



# Rural Health Care

## Briefing Book

Monday, January 25, 2021

Virtual Meeting

Universal Service Administrative Company

700 12th Street NW, 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**

<b>MONDAY, JANUARY 25, 2021 12:25 P.M. – 12:55 P.M. EASTERN TIME <u>OPEN SESSION</u></b>		<i>Estimated Duration in Minutes</i>
Chair	<b>a1.</b> Consent Items (each available for discussion upon request): <b>A.</b> Approval of Rural Health Care Committee Meeting Minutes of October 26, October 27, and November 16, 2020 <b>B.</b> Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Chair	<b>a2.</b> Recommendation for Election of Committee Chair and Vice Chair	5
Mark	<b>a3.</b> Approval of Rural Health Care Support Mechanism 2nd Quarter 2021 Programmatic Budget and Demand Projection for the January 29, 2021 FCC Filing	5
Mark	<b>i1.</b> Rural Health Care Business Update: <ul style="list-style-type: none"> <li>• October Rural Health Care Committee Recap</li> <li>• Operational Velocity in Q4 2020</li> <li>• Operational Plans for 2021</li> <li>• Escalation Process Changes</li> <li>• Q4 2020 Update on Rural Health Care Administration (<i>For Information Only</i>)</li> </ul>	15

<b>TUESDAY, JANUARY 26, 2020 11:40 A.M. – 11:50 A.M. EASTERN TIME <u>EXECUTIVE SESSION</u> <b>Confidential – Executive Session Recommended</b></b>		<i>Estimated Duration in Minutes</i>
Mark	<b>a4.</b> Approval of Rural Health Care Support Mechanism 2021 Annual Programmatic Budgets	10

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

**April 26 – 27, 2021  
Virtual Meeting**

**Universal Service Administrative Company  
Rural Health Care Committee Meeting**

<b>ACTION ITEM</b>
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**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 October 26, October 27, and November 16, 2020 (*see Attachment A-1, A-2, and A-3*).
  
- B. Approval of moving all *Executive Session* items into *Executive Session*:
  - (1) **a4** – Approval of Rural Health Care Support Mechanism 2021 Annual Programmatic Budget. USAC management recommends that this item be discussed in *Executive Session* because it 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 October 26, October 27, and November 16, 2020; and (2) discussion in *Executive Session* of the item noted above.

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

**RURAL HEALTH CARE COMMITTEE MEETING**  
**Monday, October 26, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

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, October 26, 2020. Dr. Kathy Wiberly, Committee Chair, called the meeting to order at 11:09 a.m. Eastern Time, with a quorum all eight of the Committee members present:

Fontana, Brent – Vice Chair	Wade, Dr. Joan
Freeman, Sarah	Waller, Jeff
Sekar, Radha – Chief Executive Officer	Wein, Olivia
Tinic, Atilla	Wiberly, Dr. Kathy – 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 and Assurance  
Domenech, Dr. Dan – Member of the Board  
Feiss, Geoff – Member of the Board  
Gillan, Joe – Member of the Board  
Gaither, Vic – Vice President of High Cost  
Garber, Michelle – Vice President of Enterprise Resources Program  
Gerst, Matthew – Member of the Board  
Gregory, Amber – Member of the Board  
Hutchinson, Kyle – Vice President of IT and Chief Information Officer  
Mason, Ken – 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

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<sup>1</sup> 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.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Alfred, Kraynal	USAC
Augustino, Steve	Kelley Drye & Warren LLP
Benham, Cathy	CMS Consulting Inc.
Campos, Rosy	CMS Consulting Inc.
Carlin, Tyler	KPMG
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Kaplan, Peter	Hewlett Packard Enterprise
Lee, James	USAC
LeNard, David	E-Rate Elite Services, Inc.
Lock, Sean	Funds for Learning
McCornac, Carolyn	USAC
Mitchell, Tamika	USAC
Morning, Kimberly	USAC
Nelbach, Nick	USAC
Nuzzo, Patsy	USAC
Rivera, Dan	Aruba
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### 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 July 27 and July 28, 2020.
  - B.** Approval of moving all *Executive Session* items into *Executive Session*:
    - **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*.

