Rural Health Care

Open Session Briefing Book

Available For Public Use

October 26, 2020

Virtual Meeting

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
### Virtual Agenda

**USAC Offices**  
700 12th Street, N.W., Suite 900  
Washington, D.C.  20005

### October 26, 2020

**OPEN SESSION**

<table>
<thead>
<tr>
<th>Consent Items (each available for discussion upon request):</th>
<th>Estimated Duration in Minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A.</strong> Approval of Rural Health Care Committee Meeting Minutes of July 27 and July 28, 2020</td>
<td>5</td>
</tr>
<tr>
<td><strong>B.</strong> Approval of moving all <em>Executive Session</em> items into <em>Executive Session</em></td>
<td>5</td>
</tr>
</tbody>
</table>

Mark

| Approval of Rural Health Care Support Mechanism 1st Quarter 2021 Programmatic Budget and Demand Projection for the November 2, 2020 FCC Filing | 5 |

Mark

<table>
<thead>
<tr>
<th>Rural Health Care Business Update:</th>
<th>25</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Program Administration Update for Rural Health Care</td>
<td></td>
</tr>
<tr>
<td>• Q3 2020 Update on Rural Health Care Administration (<em>For Information Only</em>)</td>
<td></td>
</tr>
</tbody>
</table>

### OCTOBER 27, 2020

**EXECUTIVE SESSION**

<table>
<thead>
<tr>
<th>Confidential – <em>Executive Session Recommended</em></th>
<th>Estimated Duration in Minutes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>i2.</strong> Rural Health Care Business Update (Continued)</td>
<td>30</td>
</tr>
<tr>
<td>• Rural Health Care Fund Year Update</td>
<td></td>
</tr>
<tr>
<td>• Update on CEO Roundtable</td>
<td></td>
</tr>
<tr>
<td>• Assessment and Systems Update</td>
<td></td>
</tr>
<tr>
<td>• Rural Health Care Business Process Outsourcing (BPO)</td>
<td></td>
</tr>
</tbody>
</table>

**Next Scheduled USAC Rural Health Care Committee Meeting**

**January 25 – 26, 2021**

**Virtual Meeting**

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Available For Public Use
Universal Service Administrative Company
Rural Health Care Committee Meeting

ACTION ITEM

Consent Items

Action Requested

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the consent item listed below.

Discussion

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

A. Committee meeting minutes of July 27 and July 28, 2020 (see Attachment A-1 and A-2).

B. Approval of moving all Executive Session items into Executive Session:
   (1) i2 – Rural Health Care Business Update (Continued). USAC management recommends that this matter be discussed in Executive Session because it relates to specific internal controls, or confidential company data that would constitute a discussion of internal rules and procedures. This item also relates to USAC’s procurement strategy and contract administration.

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 27 and July 28, 2020; and (2) discussion in Executive Session of the item noted above.
RURAL HEALTH CARE COMMITTEE MEETING
Monday, July 27, 2020

(DRAFT) MINUTES

Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly Open Session meeting of the Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Monday, July 27, 2020. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 10:57 a.m. Eastern Time, with a quorum six of the eight Committee members present:

Freeman, Sarah  Waller, Jeff
Sekar, Radha – Chief Executive Officer Wein, Olivia
Wade, Dr. Joan  Wibberly, Dr. Kathy – Chair

Mr. Tinic join the meeting at 11:11 a.m. Eastern Time. He did not vote on items a1 or a2.

Members of the Committee not present:

Fontana, Brent – Vice Chair

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Buzacott, Alan – Member of the Board
Choroser, Beth – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit Assurance
Domenech, Dr. Daniel – Member of the Board
Feiss, Geoff – Member of the Board
Gaither, Victor – Vice President of High Cost
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board
Gregory, Amber – Member of the Board
Hutchinson, Kyle – Vice President of Information Technology and Chief Information Officer

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.
Mason, Ken – Member of the Board
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care

Others present:

