Universal Service Administrative Co.

Rural Health Care

Briefing Book

Monday, October 29, 2018

4:00 p.m. - 5:00 p.m. Eastern Time

Universal Service Administrative Company Offices

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

Universal Service Administrative Company
Rural Health Care Committee Quarterly Meeting Agenda

Monday, October 29, 2018
4:00 p.m. – 5:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

		OPEN SESSION	Estimated Duration in Minutes
Chair	**a1.**	Consent Items (each available for discussion upon request): **A.** Approval of Rural Health Care Committee Meeting Minutes of July 23, 2018 **B.** Approval of moving all Executive Session items into Executive Session	5
Mark	**a2.**	Approval of Rural Health Care Support Mechanism 1st Quarter 2019 Programmatic Budget and Demand Projection for the November 2, 2018 FCC Filing	10
Mark	**i1.**	Rural Health Care Support Mechanism Business Update	30

		EXECUTIVE SESSION **Confidential – *Executive Session Recommended***	Estimated Duration in Minutes
Mark	**i2.**	Information on Preliminary 2019 Annual Rural Health Care Support Mechanism Budget	15

Next Scheduled USAC Rural Health Care Committee Meeting

Monday, January 28, 2019 1:00 p.m. – 2:00 p.m. USAC Offices, Washington, D.C.

Universal Service Administrative Company
Rural Health Care Committee Meeting

ACTION ITEM

Consent Items

Action Requested

The Rural Health Care Committee (Committee) is requested to approve the consent items listed below.

Discussion

The Committee is requested to approve the following items using the consent resolution below:

    A. Committee meeting minutes of July 23, 2018 (*see* **Attachment A**).

    B. Approval for discussing in *Executive Session* agenda items:

        (1) **i2** – Information on Preliminary 2019 Annual Rural Health Care Support Mechanism Budget. USAC management recommends this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration.*

Upon request of a Committee member any one or more of the above items are available for discussion by the Committee.

Recommended USAC Rural Health Care Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

       RESOLVED, that the USAC Rural Health Care Committee hereby approves: (1) the Committee meeting minutes of July 23, 2018; and (2) discussion in *Executive Session* of the agenda item noted above.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

RURAL HEALTH CARE COMMITTEE MEETING
Monday, July 23, 2018

(DRAFT) MINUTES[1]

The quarterly meeting of the Rural Health Care Committee (Committee) of the USAC
Board of Directors (Board) was held at USAC's offices in Washington, D.C. on Monday,
July 23, 2018. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 1:08
p.m. Eastern Time, with all eight Committee members present:

Fontana, Brent – *by telephone*	Sekar, Radha – Chief Executive Officer
Freeman, Sarah	Tinic, Atilla
Hernandez, Dr. Mike – Vice Chair	Wein, Olivia
Kinser, Cynthia	Wibberly, Dr. Kathy – Chair

Other Board members and officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel and Assistant Secretary
Beyerhelm, Chris – Vice President of Enterprise Portfolio Management
Bocher, Bob – Member of the Board
Buzacott, Alan – Member of the Board
Feiss, Geoff – Member of the Board
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Lifeline
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board
Holstein, Bob – Vice President and Chief Information Officer
Lubin, Joel – Member of the Board
Salvator, Charles – Vice President of Finance, Chief Financial Officer and Assistant
         Treasurer
Scott, Wayne – Vice President of Internal Audit
Sweeney, Mark – Vice President of Rural Health Care

Others present:

NAME	**COMPANY**
Anderson, Jarnice	USAC

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[1] Draft resolutions were presented to the Committee prior to the Committee meeting. Where appropriate,
non-substantive changes have been made to the resolutions set forth herein to clarify language where
necessary or to correct grammatical or spelling errors.

NAME	COMPANY
Anderson, Latoya	USAC
Ayer, Catriona	USAC
Bethel, Tameca	USAC
Burgess, Melody	USAC
Butler, Stephen	USAC
Caparas, Mharibeth	USAC
Carpenter, Nikki-Blair	USAC
Delmar, Teleshia	USAC
Hughet, Pamela	USAC
Hutchinson, Kyle	USAC
King, Lauren	USAC
Kolachina, Roja	USAC
Lee, Lisa	USAC
Little, Chris	USAC
Lloyd, Pamela	USAC
Miller, Arielle	USAC
Mohammed, Rehana	USAC
Nuzzo, Patsy	USAC
Park, Sang	USAC
Richardson, Rashonda	USAC
Schwetz, Tori	USAC
Smith, Chris	USAC
Tawes, Pauline	USAC
Theodoropoulos, Nikoletta	USAC
Tomlin, Nicole	USAC
Voth, Cara	FCC
Wise, Preston	FCC

OPEN SESSION

All materials from Open Session can be found on the USAC website.

