dr. William – Vice President, Rural Health Care Division
Feiss, Geoff – Member of the Board
Blackwell, Mel – Vice President, Schools and Libraries Division
Jacobs, Ellis – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Member of the Board

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Anderson, Latoya	USAC
Beard, Jay	USAC
Betancourt, Laura	USAC
Delmar, Teleshia	USAC
Ellis, Tess	USAC
Hughes, Jeff	USAC
Iversen, Eric	USAC
Lee, Jay	USAC

<u>NAME</u>	<u>COMPANY</u>
Lewis, Don	USAC
McKinley, Larry	FCC
Miller, Jack	Solix
Nesbitt, Tom	USAC
Nuzzo, Patsy	USAC
Parry, John	Solix
Permyakov, Andrey	USAC
Reynolds, Daniel	USAC
Rogers, Camelia	USAC
Short, Don	USAC
Smith, Chris	USAC
Trew, Anne Marie	USAC
Watterson, Stefani	USAC
Wu, Bonnie	USAC

ACTION ITEMS:

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

- a2. Recommendation for Annual Election of Committee Chair and Vice Chair.** Mr. Barash nominated Dr. Sanders to serve as Committee Chair and Dr. Kragel to serve as Committee Vice Chair.

On a motion duly made and seconded and 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.

- a3. Approval of 2nd Quarter 2011 and 2011 Annual Rural Health Care Support Mechanism Programmatic Budgets.** Mr. Belden presented this item to the Committee, noting that the proposed budget is \$1.5 million less than the amount proposed at the October Committee meeting.

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 2011 Rural Health Care Support Mechanism budget of \$2.9 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$2.6 million for Rural Health Care Support Mechanism administrative expenses in the required January 31, 2011 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee approves an annual 2011 Rural Health Care Support Mechanism budget of \$11.8 million.

- a4. Approval of 2nd Quarter 2011 Rural Health Care Support Mechanism Demand Projection for the January 31, 2011 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 24, 2011, a summary of the 2nd Quarter 2011 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required January 31, 2011 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.

- a5. Action on Two USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports.** Mr. Chris Lenhardt 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 Beneficiary Audit Reports labeled RH2010BE001 and RH2010BE002 together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a6. Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract.** 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 consideration of the contract extension for the Rural Health Care and Schools and Libraries Program Support Services Agreement shall be conducted in *Executive Session*.

a7. Miscellaneous.

a7-1. 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.

a7-2. Board Materials. Mr. Barash requested the Committee provide feedback regarding the materials provided to the Board and committees.

INFORMATION ITEMS:

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

- USAC has received 3,890 FCC Form 465 applications and 2,989 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.
- In response to the FCC Notice of Proposed Rulemaking (NPRM) to create new broadband support mechanisms for the RHC Program, RHC Program staff has begun major revisions of current forms and proposals for system modernization.
- There were nine RHC Program beneficiary appeals received this quarter, primarily resulting from administrative office denials, competitive bidding violations, and disagreements with committed funding amounts. Of the nine appeals received, two were resolved and five prior appeals were resolved, leaving 16 currently under review.
- RHC Program staff continues outreach efforts, including several conference exhibition opportunities and a highly rated training for primary and Pilot program participants. USAC staff has engaged in significant planning efforts for 2011, including preparing a comprehensive outreach plan and beginning the process of updating the RHC portion of the USAC web site.
- The USAC Payment Quality Assurance (PQA) Program is underway for RHC Program beneficiaries. The Universal Service Support Mechanism Beneficiary and

USF Contributor Compliance Audit Program (BCAP) will be implemented for RHC Program beneficiaries in 2011.

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

- USAC posted eight Form 465 packages representing seven projects, issued 23 funding commitments totaling \$29.8 million, and disbursed \$8.68 million.
- Pilot Program staff verified the eligibility of approximately 155 Health Care Providers participating in Pilot Program networks.
- There were no appeals from Pilot Program beneficiaries.