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Augustine, Steve</td>
<td>Kelley Drye &amp; Warren LLP</td>
</tr>
<tr>
<td>Benham, Cathy</td>
<td>CMS Consulting Inc.</td>
</tr>
<tr>
<td>Butler, Stephen</td>
<td>USAC</td>
</tr>
<tr>
<td>Carroll, Kathy</td>
<td>CMS Consulting Inc.</td>
</tr>
<tr>
<td>DiVo, Victor</td>
<td>USAC</td>
</tr>
<tr>
<td>Goode, Vernell</td>
<td>USAC</td>
</tr>
<tr>
<td>Hamm, Aaron</td>
<td>USAC</td>
</tr>
<tr>
<td>James, Christine</td>
<td>USAC</td>
</tr>
<tr>
<td>Kaplan, Peter</td>
<td>Hewlett Packard Enterprise</td>
</tr>
<tr>
<td>Kriete, Debra</td>
<td>SECA</td>
</tr>
<tr>
<td>Lee, James</td>
<td>USAC</td>
</tr>
<tr>
<td>Mitchell, Tamika</td>
<td>USAC</td>
</tr>
<tr>
<td>Nelbach Nick</td>
<td>USAC</td>
</tr>
<tr>
<td>Nuzzo, Patsy</td>
<td>USAC</td>
</tr>
<tr>
<td>Samuels, Victoria</td>
<td>USAC</td>
</tr>
<tr>
<td>Tiwari, Tanya</td>
<td>USAC</td>
</tr>
</tbody>
</table>

**OPEN SESSION**

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

**a1. Consent Items.** Dr. Wibberly presented this item to the Committee.

A. Approval of Rural Health Care Committee Meeting Minutes of April 28, 2020.

**RESOLVED**, that the USAC Rural Health Care Committee hereby approves the Committee meeting minutes of April 28, 2020.

**a2. Approval of Rural Health Care Support Mechanism 4th Quarter 2020 Programmatic Budget and Demand Projection for the July 31, 2020 FCC Filing.** Mr. Sweeney presented this item for consideration. The presentation included a written report on USAC management’s recommendations for the Rural Health Care Support Mechanism 4th Quarter 2020 programmatic budget and demand projection for the July 31, 2020 FCC filing.

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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 2020 Rural Health Care Support Mechanism direct program budget of $2.76 million; and

**RESOLVED FURTHER,** that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of $2.76 million for Rural Health Care Support Mechanism administrative costs in the required July 31, 2020 filing to the FCC on behalf of the Committee; and

**RESOLVED FURTHER,** that the USAC Rural Health Care Committee, having reviewed at its meeting on July 27, 2020 the 4th Quarter 2020 Rural Health Care Support Mechanism demand estimate of $150.51 million, hereby directs USAC staff to proceed with the required July 31, 2020 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.

i1. **Rural Health Care Business Update.** Mr. Sweeney presented PowerPoint slides covering the following items to the Committee:
   - Operations Update
   - Rural Health Care Updates
   - Upcoming Milestones
   - Q2 2020 Update on Rural Health Care Administration. The Committee received a report on Rural Health Care 2Q2020 accomplishments, planned activities for 3Q2020, and program metrics. The report was provided for information only and was publically posted on the USAC’s website. No discussion was held.

On a motion duly made and seconded, the Committee adjourned at 11:40 a.m. Eastern Time with Dr. Wibberly noting that an Executive Session meeting of the Rural Health Care Committee would be held on July 28, 2020.

/s/ Ernesto Beckford
Assistant Secretary

Available For Public Use
Due to the COVID-19 pandemic, USAC continued mandatory telework; therefore the quarterly Executive Session meeting of the Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) was conducted by web conference on Tuesday, July 28, 2020. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 11:28 a.m. Eastern Time, with a quorum of six of the eight Committee members present:

Freeman, Sarah
Waller, Jeff
Sekar, Radha – Chief Executive Officer
Wein, Olivia
Wade, Dr. Joan
Wibberly, Dr. Kathy – Chair

Mr. Tinic join the meeting at 12:05 p.m. Eastern Time.