1. **Rural Health Care Committee Approvals**. Dr. Wibberly introduced these items to the Committee for consideration.

    A. **Consent Items**.

        1. Approval of Rural Health Care Committee Minutes of April 23, 2018.

        2. Approval of Moving all *Executive Session* Items to Executive Session. Mr. Sweeney noted that the Executive Session item could be removed and discussed in open session.

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

following resolution:

> **RESOLVED**, that the USAC Rural Health Care Committee hereby approves the Committee meeting minutes of April 23, 2018.

B. **Approval of Rural Health Care Support Mechanism 4th Quarter 2018 Programmatic Budget and Demand Projection for the August 2, 2018 FCC Filing**. Mr. Sweeney presented this item for consideration.

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 2018 Rural Health Care Support Mechanism direct program budget of $1.67 million; and

> **RESOLVED FURTHER**, that the USAC Rural Health Care Committee, having reviewed at its meeting on July 23, 2018, a summary of the 4th Quarter 2018 Rural Health Care Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required August 2, 2018 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Rural Health Care Support Mechanism is equal to or less than $1 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than $1 million, but not more than $2 million.

2. **Information on One USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Report**. This report was provided for informational purposes. No discussion was held.

3. **Rural Health Care Business Update**. Mr. Sweeney presented this item to the Committee for discussion:

   - Open items from the April Committee meeting.
   - Major deliverable and areas of focus for 2018.
   - Overview of significant program activities.
   - Program operational status and efficiencies

At 2:01 p.m. Eastern Time, on a motion duly made and seconded, the Committee adjourned.

/s/ Ernesto Beckford
Assistant Secretary

Universal Service Administrative Company
Rural Health Care Committee Meeting

ACTION ITEM

Approval of Rural Health Care Support Mechanism
1st Quarter 2019 Programmatic Budget and
Demand Projection for the November 2, 2018 FCC Filing

Action Requested:

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2019 (1Q2019) programmatic budget and demand projection for the Rural Health Care Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 2, 2018 quarterly filing.

Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget[1] and projected demand for the upcoming quarter.[2]

Funding Requirement

USAC estimates the 1Q2019 funding requirement for the Rural Health Care Support Mechanism as follows:

Table A. Program Funding Requirement

(in millions)	4Q2018	Increase/ (Decrease)	1Q2019
Steady State:			
Funding Year 2018 (see Note 1)	$160.43	$0.00	$160.43
Additional Requirement:			
Funding Year 2017 (see Note 2)	29.76	0.00	29.76
Total Program Demand	**$190.19**	**$0.00**	**$190.19**
Prior Period Adjustments (see Note 3)	(1.50)	3.00	1.50
USAC Admin Expenses[3] (see Table B)	0.00	0.00	0.00
Interest Income	(0.52)	0.04	(0.48)
Total Funding Requirement	**$188.17**	**$3.04**	**$191.21**

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[1] 47 C.F.R. § 54.715(c).

[2] 47 C.F.R. § 54.709(a)(3).

[3] When demand exceeds the funding cap, administrative costs are covered within the funding cap.

Note 1: Demand equals the required annual collection spread evenly over the remaining quarters in the funding year.

Note 2: In the *2018 Rural Health Care Order,* the FCC instructed USAC to collect the additional funds needed to fully fund Funding Year 2017 evenly over two quarters (4Q2018 and 1Q2019).[4]

Note 3: Prior period adjustments reconcile projections to actual results and include adjustments for billings, interest income, and bad debt.

The projected 1Q2019 funding requirement includes administrative expenses for the Rural Health Care Program of $3.80 million as detailed in the table below. Note that when demand exceeds the funding cap, administrative costs are covered within the funding cap.