At 12:01 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 items noted above. The Committee then recessed until 12:06 p.m. Eastern Time, at which time it reconvened in *Executive Session*.

EXECUTIVE SESSION:

a6. Consideration of Rural Health Care and Schools and Libraries Program Support Services Contract. Mr. Barash presented this item to the Committee.

On a motion duly made and seconded and after discussion, the Committee adopted the following resolutions with Dr. Sanders abstaining:

RESOLVED, that the USAC Rural Health Care Committee accepts management's recommendation and hereby approves an extension to the contract between USAC and Solix, Inc. under the terms set forth by management in this issue paper for Rural Health Care and Schools and Libraries Program support services for the period July 1, 2011 through June 30, 2012, along with a one-year option to be utilized, if necessary, to support the transition of operational support services to a new vendor; and

RESOLVED FURTHER, that management is hereby authorized to finalize the terms and conditions of the proposed agreement, and upon receiving FCC approval, execute the proposed contract extension with Solix, Inc. and proceed with its implementation.

At 12:28 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 a6 above in *Executive Session*. On a motion duly made and seconded, the Committee adjourned at 12:29 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

RURAL HEALTH CARE COMMITTEE MEETING

April 26, 2011

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 Tuesday, April 26, 2011. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:30 a.m. Eastern Time, with all seven Committee members present (there is one vacancy):

Anderson, D. Michael	Jortner, Wayne
Barash, Scott – Acting Chief Executive Officer	Kragel, Dr. Peter – Vice Chair
Gillan, Joe	Sanders, Dr. Jay – Chair
Jimenez, Jose	

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

Belden, Richard – Chief Operating Officer
Bergmann, Scott Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
England, Dr. William – Vice President, Rural Health Care Division
Feiss, Geoff – Member of the Board
Jacobs, Ellis – Member of the Board
Mitchell, Randy – Member of the Board
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beard, Jay	USAC
Betancourt, Laura	USAC
Delmar, Teleshia	USAC
Ellis, Tess	USAC
Hughes, Jeff	USAC
Iversen, Eric	USAC
Lewis, Don	USAC
Machcinski, Thad	FCC
Miller, Jack	Solix
Nuzzo, Patsy	USAC

<u>NAME</u>	<u>COMPANY</u>
Permyakov, Andrey	USAC
Reynolds, Daniel	USAC
Rock, Anil	USAC
Rodriguez, Jose	FCC
Rogers, Camelia	USAC
Sansbury, Cherice	USAC
Short, Don	USAC
Skadin, Andy	FCC
Watterson, Stefani	USAC
Yee, Kim	FCC

ACTION ITEMS:

- a5. Approval of Rural Health Care Committee Meeting Minutes of January 24, 2011.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of January 24, 2011.
- a6. Approval of 3rd Quarter 2011 and Revised 2011 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 3rd Quarter 2011 Rural Health Care Support Mechanism budget of \$3.1 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$3.1 million for Rural Health Care Support Mechanism administrative expenses in the required May 2, 2011 filing to the FCC on behalf of the Committee, and

RESOLVED FURTHER, that the USAC Rural Health Care Committee approves a revised annual 2011 Rural Health Care Support Mechanism budget of \$11.8 million.

- a7. Approval of 3rd Quarter 2011 Rural Health Care Support Mechanism Demand Projection for the May 2, 2011 FCC Filing.** Dr. England presented this item to the Committee. In response to a question from Mr. Jimenez, Dr. England reported that the growth in the primary program is related to more health care providers engaging in tele-health, increased USAC outreach, and USAC funding of larger amounts of bandwidth.

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, 2011, a summary of the 3rd Quarter 2011 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required May 2, 2011 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.

- a8. Action on 11 USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports.** Mr. Chris Smith, Manager, USAC Internal Audit Division, 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 Beneficiary Audit Reports listed in Exhibit I to the issue paper together with management's responses thereto, accepts the recommendation of USAC management and hereby deems such reports final.