**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.

Available For Public Use

- a2. Approval of Rural Health Care Support Mechanism 1<sup>st</sup> Quarter 2021 Programmatic Budget and Demand Projection for the November 2, 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 1st Quarter 2021 programmatic budget and demand projection for the November 1, 2020 FCC filing.

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 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.

- ii. Rural Health Care Business Update.** Mr. Sweeney presented PowerPoint slides covering the following items to the Committee:

- Operational Update
- Reform Order Update
- Rural Health Care Outreach Strategy
- Rural Health Care Program At A Glance
- Q3 2020 Update on Rural Health Care Administration. The Committee received a report on Rural Health Care 3Q2020 accomplishments, planned activities for 4Q2020, and program metrics. The report was provided for *information only* and was publically posted on the USAC’s website. No discussion was held.

At 11:45 a.m. Easter Time, on a motion duly made and seconded, the Committee adjourned until October 27, 2020 at approximately 11:35 a.m. Eastern Time.

/s/ Ernesto Beckford

Assistant Secretary

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

**RURAL HEALTH CARE COMMITTEE MEETING**  
**Tuesday, October 27, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

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, October 27, 2020. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 11:35 a.m. Eastern Time, with a quorum of all eight Committee members present:

Fontana, Brent – Vice Chair	Wade, Dr. Joan
Freeman, Sarah	Waller, Jeff
Sekar, Radha – Chief Executive Officer	Wein, Olivia
Tinic, Atilla	Wibberly, Dr. Kathy – 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  
Hutchinson, Kyle – Vice President of Information Technology and Chief Information Officer  
Mason, Ken – 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

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<sup>1</sup> 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.

Others present:

<u>NAME</u>	<u>COMPANY</u>
DiVo, Victor	USAC
Goode, Vernell	USAC
James, Christine	USAC
Lee, James	USAC
Mitchell, Tamika	USAC
Morning, Kim	USAC
Nelbach Nick	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### OPEN SESSION

At 11:36 a.m. Eastern Time, on a motion duly made and seconded, the Committee moved into *Executive Session* for the purpose of discussing confidential items. The Committee approved discussing confidential items in *Executive Session* on Monday, October 26, 2020. Only members of the Board and USAC staff were present.

### EXECUTIVE SESSION

i2. **Rural Health Care Business Update (*Continued*)**. Mr. Sweeney presented PowerPoint slides covering the following:

- Rural Health Care Fund Year Update
- Update on CEO Roundtable
- Assessment and Systems Update
- Rural Health Care Business Process Outsourcing (BPO)

### OPEN SESSION

At 12:37 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 12:37 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

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**RURAL HEALTH CARE COMMITTEE MEETING**  
**Monday, November 16, 2020**

**(DRAFT) MINUTES<sup>1</sup>**

Due to the temporary closure of USAC's offices in Washington, D.C. in response to the COVID-19 pandemic, the non-quarterly meeting of the Rural Health Care Committee (Committee) was conducted by web conference on Monday, November 16, 2020. Dr. Kathy Wibberly, Committee Chair, Monday, November 16, 2020 called the meeting to order at 1:01 p.m. Eastern Time, with a quorum of all eight Board members present:

Fontana, Brent – Vice Chair	Wade, Dr. Joan
Freeman, Sarah	Waller, Jeff
Sekar, Radha – Chief Executive Officer	Wein, Olivia – Secretary
Tinic, Atilla	Wibberly, Dr. Kathy – Chair

Officers of the corporation present by telephone:

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  
Feiss, Geoff – Member of the Board  
Gillan, Joe – Member of the Board  
Gregory, Amber – Member of the Board  
Jacobs, Ellis – Member of the Board  
Mason, Ken – Member of the Board  
Polk, Stephane – Member of the Board  
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and  
Assistant Treasurer  
Schell Julie Tritt – Member of the Board  
Sweeney, Mark – Vice President, Rural Health Care

Others present by telephone:

<u>NAME</u>	<u>COMPANY</u>
Mitchell, Tamika	USAC

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<sup>1</sup> Draft resolutions were presented to the Board prior to the Board 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.