Members of the Committee not present:

Fontana, Brent – Vice Chair

Other Board members and officers of the corporation present:

Ayer, Catriona – Vice President of Shared Services
Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Beyerhelm, Chris – Chief Administrative Officer
Buzacott, Alan – Member of the Board
Choroser, Beth – Member of the Board
Davis, Craig – Vice President of Schools and Libraries
Delmar, Teleshia – Vice President of Audit Assurance
Domenech, Dr. Daniel – Member of the Board
Feiss, Geoff – Member of the Board
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Enterprise Resource Program
Gerst, Matthew – Member of the Board
Gillan, Joe – Member of the Board
Gregory, Amber – Member of the Board

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.
Hutchinson, Kyle – Vice President of Information Technology and Chief Information Officer
Jacobs, Ellis – Member of the Board
Mason, Ken – Member of the Board
Polk, Stephanie – Member of the Board
Salvator, Charles – Vice President, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care

Others present:

<table>
<thead>
<tr>
<th>NAME</th>
<th>COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curtis, Shaun</td>
<td>USAC</td>
</tr>
<tr>
<td>DiVo, Victor</td>
<td>USAC</td>
</tr>
<tr>
<td>Goode, Vernell</td>
<td>USAC</td>
</tr>
<tr>
<td>Hamm, Aaron</td>
<td>USAC</td>
</tr>
<tr>
<td>James, Christine</td>
<td>USAC</td>
</tr>
<tr>
<td>Lee, James</td>
<td>USAC</td>
</tr>
<tr>
<td>Little, Chris</td>
<td>USAC</td>
</tr>
<tr>
<td>Mitchell, Tamika</td>
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</tr>
<tr>
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<td>Samuels, Victoria</td>
<td>USAC</td>
</tr>
<tr>
<td>Tiwari, Tanya</td>
<td>USAC</td>
</tr>
</tbody>
</table>

**OPEN SESSION**

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

**a1. Consent Items.** Dr. Wibberly presented this item to the Committee.

**B. Approval of Moving all Executive Session Items into Executive Session:**

(1) **i2 – Rural Health Care Business Update (Continued).** USAC management recommends that this item be discussed in *Executive Session* because it involves *specific internal controls or confidential company data*, and *internal rules and procedures*.

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 discussion in *Executive Session* of the agenda item noted above.

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At 11:29 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into Executive Session for the purpose of discussing the confidential item listed above. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

i2. Rural Health Care Business Update (Continued). Dr. Wibberly shared feedback from her constituents regarding the Rural Health Care Program. Mr. Sweeney responded to questions and Ms. Sekar informed the Committee of actions that will be taken to address the issues presented.

OPEN SESSION

At 12:12 p.m. Eastern Time, the Committee moved out of Executive Session and immediately reconvened in Open Session, at which time Dr. Wibberly reported that, in Executive Session, the Committee discussed item i2.

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

/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 2021 Programmatic Budget and  
Demand Projection for the November 2, 2020 FCC Filing

**Action Requested:**

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 1st Quarter 2021 (1Q2021) 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, 2020 quarterly filing.

**Discussion:**

On a quarterly basis, USAC is required to submit to the FCC each program’s budget and projected demand for the upcoming quarter.

**Funding Requirement**

USAC estimates the 1Q2021 funding requirement for the Rural Health Care Support Mechanism as follows:

---

1. See 47 C.F.R. § 54.715(c).
2. See 47 C.F.R. § 54.709(a)(3).
## Table A. Program Funding Requirement

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>4Q2020</th>
<th>Increase/Decrease</th>
<th>1Q2021</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Steady State:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Funding Requirement</td>
<td>$146.48</td>
<td>($1.54)</td>
<td>$144.94</td>
<td>See Note 1 and Table B</td>
</tr>
<tr>
<td><strong>New Requirements:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N/A</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Program Funding Requirement</strong></td>
<td>$146.48</td>
<td>($1.54)</td>
<td>$144.94</td>
<td></td>
</tr>
<tr>
<td><strong>Prior Period Adjustments (difference between projections and actuals):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billings</td>
<td>2.00</td>
<td>15.69</td>
<td>17.69</td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Bad Debt Expense</td>
<td>(2.68)</td>
<td>0.68</td>
<td>(2.00)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Prior Period Adjustments</strong></td>
<td>($0.68)</td>
<td>16.37</td>
<td>$15.69</td>
<td></td>
</tr>
<tr>
<td>USAC Administrative Expenses</td>
<td>4.71</td>
<td>1.54</td>
<td>6.25</td>
<td>See Table D</td>
</tr>
<tr>
<td><strong>Total Funding Requirement</strong></td>
<td>$150.51</td>
<td>$16.37</td>
<td>$166.88</td>
<td></td>
</tr>
</tbody>
</table>