Table B. Quarterly Programmatic Budget

(in millions)	4Q2018 Budget	Increase/ (Decrease)	1Q2019 Budget	Explanation
Direct Program Costs				
Employee Expenses	$1.47	$0.21	$1.68	Increase due to budget of 47 FTEs in 4Q2018 (40 RHC, 7 IT) versus budget of 55 FTEs in 1Q2019 (46 RHC, 9 IT)
Professional Services	0.19	0.46	0.65	Increase for RHC system modernization requirements analysis and BCAP audits
Overhead (Direct)	0.01	(0.01)	0.00	
Total Direct Program Costs	**$1.67**	**$0.66**	**$2.33**	
Common Allocated Costs	**$1.23**	**$0.24**	**$1.47**	Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology
Total Program Budget	**$2.90**	**$0.90**	**$3.80**	

A comparison of actual expenditures to the budget for the nine months ending September 30, 2018 is provided in **Attachment A**.

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[4] *Promoting Telehealth in Rural America,* WC Docket No. 17-310, Report and Order, FCC 18-82, para. 19 (2018) *(2018 Rural Health Care Order).*

Recommendation:

USAC management recommends that the Committee approve the 1Q2019 budget and projection of demand as proposed.

Recommended Rural Health Care Committee Actions:

APPROVAL OF THE FOLLOWING RESOLUTIONS:

RESOLVED, that the USAC Rural Health Care Committee approves a 1st Quarter 2019 Rural Health Care Support Mechanism direct program budget of $2.33 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on October 29, 2018 a summary of the 1st Quarter 2019 Rural Health Care Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required November 2, 2018 filing to the FCC on behalf of the Committee. USAC staff may make adjustments if the total variance for the Rural Health Care Support Mechanism is equal to or less than $1 million, or may seek approval from the Committee Chair to make adjustments if the total variance is greater than $1 million, but not more than $2 million.

Attachment A

Rural Health Care Administrative Costs
Comparison of Actual Expenditures to the Budget for the
Nine Months Ending September 30, 2018

(in millions)	YTD Actual	YTD Budget	Variance
Direct Program Costs			
Employee Expenses	$3.92	$4.36	$0.44
Professional Services	0.72	1.02	0.30
Overhead	0.00	0.06	0.06
Total Direct Program Costs (see Note 4)	**$4.64**	**$5.44**	**$0.80**
Common Allocated Costs (see Note 5)	**$3.08**	**$3.96**	**$0.88**
Total Program Budget	**$7.72**	**$9.40**	**$1.68**

Note 4: Actual direct program costs were lower than the budget due to vacant positions (average 45 FTEs vs 47 budgeted) and modification of the IT roadmap (IT resources deployed to higher priority, non-Rural Health Care projects).

Note 5: Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology.

Rural Health Care Business Update

Rural Health Care Committee

October 29, 2018

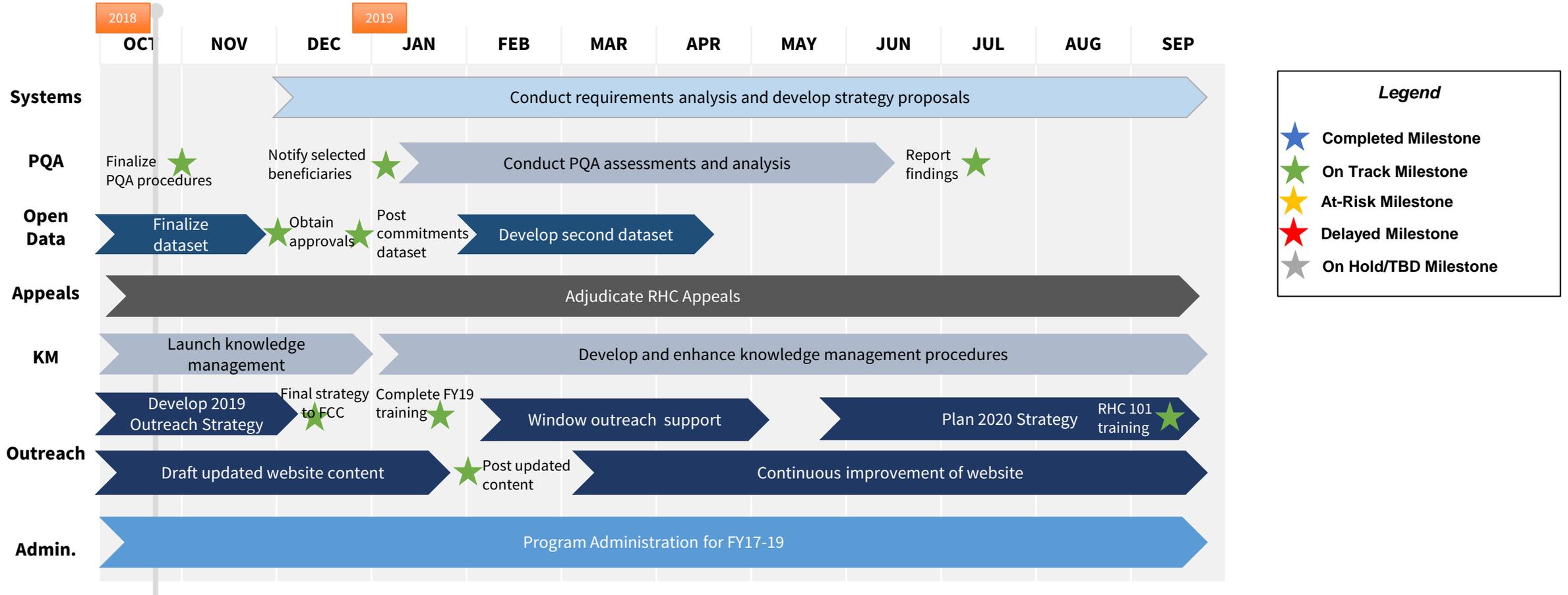**Universal Service**
Administrative Co.