<u>NAME</u>	<u>COMPANY</u>
Morning, Kimberly	USAC
Nuzzo, Patsy	USAC
Samuels, Victoria	USAC
Tiwari, Tanya	USAC

### OPEN SESSION

- a1. **Consideration of Task Order Awards for Business Process Outsourcing (BPO) Services.** USAC management 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 Board adopted the following resolution:

**RESOLVED**, that the USAC Board of Directors determines that the discussion of this item be conducted in *Executive Session*.

At 1:02 p.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.

### EXECUTIVE SESSION

- a1. **Consideration of Task Order Awards for Business Process Outsourcing (BPO) Services.** Mr. Beyerhelm presented this item for consideration. The presentation included a summary slide and written report with information on USAC's proposed award of a fixed unit price task order for performance of BPO services for performance to perform applications processing for the Rural Health Care Program.

On a motion duly made and seconded, the Board adopted the following resolution:

**RESOLVED**, that the USAC Rural Health Care Committee having reviewed the recommendation of USAC management, hereby authorizes USAC management to award a fixed unit price task order to ICF Incorporated, LLC for performance of BPO services to perform applications processing for the Rural Health Care Program. The base period of the Task Order for Task 1 is four (4) months with a not-to-exceed in the amount of \$970,876 (plus applicable taxes).

### OPEN SESSION

At 1:10 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Wibberly reported that, in *Executive Session*, the Board discussed and took action on item a1.

On a motion duly made and seconded, the Committee adjourned at 1:11 p.m. Eastern Time.

/s/ Ernesto Beckford  
Assistant Secretary

**Universal Service Administrative Company  
Rural Health Care Committee Meeting**

**ACTION ITEM**

**Recommendation for Election of  
Committee Chair and Vice Chair**

**Action Requested**

The USAC Rural Health Care Committee (Committee) is taking action to bring its Chair and Vice Chair nominations for consideration by the Board of Directors (Board) at the Board meeting to be held on January 25, 2021.

**Discussion**

The pertinent resolution related to the election of committee chair and vice chair positions was adopted by the Board of Directors on January 25, 2000, and reads as follows:

**RESOLVED**, That the USAC Board of Directors accepts the recommendations of the USAC Nominating Committee that: (1) in addition to the annual election of officers, all Committee chairs and vice chairs shall also be elected annually; (2) the first election for Committee chairs and vice chairs shall occur at the election of officers at the January 2001 Board of Directors meeting; (3) there shall be no term limits imposed on officer and Committee chair and vice-chair positions; and (4) there shall be no automatic succession of positions.<sup>1</sup>

On January 28, 2020, the Board elected Dr. Kathy Wibberly as Chair and Brent Fontana as Vice Chair of the Rural Health Care Committee.

At their January 25, 2021 quarterly meetings, each committee of the Board (including the Audit Committee and the programmatic committees) will nominate Board members to serve as chair and vice chair of their respective committees. Those recommendations will be submitted to the Board at the Board of Directors meeting to be held on January 25, 2021.

**Recommended USAC Rural Health Care Committee Action**

APPROVAL OF THE FOLLOWING RESOLUTION:

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<sup>1</sup> USAC Board of Directors Meeting Minutes, at 4 (Jan. 25, 2000), *available at* <https://www.usac.org/about/leadership/board-minutes/>.

**RESOLVED**, that the USAC Rural Health Care Committee recommends that the USAC Board of Directors elect \_\_\_\_\_ as Chair and \_\_\_\_\_ as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position by the Board and ends at such time as the Chair or Vice Chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

**Universal Service Administrative Company  
Rural Health Care Committee Meeting**

<b>ACTION ITEM</b>
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**Approval of Rural Health Care Support Mechanism  
2nd Quarter 2021 Programmatic Budget and  
Demand Projection for the January 29, 2021 FCC Filing**

**Action Requested:**

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2021 (2Q2021) programmatic budget and demand projection for the Rural Health Care Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 29, 2021 quarterly filing.