### Note 1:
On March 12, 2020, the Commission announced a funding cap for Funding Year 2020 of $604.76 million. The Program Funding Requirement represents one quarter of the Funding Year 2020 cap, less USAC administrative costs. See Table B below for additional detail.

## Table B. Funding Year 2020 Program Funding Requirement

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Fund Year 2020</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Year 2020 Cap</td>
<td>$604.76</td>
<td>See Note 1</td>
</tr>
<tr>
<td>Quarterly Funding Requirement for Funding Year 2020</td>
<td>$151.19</td>
<td></td>
</tr>
<tr>
<td>Less USAC Administrative Costs, which are covered within the Funding Cap</td>
<td>(6.25)</td>
<td></td>
</tr>
<tr>
<td><strong>1Q2021 Program Funding Requirement</strong></td>
<td><strong>$144.94</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Note 2:
Table C is an annual schedule that is updated once a year for the April Board meeting. The Commission directed USAC to carry-forward the funds noted in Table C to the extent necessary to cover Funding Year 2020 Rural Health Care Program demand. The table below has no changes subsequent to the April 2020 Board meeting.

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3 Administrative costs are covered within the funding cap.
4 See *Wireline Competition Bureau Announces E-Rate and RHC Programs’ Inflation-Based Caps for Funding Year 2020*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice, DA 20-263 (2020).
5 See *Wireline Competition Bureau Announces the Availability of Unused Funds to Increase Rural Health Care Program Funding for Funding Year 2020*, WC Docket No. 02-60, Public Notice, DA 20-688 (2020).
Table C. Funding Year 2020 Available Roll Forward

<table>
<thead>
<tr>
<th>Unused Funds</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Funds</td>
<td>$697.44</td>
</tr>
<tr>
<td>Disbursements</td>
<td>(241.87)</td>
</tr>
<tr>
<td>Reserved Funds</td>
<td></td>
</tr>
<tr>
<td>a. Pending Applications to Process</td>
<td>(390.35)</td>
</tr>
<tr>
<td>b. Unliquidated Obligations (ULOs)</td>
<td>79.07</td>
</tr>
<tr>
<td>c. Appeals Reserve - USAC Appeals</td>
<td>77.74</td>
</tr>
<tr>
<td>d. Appeals Reserve - FCC Appeals</td>
<td>(3.90)</td>
</tr>
<tr>
<td>Available Funds Used to Meet Funding Year 2019 Demand</td>
<td>(20.15)</td>
</tr>
<tr>
<td><strong>Total Unused Funds</strong></td>
<td><strong>$197.98</strong></td>
</tr>
</tbody>
</table>

Based on the projected burn rate, USAC estimates the following 1Q2021 programmatic budget:

Table D. Quarterly Programmatic Budget

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>4Q2020 Budget</th>
<th>Increase/ (Decrease)</th>
<th>1Q2021 Budget</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Program Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>$1.71</td>
<td>($0.05)</td>
<td>$1.66</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>0.04</td>
<td>0.77</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Program Costs</strong></td>
<td><strong>$1.75</strong></td>
<td><strong>$0.72</strong></td>
<td><strong>$2.47</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Assigned Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>0.39</td>
<td>($0.02)</td>
<td>$0.37</td>
<td></td>
</tr>
<tr>
<td>Professional Services</td>
<td>0.62</td>
<td>0.39</td>
<td>1.01</td>
<td></td>
</tr>
<tr>
<td>General &amp; Administrative</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Assigned Costs</strong></td>
<td><strong>$1.01</strong></td>
<td><strong>$0.37</strong></td>
<td><strong>$1.38</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Program &amp; Direct Assigned Costs</strong></td>
<td><strong>$2.76</strong></td>
<td><strong>$1.09</strong></td>
<td><strong>$3.85</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Common Allocated Costs</strong></td>
<td>$1.95</td>
<td>$0.45</td>
<td>$2.40</td>
<td></td>
</tr>
<tr>
<td><strong>Total Programmatic Budget</strong></td>
<td><strong>$4.71</strong></td>
<td><strong>$1.54</strong></td>
<td><strong>$6.25</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Note 3:** General & Administrative expenses include meetings & conferences and reference materials.