Agenda: Rural Health Care

Topic	Description	Purpose	Presenter	Length
Program Goals & Objectives	Review of major goals & objectives of the Rural Health Care Division	Informational	Mark Sweeney	5 min
Business View				
RHC Program At A Glance	Overview of RHC activities for next 12 months	Informational	Mark Sweeney	5 min
Accomplishments	Significant program quantitative & qualitative accomplishments	Informational	Mark Sweeney	5 min
Current Topics	Discuss key topics in the RHC Division	Informational	Mark Sweeney	10 mins
Upcoming Milestones	Key milestones for the next two quarters	Informational	Mark Sweeney	5 min

Strategic Initiatives & Objectives

Bringing world class medical care to rural areas through increased connectivity

Strategic Initiatives	Objectives / Program Outcomes	How RHC will meet the goal
Execute Mission Critical Performance Goals	Support access to vital telehealth services and help rural communities overcome obstacles to accessing healthcare.	Pursuant to FCC rules & orders, award funding to eligible health care providers and consortia based on qualifying funding requests and disburse funds accordingly.
Implement New FCC Orders and Mandates	Implement new FCC orders and mandates in a timely manner.	Timely and accurate implementation of any new FCC orders.
Improve Operational Efficiency and Effectiveness	Increase RHC business productively through increased efficiency and effectiveness of both RHC and USAC operational processes.	Actively support USAC governance initiatives, consistently review RHC business processes to ensure they are aligned with FCC priorities and USAC's business needs. Implement RHC's new program risk management strategy.
Improve Program Participant/FCC Experience	Streamline and simplify program participants' experience to enable successful participation. Provide the FCC with timely awareness of program administration issues, be responsive to FCC information requests, and flag issues in need of FCC guidance.	Implement strategy for improved help desk functionality and RHC program participant outreach. Collaborate with the FCC on goals, outcomes, and strategies and ensure alignment on significant program administration decisions.
Enhance Program Integrity	Monitor, report, and implement enhanced controls to assess program effectiveness and program business value.	Continuously review RHC data to identify trends that require attention or that may raise new risks to the program. Address significant risks through RHC's program risk management.
Improve Employee Engagement	Enhance individuals through career development and fostering a positive work environment.	Implement action plans, including confirming goals and expectations, delivering regular feedback and conducting routine individual and team level meetings to exchange information and celebrate successes.

RHC Program: At a Glance

Systems — Conduct requirements analysis and develop strategy proposals

PQA — Finalize PQA procedures ⭐ | Notify selected beneficiaries ⭐ | Conduct PQA assessments and analysis | Report findings ⭐

Open Data — Finalize dataset | Obtain approvals ⭐ | Post commitments dataset ⭐ | Develop second dataset

Appeals — Adjudicate RHC Appeals

KM — Launch knowledge management | Develop and enhance knowledge management procedures

Outreach — Develop 2019 Outreach Strategy | Final strategy to FCC ⭐ | Complete FY19 training ⭐ | Window outreach support | Plan 2020 Strategy | RHC 101 training ⭐

Outreach — Draft updated website content | Post updated content ⭐ | Continuous improvement of website

Admin. — Program Administration for FY17-19

Timeline: 2018 OCT | NOV | DEC | 2019 JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP

Legend
- ⭐ Completed Milestone
- ⭐ On Track Milestone
- ⭐ At-Risk Milestone
- ⭐ Delayed Milestone
- ⭐ On Hold/TBD Milestone

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Accomplishments

During the past quarter, the RHC program has made significant progress on the FY2017 reviews, and planning for FY2018 implementation.