- a5. Miscellaneous. Solicit ideas for the July 2011 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 4,148 FCC Form 465 applications and 4,846 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.
 - In response to the FCC Notice of Proposed Rulemaking (NPRM) to create new broadband support mechanisms for the RHC Program (FCC 10-125), RHC Program staff has begun major revisions of current forms and has begun a comprehensive system modernization effort.
 - There were seven RHC Program beneficiary appeals received this quarter, primarily resulting from administrative office denials, competitive bidding violations, and

disagreements with committed funding amounts. Twelve appeals from prior quarters were resolved, leaving 14 currently under review.

- RHC Program staff continues outreach efforts, and has engaged in significant planning efforts for 2011, including preparing a comprehensive outreach plan and beginning the process of updating the RHC portion of the USAC web site.
- The USAC Payment Quality Assurance (PQA) Program is underway for RHC Program beneficiaries. The first round of the Beneficiary and Contributor Audit Program (BCAP) audits were completed and are reported in this quarter.

i2. Rural Health Care Pilot Program Update. Dr. England presented this item to the Committee, noting that during 1st Quarter 2011:

- USAC posted 15 Form 465 packages representing nine projects, issued 11 funding commitments totaling \$25.5 million, and disbursed \$18.4 million.
- Pilot Program staff verified the eligibility of approximately 357 health care providers (HCPs) participating in Pilot Program networks.
- There were no appeals from Pilot Program beneficiaries.

In response to questions concerning USAC's implementation of recommendations made in the November 2010 GAO report on the Rural Health Care Support Mechanism (GAO 11-27), Dr. England suggested that the Committee discuss this matter in Executive Session. Mr. Capozzi recommended that, in accordance with the approved criteria and procedures for conducting USAC Board and committee business in *Executive Session*, discussion of USAC's plans relating to implementing recommendations from the GAO report should be conducted in *Executive Session* because such discussion relates to USAC's *internal rules and procedures* and 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 implementing recommendations suggested by the November 2010 GAO report on the Rural Health Care Support Mechanism (GAO 11-27) shall be conducted in *Executive Session*.

i3. Information on Rural Health Care and Schools and Libraries Program Support Services Contract. 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 consideration of the contract extension for the Rural Health Care and Schools and Libraries Program Support Services Agreement shall be conducted in *Executive Session*.

At 12:18 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 items noted above.

EXECUTIVE SESSION:

- i3. Information on Rural Health Care and Schools and Libraries Program Support Services Contract.** Mr. Barash presented this item to the Committee.
- i4. Miscellaneous. Implementation of Recommendations from the Rural Health Care Government Accountability Office (GAO) Report.** Dr. England presented this item to the Committee.

At 12:54 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 items i3 and i4 above in *Executive Session*. On a motion duly made and seconded, the Committee adjourned at 12:55 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

RURAL HEALTH CARE COMMITTEE MEETING

July 25, 2011

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 25, 2011. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:39 a.m. Eastern Time, with all eight Committee members present.

Anderson, D. Michael	Jortner, Wayne
Barash, Scott – Acting Chief Executive Officer	Kragel, Dr. Peter – Vice Chair
Gillan, Joe	Mitchell, Randy
Jimenez, Jose	Sanders, Dr. Jay – Chair

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

Abshire, Sheryl – Member of the Board
Belden, Richard – Chief Operating Officer
Bergmann, Scott Member of the Board
Bryant, Dr. Anne – Member of the Board
Campbell, Anne – Member of the Board
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Feiss, Geoff – Member of the Board
Greiner, Colleen, Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit
Talbot, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Beard, Jay	USAC
Bui, Brandon	FCC
Costa, Paloma	USAC
Delmar, Teleshia	USAC
Ellis, Tess	USAC
Iversen, Eric	USAC
Lewis, Don	USAC
Miller, Jack	Solix
Molson, Adam	USAC