A comparison of actual expenditures to the budget for the nine months ending September 30, 2020 is provided in Attachment 1.
Recommendation:

USAC management recommends that the Committee approve the 1Q2021 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 2021 Rural Health Care Support Mechanism direct program budget of $3.85 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of $3.85 million for Rural Health Care Support Mechanism administrative costs in the required November 2, 2020 filing to the FCC on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on October 26, 2020 the 1st Quarter 2021 Rural Health Care Support Mechanism demand estimate of $166.88 million, hereby directs USAC staff to proceed with the required November 2, 2020 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 1

## Rural Health Care Administrative Costs and Headcount
Comparison of Actual Expenditures and Headcount to the Budget for the Nine Months Ending September 30, 2020

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>FTE Actual</th>
<th>FTE Budget</th>
<th>FTE Variance</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Program Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>47</td>
<td>50</td>
<td>3</td>
<td>$4.41</td>
<td>$4.86</td>
<td>$0.45</td>
</tr>
<tr>
<td>Professional Services (Note 4)</td>
<td></td>
<td></td>
<td></td>
<td>0.66</td>
<td>0.81</td>
<td>0.15</td>
</tr>
<tr>
<td>General &amp; Administrative (Note 5)</td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td><strong>Total Direct Program Costs</strong></td>
<td><strong>$5.07</strong></td>
<td><strong>$5.69</strong></td>
<td><strong>$0.62</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Direct Assigned Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Expenses</td>
<td>8</td>
<td>9</td>
<td>1</td>
<td>$1.00</td>
<td>$1.11</td>
<td>$0.11</td>
</tr>
<tr>
<td>Professional Services (Note 4)</td>
<td></td>
<td></td>
<td></td>
<td>2.41</td>
<td>3.04</td>
<td>0.63</td>
</tr>
<tr>
<td>General &amp; Administrative (Note 5)</td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Direct Assigned Costs</strong></td>
<td><strong>$3.41</strong></td>
<td><strong>$4.15</strong></td>
<td><strong>$0.74</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Direct Program &amp; Direct Assigned Costs</strong></td>
<td><strong>$55</strong></td>
<td><strong>$59</strong></td>
<td>4</td>
<td><strong>$8.48</strong></td>
<td><strong>$9.84</strong></td>
<td><strong>$1.36</strong></td>
</tr>
<tr>
<td><strong>Common Allocated Costs (Note 6)</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$5.44</strong></td>
<td><strong>$5.47</strong></td>
<td><strong>$0.03</strong></td>
</tr>
<tr>
<td><strong>Total Programmatic Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$13.92</strong></td>
<td><strong>$15.31</strong></td>
<td><strong>$1.39</strong></td>
</tr>
</tbody>
</table>

**Note 4:** Direct Program Professional Services include contract labor to perform application reviews and business requirements gathering. Direct Assigned Professional Services include beneficiary & contribution audit program audits and IT contract labor.

**Note 5:** General & Administrative expenses include meetings & conferences and reference material.

**Note 6:** Common costs include costs not directly attributable to a program and are allocated based on the Cost Allocation Methodology, which allocates costs based 50% on direct program costs in the prior year and 50% on program demand in the prior year.