**Discussion:**

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

**Funding Requirement**

USAC estimates the 2Q2021 funding requirement for the Rural Health Care Support Mechanism as follows:

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<sup>1</sup> See 47 C.F.R. § 54.715(c).

<sup>2</sup> See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	<b>1Q2021</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021</b>	<b>Notes</b>
Steady State:				
Program Funding Requirement	\$144.94	(\$0.28)	\$144.66	See Note 1 and Table B
New Requirements:				
N/A	0.00	0.00	0.00	
<b>Total Program Funding Requirement</b>	<b>\$144.94</b>	<b>(\$0.28)</b>	<b>\$144.66</b>	
Prior Period Adjustments (difference between projections and actuals):				
Billings	17.69	(18.22)	(0.53)	
Interest Income	0.00	0.00	0.00	
Bad Debt Expense	(2.00)	0.70	(1.30)	
<b>Total Prior Period Adjustments</b>	<b>\$15.69</b>	<b>(\$17.52)</b>	<b>(\$1.83)</b>	
USAC Administrative Expenses <sup>3</sup>	6.25	0.28	6.53	See Table D
<b>Total Funding Requirement</b>	<b>\$166.88</b>	<b>(\$17.52)</b>	<b>\$149.36</b>	

**Note 1:** On March 12, 2020, the Commission announced a funding cap for Funding Year 2020 of \$604.76 million.<sup>4</sup> 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

<i>(in millions)</i>	<b>Fund Year 2020</b>	<b>Notes</b>
Funding Year 2020 Cap	\$604.76	See Note 1
Quarterly Funding Requirement for Funding Year 2020	\$151.19	
Less USAC Administrative Costs, which are covered within the Funding Cap	(6.53)	
<b>1Q2021 Program Funding Requirement</b>	<b>\$144.66</b>	

**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.<sup>5</sup> The table below has no changes subsequent to the April 2020 Board meeting.

<sup>3</sup> Administrative costs are covered within the funding cap.

<sup>4</sup> 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).

<sup>5</sup> 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

<i>(in millions)</i>	<b>Net Change</b>
<b>Unused Funds</b>	
Available Funds	\$697.44
Disbursements	(241.87)
Reserved Funds	
a. Pending Applications to Process	(390.35)
b. Unliquidated Obligations (ULOs)	79.07
c. Appeals Reserve - USAC Appeals	77.74
d. Appeals Reserve - FCC Appeals	(3.90)
Available Funds	218.13
Additional Funds Used to Meet Funding Year 2019 Demand	(20.15)
<b>Total Unused Funds</b>	<b>\$197.98</b>

Based on the projected burn rate, USAC estimates the following 2Q2021 programmatic budget:

Table D. Quarterly Programmatic Budget

<i>(in millions)</i>	<b>1Q2021 Budget</b>	<b>Increase/ (Decrease)</b>	<b>2Q2021 Budget</b>	<b>Notes</b>
<b>Direct Program Costs</b>				
Employee Expenses	\$1.66	\$0.13	\$1.79	
Professional Services	0.81	(0.13)	0.68	
General & Administrative	0.00	0.01	0.01	See Note 3
<b>Total Direct Program Costs</b>	<b>\$2.47</b>	<b>\$0.01</b>	<b>\$2.48</b>	
<b>Direct Assigned Costs</b>				
Employee Expenses	\$0.37	\$0.01	\$0.38	
Professional Services	1.01	0.07	1.08	
General & Administrative	0.00	0.00	0.00	See Note 3
<b>Total Direct Assigned Costs</b>	<b>\$1.38</b>	<b>\$0.08</b>	<b>\$1.46</b>	
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>\$3.85</b>	<b>\$0.09</b>	<b>\$3.94</b>	
<b>Common Allocated Costs</b>	<b>\$2.40</b>	<b>\$0.19</b>	<b>\$2.59</b>	
<b>Total Programmatic Budget</b>	<b>\$6.25</b>	<b>\$0.28</b>	<b>\$6.53</b>	

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

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2020 is provided in **Attachment 1**.