Recent Accomplishments

- FY17 Activities:
  - FY17 Funding Cap Order implementation
    - Issued revised Funding Commitment Letters (FCLs) within 10 business days of Order issuance informing recipients of revised commitment amounts
    - Issued payments for revised commitments on past invoices within 3 weeks of Order issuance
    - Deployed system enhancements to reflect revised commitment amounts in My Portal within 2 months of Order issuance
    - Completed all system enhancements to My Portal within 3 months of Order issuance
  - Continued to issue decisions on FY2017 applications
  - Currently funding request adjudication is 99% complete for HCF and 93% complete for Telecom

- FY2018 Funding Review Activities:
  - Closed FY2018 filing window on June 29, 2018 with no major issues
  - Completed over 90% of initial reviews

- Overall RHC Program Activities
  - Migrated all calls and emails to external Help Desk and expanded service hours from 8 am – 5 pm EST to 8 am – 8 pm EST in order to improve availability of service for participants in other time zones
  - Help Desk remained fully operational despite Hurricane Florence in vicinity and staffing impacts
  - Conducted RHC 101 training webinar which received highest ever satisfaction score
  - Reorganized RHC Department to increase focus on program integrity and project management, while streamlining operations

Current Topics

Resolution of Open Appeals

- RHC strategy for improving throughput of aging appeals

18 Month Plan

- Increasing focus on planning and tracking to improve program administration

Short Term RHC Systems Enhancements

- Adapting to changes in FCC policies, specifically funding cap increase

Current Topic: Appeals Throughput Improvement

Although RHC has increased efforts to clear appeals, age of open appeals is longer than targets

Summary and Analysis	Insights and Action Items
• RHC currently has 189 appeals in queue	• RHC oldest appeals will be the priority for resolution. • Working with cross-Department IPT to improve procedures and targets based on complexity of appeals. • Additional resources will help RHC resolve many appeals by the end of the year. • The number of appeals we are tracking to resolve in 2018 is greater than the number resolved in 2016 and 2017 combined.

Metric	Target	Jan Actual	Feb Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	December Target*
Total Pending RHC Appeals	N/A	242	247	243	258	266	259	252	253	242	101
Average age of RHC Appeals	90	N/A	265.6	259.4	269.9	279.9	294.3	313.2	342	364.9	332
Number of open appeals over 90 days	0	226	242	237	235	231	226	225	241	228	95
Number of appeals resolved	N/A	5	1	6	5	3	20	0	9	13	147 (Sep-Dec)

*December target is based on appeals currently in the queue. Success will be measured against these targets, excluding any appeals received after September 10th.
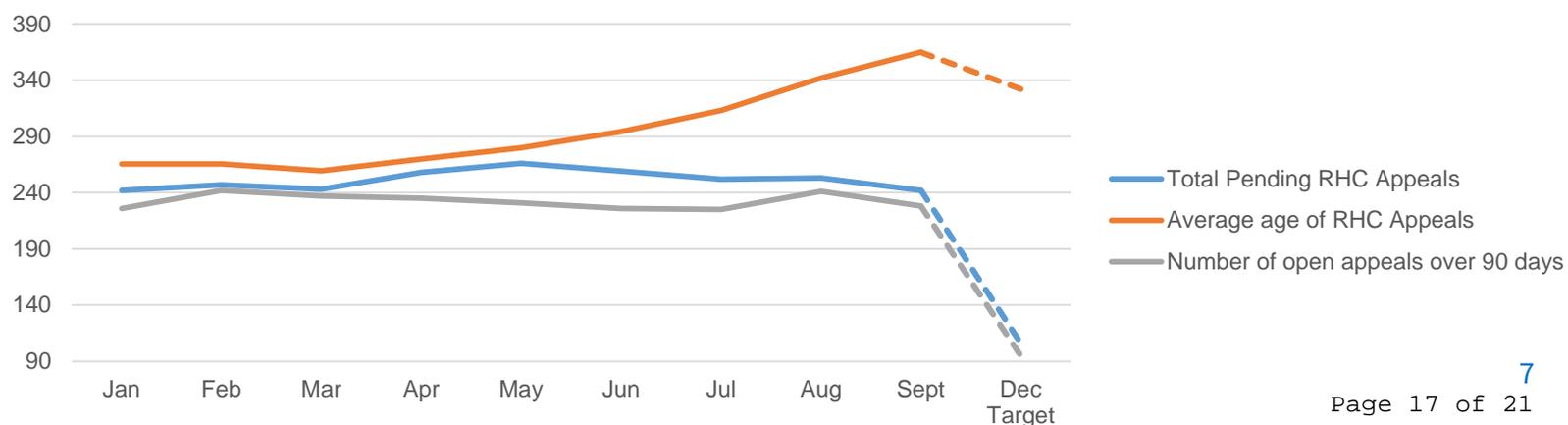
Current Topic: RHC 18 Month Plan