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## Agenda: Rural Health Care

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
<th>Purpose</th>
<th>Presenter</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Update</td>
<td>Information on Commitments and Appeals &amp; Resourcing Strategy</td>
<td>Informational</td>
<td>Mark Sweeney</td>
<td>10 min</td>
</tr>
<tr>
<td>Reform Order Updates</td>
<td>Major completed milestones from Q3 and planned work for Q4 for the Reform Order</td>
<td>Informational</td>
<td>Mark Sweeney</td>
<td>10 min</td>
</tr>
<tr>
<td>RHC 2020 Outreach Strategy</td>
<td>Information about the main objectives in RHC’s outreach</td>
<td>Informational</td>
<td>Mark Sweeney</td>
<td>5 min</td>
</tr>
<tr>
<td>RHC Program At A Glance</td>
<td>Timeline showing the major milestones in different areas</td>
<td>Informational</td>
<td>Mark Sweeney</td>
<td>2 min</td>
</tr>
<tr>
<td>Appendix A</td>
<td>Glossary of Acronyms and Projects</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Operational Update

FY 2017

• All workable HCF and Telecom applications are complete ($546M of $567)
• 230 unworkable applications include service providers cost study submissions to the FCC and FCC Rural Rate approval

FY 2018

• All workable HCF and Telecom applications are complete ($530M of $666M)
• 961 unworkable applications include service providers cost study submissions to the FCC and FCC Rural Rate approval
Operational Update (continued)

FY 2019

• HCF 96% workable applications ($501M of $508M) complete
• Telecom 97% workable applications ($75M of $258M) complete
• Remaining, both Telecom and HCF, workable, to be complete by December 2020 (where workable is defined as no outstanding actions by either applicant or FCC)
• 239 unworkable applications include service providers cost study submissions to the FCC and FCC Rural Rate approval

FY 2020

• Began issuing Commitments for both HCF and Telecom in mid-September (3 months earlier than FY2019)
Appeals Update

Background

- 243 appeals pending over 90 days at start of 2018
- Appeals are being reviewed in a hybrid approach of FIFO plus other appeals that can be easily resolved.
- 133 appeals pending over 90 days at end of 2018

Challenges with Appeals

- Appeals received increased dramatically in CY2019 (202) vs. CY2018 (81) largely due to Rural Rate issues
- Increased resources in 2019 and developed cycle time metrics
- Beginning Q4 2019, completed appeals (122) outstripped new appeals received (52)
- 130 appeals pending over 90 days at end of 2019
Moving Forward

- USAC is addressing its resourcing strategy with a holistic approach.
- We aim to clear all backlogs by the end of the year and remain current from 2021.
RHC Resourcing Strategy

• The RHC Program growth rate from 2016-2019 is almost 40%.

• Both FCC (funding thresholds) and USAC (administrative resources) have been addressing the growing pain including staff augmentation contracts.

• Recent third-party study did not identify significant risk associated with adding an outsourced component to RHC.
RHC Resourcing Strategy (continued)

• USAC is in the processes of exploring a holistic approach, including an outsourcing option.
  o Delivering funding decisions quicker
  o Managing end-to-end activities in projects such as the Connected Care Pilot
  o Supporting a focused effort on reducing the Appeals backlog
  o Bringing resources to bear on program integrity through Invoice review management
  o Maintaining the capacity to deliver eligibility and request for service
Reform Order Updates

**Phase 1** – Completed (Jan. 1)

- Added Telecom competitive bidding exemptions and updated certifications in My Portal for FY2020

**Phase 2** – On Track

- Launched the Rural Rates database (July 1) and refreshed database (Sept. 30) based on feedback received
- Updated My Portal to support FY2021 competitive bidding process (July 1), five-tier rural classification, and funding proration based on priority (Sept. 1)
- Final Phase 2 release will be completed in November, supporting multi-tier commitments and denials
Reform Order Updates (continued)

Phase 3 – Planning Underway

- Update My Portal in December to implement revised Telecom rural/urban rate rules
- My Portal functionality Q1 2021, to support Telecom site and service substitutions and invoicing deadline changes
RHC 2020 Outreach Strategy

**Consistent Communication**

- Continue monthly newsletters and timely website announcements with program updates and reminders

**Regular Feedback**

- Quarterly calls with volunteer feedback group and CEO round table meetings to address input and questions
- Implement regular office hour sessions
- User testing for new functionality with feedback group volunteers
Robust Blended Learning Program

• We have analyzed the program lifecycle from user perspective, user groupings, and needs to develop learning objectives in Q3.