<u>NAME</u>	<u>COMPANY</u>
Nuzzo, Patsy	USAC
Permyakov, Andrey	USAC
Reynolds, Daniel	USAC
Rogers, Camelia	USAC
Short, Don	USAC
Skadin, Andy	FCC
Smith, Chris	USAC
Theodoropoulos, Nikoletta	USAC
Watterson, Stefani	USAC

ACTION ITEMS:

- a9. Approval of Rural Health Care Committee Meeting Minutes of April 26, 2011.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of April 26, 2011.
- a10. Approval of 4th Quarter 2011 and Revised 2011 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 2011 Rural Health Care Support Mechanism 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 August 2, 2011 filing to the FCC on behalf of the Committee, and

RESOLVED FURTHER, that the USAC Rural Health Care Committee approves a revised annual 2011 Rural Health Care Support Mechanism budget of \$11.8 million.

- a11. Approval of 4th Quarter 2011 Rural Health Care Support Mechanism Demand Projection for the August 2, 2011 FCC Filing.** Mr. Belden 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 25, 2011, a summary of the 4th Quarter 2011 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required August 2, 2011 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 2011 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.** Mr. Belden presented this item to the Committee, noting that:

- USAC received 3,602 form 465s for Funding Year 2011.
- USAC received 4,283 FCC Forms 465 and 9,448 FCC Form 466/466-A packets for Funding Year 2010, which closed on June 30, 2011.
- RHC Program staff continues to work closely with USAC Information Technology (IT) staff on system enhancements to increase application processing and operational efficiency.
- With the release of the FCC's Notice of Proposed Rulemaking (NPRM) to create new broadband support mechanisms for the RHC Program (FCC 10-125), RHC Program staff is nearing completion of major revisions to the existing Primary program forms.
- Four RHC Primary Program beneficiary appeals were received this quarter, bringing the total number of open appeals to 14.
- RHC Program staff continues to achieve the goals outlined in the 2011 outreach plan, including a complete overhaul of the RHC portion of the USAC web site, new video tutorials, webinars, and conferences.
- The USAC Payment Quality Assurance (PQA) Program continues for RHC Program beneficiaries.

- i2. Rural Health Care Pilot Program Update.** Mr. Belden presented this item to the Committee, noting that during 2nd Quarter 2011:

- USAC posted 13 Form 465 packages representing 12 projects, issued 19 funding commitments totaling \$12.4 million, and disbursed \$15.0 million.
- Pilot Program staff verified the eligibility of approximately 461 health care providers (HCPs) participating in Pilot Program networks.
- One Pilot Project filed an appeal with USAC during this quarter.

i3. Information on Rural Health Care and Schools and Libraries Program Support Services Contract. 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 and Schools and Libraries Program support services contract shall be conducted in *Executive Session*.

At 12:26 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 items noted above.

EXECUTIVE SESSION:

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

At 12:29 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 items i3 above in *Executive Session*. On a motion duly made and seconded, the Committee adjourned at 12:30 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY

RURAL HEALTH CARE COMMITTEE MEETING

October 24, 2011

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 24, 2011. Dr. Jay Sanders, Committee Chair, called the meeting to order at 11:28 a.m. Eastern Time, with all eight Committee members present.

Anderson, D. Michael	Jortner, Wayne
Barash, Scott – Acting Chief Executive Officer	Kragel, Dr. Peter – Vice Chair
Gillan, Joe	Mitchell, Randy
Jimenez, Jose	Sanders, Dr. Jay – Chair

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

Abshire, Sheryl – Member of the Board
Belden, Richard – Chief Operating Officer
Blackwell, Mel Vice President, Schools and Libraries Division
Capozzi, David – Acting General Counsel and Assistant Secretary
Case, David – Vice President of Finance, Chief Financial Officer and Assistant Treasurer
Feiss, Geoff – Member of the Board
Greiner, Colleen, Vice President and Chief Information Officer
Scott, Wayne – Vice President of Internal Audit
Talbott, Dr. Brian – Board Chair