RHC is developing a robust, comprehensive portfolio management plan that will include project and milestone tracking and quarterly Board updates.

Background	Objectives and Approach
• Unprecedented increases in demand and an increased program funding cap. • USAC recognizes the need for a more focused perspective on program administration and planning • Plan documents key project-based activities highlighting milestones, assumptions, dependencies, and objectives	• 18 month plan will support the program goals by ensuring USAC has set out a plan using a structured approach, and in a comprehensive way to impact all areas of the program, including people, process, and technology • Will be updated on a quarterly basis to incorporate changes and managed by the VP of Rural Healthcare, with oversight from the Office of CEO • Routine maintenance and reporting against the plan will be managed by the Director of Program Development within the RHC Division • On a monthly basis USAC will report on progress against the key milestones to the FCC and on a quarterly basis report on progress to the USAC Board of Directors

Projects Included	
• FY 2017 Administration • FY 2018 Administration • FY 2019 Administration • Resolve Open Appeals • Long Term RHC System Planning • Short Term System O&M Roadmap	• Knowledge Management • Open Data • Establish PQA • Prior Period Audits • Outreach • RHC Website Migration and Redesign

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Current Topic: Short Term RHC Systems Enhancements

RHC successfully implemented the June 2018 Funding Cap Order using a combination of manual efforts and system enhancements

Order Implementation Approach
• Worked with the FCC to understand high level intent before Order issuance in order to start developing potential solutions • Coordinated across RHC, IT, Finance, and OGC to analyze Order and quickly evaluate solutions • Discussed approaches and options with USAC leadership team to get feedback, especially from other programs • Held many detailed discussions with the FCC to ensure USAC implementation addressed key priorities • Developed briefing papers to ensure USAC and FCC had a common understanding of the approach • Employed a phased approach with manual implementation first and then system enhancements to update My Portal • Executed aggressive outreach campaigns during each step of the process to ensure program participants had the resources and information they needed in a timely fashion

Planned 2019 System Enhancements
• Roadmap includes enhancements planned to My Portal through 2019 • Enhancements focus on risk mitigation and program integrity, for example: • Moving to automated calculations of various program caps (ex: $30K cap on recurring costs for large urban hospitals) • Capturing key dates during review to assist in analysis and audits • Some from 2018 will be completed in 2019 because of unanticipated work to implement the June Funding Cap Order

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Operational Performance Metrics Overview Q3 2018

	Metric	Target	April Actual	May Actual	June Actual	July Actual	August Actual	September Actual	Variance	
1	Call Ctre A/R	3.0%	5.9%	3.3%	3.0%	1.9%	0.6%	1.8%	1.2%	✔
2	Total Pending RHC Appeals	N/A	258	266	259	252	253	242	N/A	🚩
3	Average age of RHC Appeals	90	269.9	279.9	294.3	313.2	342	364.9	-274.9	🚩
4	Number of open appeals over 90 days	0	235	231	226	225	241	228	-228	🚩

Key Insights

- Call center showing great improvement in abandonment rate and average speed to answer (12 seconds)
- Positive feedback from long time program participants:
  - Agents are well trained and knowledgeable
  - Agents are building relationships with frequent callers
  - Help guide participants through the process
- Appeals covered previously

Legend

✔ On track

🚩 Action Required

10

Upcoming Milestones

In the next quarter, the RHC program will focus on finalizing FY2017 funding commitment decisions, review of FY2018 funding requests, and finalizing appeal decisions.

Finalize PQA procedures and notify selected beneficiaries

Conduct system assessment to inform RHC's long term IT strategy

Post first RHC dataset to USAC Open Data platform

Reduce open appeals

Launch knowledge management for RHC

Finalize and submit 2019 outreach strategy to FCC

Update RHC website content

Continue review and adjudication of FY17 and FY18 applications

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