• The training program for FY 2021 will include different methods and tactics:
  o Asynchronous e-learning through on demand interactive training modules with quizzes to test learning
  o Targeted interactive webinars with synchronous training opportunities to dig deeper into nuanced challenges
  o Targeted virtual office hours to address specific questions
  o Printable resources on each step of the application process and challenging areas (e.g. checklists and job aids)
RHC Program At a Glance

**Program Administration for FY17-21**

<table>
<thead>
<tr>
<th>Milestone Legend</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

### Reform Order
- **2020**
  - JUL: Implement FY21 changes
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
- **2021**
  - JAN: Implement FY21 changes
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### Systems
- **2020**
  - JUL: Review recommendations and create strategy
  - AUG: Execute strategy
  - SEP: Post rates database
  - OCT: Conduct PQA analysis
  - Nov: Report findings
  - DEC: My Portal Release
- **2021**
  - JAN: Execute strategy
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### PQA
- **2020**
  - JUL: Conduct PQA analysis
  - AUG: Report findings
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### Open Data
- **2020**
  - JUL: Develop additional datasets
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### Appeals
- **2020**
  - JUL: Adjudicate RHC Appeals
  - AUG: Execute strategy
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### KM
- **2020**
  - JUL: Refine knowledge management procedures and 2021 procedures
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### Outreach
- **2020**
  - JUL: Execute 2020 strategy (window outreach, rates database, Order changes)
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### Admin.
- **2020**
  - JUL: Program Administration for FY17-21
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### My Portal Release
- **2020**
  - JUL: My Portal Release
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
  - APR: My Portal Release
  - MAY: My Portal Release
  - JUN: My Portal Release

### Aged Appeals Target
- **2020**
  - JUL: Aged Appeals Target
  - AUG: My Portal Release
  - SEP: My Portal Release
  - OCT: My Portal Release
  - Nov: My Portal Release
  - DEC: My Portal Release
  - JAN: My Portal Release
  - FEB: My Portal Release
  - MAR: My Portal Release
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  - MAY: My Portal Release
  - JUN: My Portal Release

### Available for Public Use
## Appendix A: Glossary of Terms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCAP</td>
<td>Beneficiary and Contributor Audit Program</td>
<td>The BCAP is designed to assess beneficiary and contributor compliance with the FCC rules and requirements (collectively, FCC Rules).</td>
</tr>
<tr>
<td>HCF</td>
<td>Healthcare Connect Fund</td>
<td>A program administered by the Rural Health Care Division that provides a 65% discount to eligible healthcare providers for qualifying services.</td>
</tr>
<tr>
<td>KM</td>
<td>Knowledge Management</td>
<td>USAC-wide initiative to centralize and formalize documentation regarding USAC programs, processes, and procedures.</td>
</tr>
<tr>
<td>My Portal</td>
<td>Systems used by the Rural Health Care Division to collect FCC forms submitted by program applicants and aggregate this data.</td>
<td></td>
</tr>
<tr>
<td>PQA</td>
<td>Payment Quality Assurance</td>
<td>PQA is designed to assess the accuracy of Universal Service Fund (USF) disbursements and determine whether improper payments exist, and assists the FCC in meeting its reporting obligations under the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
<td>A document that solicits a proposal, often made through a bidding process, by a company interested in procurement of a commodity or service to potential suppliers to submit business proposals. It is submitted early in the procurement cycle.</td>
</tr>
<tr>
<td>RHC</td>
<td>Rural Health Care Division</td>
<td>An organization within USAC with the mission to administer the HCF and Telecom programs, as well as any FCC programs or directives impacting rural healthcare.</td>
</tr>
<tr>
<td>SOW</td>
<td>Statement of Work</td>
<td>A portion of the RFP that describes the work that will be taking place.</td>
</tr>
<tr>
<td>Telecom</td>
<td>Telecommunications Program</td>
<td>A program administered by Rural Health Care Division that provides a discount to eligible healthcare providers for qualifying services based on the urban/rural rate differential.</td>
</tr>
<tr>
<td>WCB</td>
<td>Wireline Competition Bureau</td>
<td>WCB is a component of the FCC that works to ensure that all Americans have access to robust, affordable broadband and voice services. Its programs help ensure access to affordable communications for schools, libraries, healthcare providers, and rural and low-income consumers.</td>
</tr>
</tbody>
</table>
Overall Summary for Q3 2020:

The Rural Health Care (RHC) Division had a strong third quarter, which focused on rollout of Reform Order changes, operational efficiency, and program integrity. RHC achieved all major program milestones on time, despite continuing to work remotely. The RHC Division continued issuing commitments for FY 2019 and began issuing commitments for single year FY 2020 requests. RHC also released an update to the Rates Database, as required by FCC directive in DA 20-697, and continued implementation work for FCC Report and Order 19-78 (Reform Order). In the program integrity area, all Corrective Action Plans are still within the 90-day target for completion, and 24 appeals were resolved, while 53 new appeals were received.

In the fourth quarter, the focus will be on implementing the requirements from multiple FCC Orders, developing a long term strategy based on the findings from the business and operations assessment, completing workable FY 2017/18/19 funding requests, processing FY 2020 funding requests, reviewing FY 2021 competitive bidding forms, and preparing for the FY 2021 filing window. RHC will also continue work to prepare for the implementation of the Connected Care Pilot Program.

RHC Program Updates & Accomplishments:

- **Operations** – RHC Operations continued issuing FY 2019 commitments and began issuing FY 2020 commitments, months earlier than in prior years.
- **My Portal Modifications** – RHC/IT released the third batch of My Portal changes related to Order FCC 19-78 in August and completed the requirements and a majority of the development for a release in Q4.
- **Appeals** – RHC received 53 new appeals in Q3 2020 and resolved 24 appeals.
- **Outreach** – RHC worked with stakeholders to get feedback on rates database and associated guides and tip sheets.
- **Business and Operations Assessment** – RHC will work on developing a long-term strategy for the program and its information technology systems based on the completed assessment.
- **Reform Order** – RHC updated the database of rural and urban rates and deployed new functionality in My Portal to meet new rules.

Planned Activities for Q4 2020:
FY 2017 and 2018 Funding Requests – As non-workable funding requests remaining from FY 2017 and FY 2018 become workable, they will be advanced through the review process.

FY 2019 Funding Requests – RHC will continue to focus on processing FY 2019 funding requests with the goal of completing all workable commitments.

FY 2020 Funding Requests – RHC will continue processing FY 2020 funding requests.

Business and Operations Assessment – RHC will finalize the long term strategy for its systems and operations.

Employee Engagement – RHC’s management team will update the management action plan as needed.

Performance Metrics:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Target</th>
<th>April Actual</th>
<th>May Actual</th>
<th>June Actual</th>
<th>July Actual</th>
<th>Aug Actual</th>
<th>Sept Actual</th>
<th>Variance</th>
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<tbody>
<tr>
<td>1 Call Ctr A/R</td>
<td>3.0%</td>
<td>13.0%</td>
<td>2.3%</td>
<td>1.4%</td>
<td>5.0%</td>
<td>1.2%</td>
<td>2.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>2 Total Pending RHC Appeals</td>
<td>N/A</td>
<td>172</td>
<td>173</td>
<td>159</td>
<td>168</td>
<td>189</td>
<td>188</td>
<td>N/A</td>
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<tr>
<td>3 Average age of RHC Appeals</td>
<td>90</td>
<td>341</td>
<td>354</td>
<td>355</td>
<td>338</td>
<td>324</td>
<td>319</td>
<td>-229</td>
</tr>
<tr>
<td>4 Number of open appeals over 90 days</td>
<td>0</td>
<td>149</td>
<td>137</td>
<td>135</td>
<td>127</td>
<td>140</td>
<td>137</td>
<td>-137</td>
</tr>
</tbody>
</table>

Key

✅ Meeting Target

🚫 Not Meeting Target