Others present for the meeting:

<u>NAME</u>	<u>COMPANY</u>
Anderson, Latonya	USAC
Beard, Jay	USAC
Betancourt, Laura	USAC
Delmar, Teleshia	USAC
Ellis, Tess	USAC
Falkowitz, Ed	USAC
Iversen, Eric	USAC
McCornac, Carolyn	USAC
McKinley, Henry	FCC
Miller, Jack	Solix
Molson, Adam	USAC

<u>NAME</u>	<u>COMPANY</u>
Nuzzo, Patsy	USAC
Parry, John	Solix
Reynolds, Daniel	USAC
Rogers, Camelia	USAC
Sansbury, Cherice	USAC
Sinkfield, David	USAC
Smith, Chris	USAC
Waldrum, Stuart	Solix
Watterson, Stefani	USAC

ACTION ITEMS:

- a12. Approval of Rural Health Care Committee Meeting Minutes of July 25, 2011.** On a motion duly made and seconded, the Committee approved the minutes, as written, of the Committee meeting of July 25, 2011.
- a13. Approval of 1st Quarter 2012 Rural Health Care Support Mechanism Programmatic Budget and Information on the Estimated 2012 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 2012 Rural Health Care Support Mechanism programmatic operations budget of \$2.6 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$2.6 million for Rural Health Care Support Mechanism administrative expenses in the required November 2, 2011 filing to the FCC on behalf of the Committee.

- a14. Approval of 1st Quarter 2012 Rural Health Care Support Mechanism Demand Projection for the November 2, 2011 FCC Filing.** Mr. Belden 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 24, 2011, a summary of the 1st Quarter 2012 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required November 2, 2011 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 January 2012 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 Mr. Belden between quarterly meetings.

INFORMATION ITEMS:

- ii. Rural Health Care Support Mechanism Update.** Mr. Belden presented this item to the Committee, noting that:

- USAC has received 4,148 Form 465s and 2,108 packets (Form 466, 466-A, and supporting documentation) for Funding Year 2011 to date. This is a 14% increase from the number of Form 465s and a 30% increase in packets received for Funding Year 2010 at this time last year.
- The first funding commitment letters (FCL) for Funding Year 2011 were released in mid-September; the earliest issuance of FCLs in the life of the program.
- Funding Year 2010 ended with a nearly 16% increase in packets received over funding year 2009. This is the greatest year-to-year packet increase in the life of the RHC program. More than 9,500 packets were received, up from 8,258 at the end of Funding Year 2009.
- Over 1,000 packets were received in September. This is the first time RHC has received this many packets in a month that was not at the end of a funding year.
- RHC Program staff continues to work closely with USAC Information Technology (IT) staff on the development of a new IT system that will increase operational, reporting, and processing efficiency.
- RHC Program staff continues to meet with the FCC every two weeks to discuss open issues.
- 13 RHC Program beneficiary appeals were resolved this quarter, lowering the queue from 17 at the start of 2011 to seven, and greatly decreasing the average appeal processing time.

- RHC Program staff continues to achieve the goals outlined in the 2011 Outreach Plan, including a complete overhaul of the RHC pages of the USAC web site, and development of new video tutorials, webinars, and conference presentations.

i2. Rural Health Care Pilot Program Update. Mr. Belden presented this item to the Committee, noting that during 3rd Quarter 2011:

- USAC posted nine Form 465 packages representing seven projects, issued 49 funding commitments totaling \$49.5 million, and disbursed \$7.9 million.
- Pilot Program staff verified the eligibility of approximately 422 health care providers (HCPs) participating in Pilot Program networks.
- One Pilot appeal was decided during this quarter.

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

At 12:16 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 12:19 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 12:20 p.m. Eastern Time.

/s/ David A. Capozzi
Assistant Secretary