**Recommendation:**

USAC management recommends that the Committee approve the 2Q2021 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 2nd Quarter 2021 Rural Health Care Support Mechanism direct program budget of \$3.94 million; and

**RESOLVED FURTHER**, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$3.94 million for Rural Health Care Support Mechanism administrative costs in the required January 29, 2021 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 January 25, 2021 the 2nd Quarter 2021 Rural Health Care Support Mechanism demand estimate of \$149.36 million, hereby directs USAC staff to proceed with the required January 29, 2021 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 Twelve Months Ending December 31, 2020

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
<b>Direct Program Costs</b>						
Employee Expenses	46	50	4	\$6.13	\$6.57	\$0.44
Professional Services (Note 4)				0.91	0.85	(0.06)
General & Administrative (Note 5)				0.00	0.02	0.02
<b>Total Direct Program Costs</b>				<b>\$7.04</b>	<b>\$7.44</b>	<b>\$0.40</b>
<b>Direct Assigned Costs</b>						
Employee Expenses	9	9	0	\$1.41	\$1.50	\$0.09
Professional Services (Note 4)				3.10	3.66	0.56
General & Administrative (Note 5)				0.00	0.00	0.00
<b>Total Direct Assigned Costs</b>				<b>\$4.51</b>	<b>\$5.16</b>	<b>\$0.65</b>
<b>Total Direct Program &amp; Direct Assigned Costs</b>	<b>55</b>	<b>59</b>	<b>4</b>	<b>\$11.55</b>	<b>\$12.60</b>	<b>\$1.05</b>
<b>Common Allocated Costs (Note 6)</b>				<b>\$7.42</b>	<b>\$7.44</b>	<b>\$0.02</b>
<b>Total Programmatic Budget</b>				<b>\$18.97</b>	<b>\$20.04</b>	<b>\$1.07</b>

**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.



# Rural Health Care Business Update

Rural Health Committee Meeting

January 25, 2021



Universal Service  
Administrative Co.

# Agenda

Topic	Description	Purpose	Presenter	Length
October RHC Committee Recap	Recap of Action Items from October RHC Committee Meeting	Informational	Mark Sweeney	5 min
Operational Velocity in Q4 2020		Informational	Mark Sweeney	10 min
Operational Plans for 2021		Informational	Mark Sweeney	10 min
Escalation Process Changes		Informational	Mark Sweeney	5 min
Appendix A	Glossary of Acronyms and Projects			
Appendix B	RHC Assessment Key Observations and Conclusions			
Appendix C	Q4 2020 Update on Rural Health Care Administration			

# October RHC Committee Recap

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Action Item	Status Update
USAC RHC will determine whether it can send automatic responses to emails, stating that USAC has received documentation and/or emails from applicants. They will also determine the types of communications they can send to applicants monthly regarding their application status.	This item is partially being addressed in the internal procedures with the call center.
USAC will provide information on the escalation process and will outline the steps in the revised escalation policy that will be published next quarter.	Information on process and changes included on slide nine.
USAC management is requested to summarize the RHC Program's system processes and make this information available to the public.	Information included in Appendix B slide.

# Operational Velocity in Q4 2020

- Completed all workable funding requests for FY2017, FY2018, and FY2019 by December 31, 2020.
- 157 un-workable funding requests remain (across three funding years).
- Completed all workable FCC Forms 460 within 30 days.
- Completed 90% of all appeals over 90 days old in Q4; completed a total of 131 aging appeals in 16 weeks.
- Overcame key constraints around the extension of appeal deadlines and the increase in information request response times due to FCC's actions to provide COVID-19 relief.

# Operational Plans for 2021

- Target the completion of all FY2020 funding requests by the end of April, 2021.
- BPO approved by the FCC and USAC Board.
  - ICF staff fully trained and in place by January 25 to support FY2020.
- Target to complete all FY2021 funding requests by end of the calendar year.
- Maintain all other form completions at or below SLA/codified deadlines.

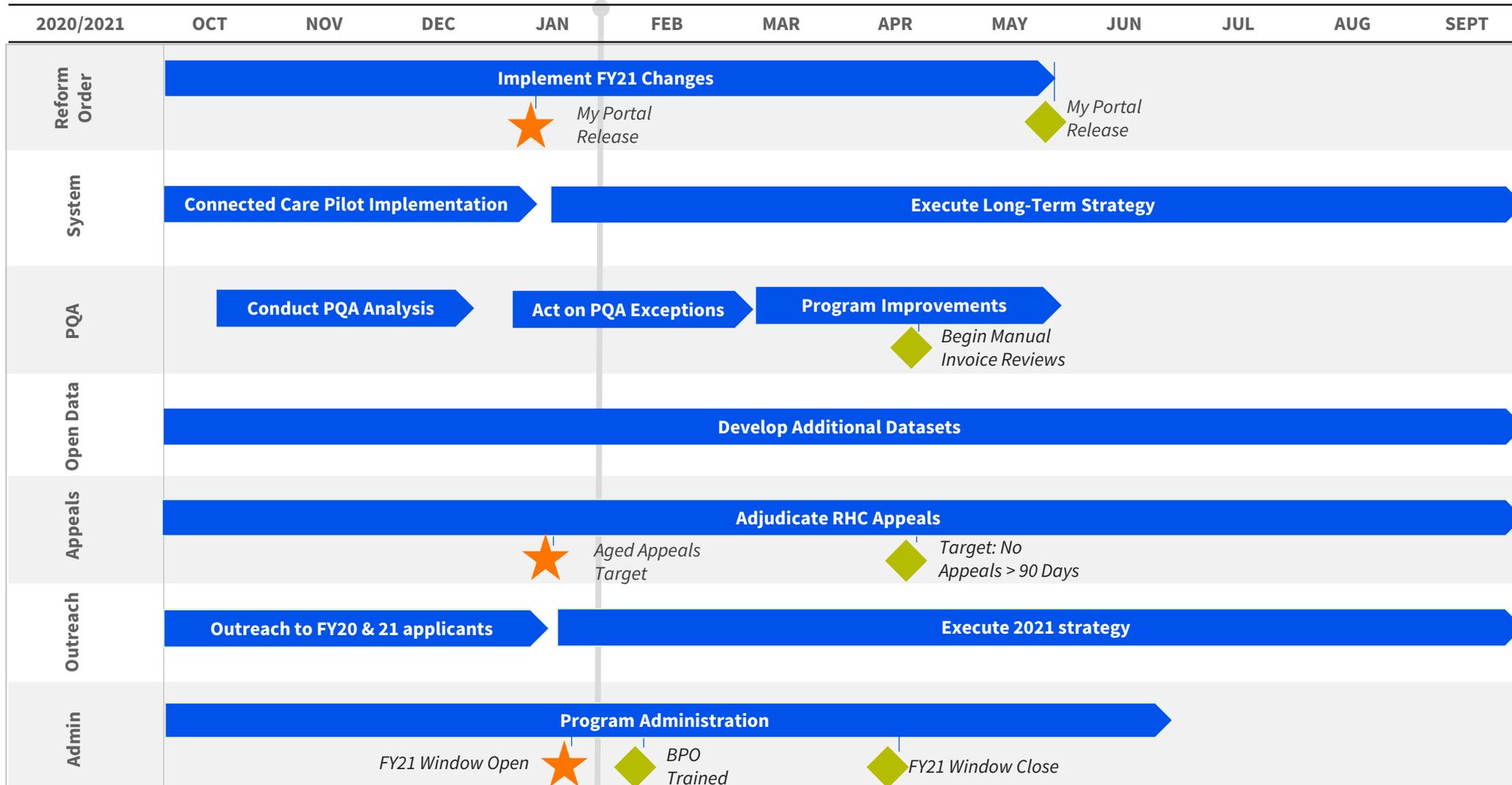
## Operational Plans for 2021 *(continued)*

- Target to achieve a zero balance of appeals over 90 days in Q1 2021 and maintain through 2021.
- Appeals incoming in Q4 2020 increased to 81 (five in 2019), in part due to response to PQA COMADs and funding request denials.
- Manual invoicing reviews to begin in Q1 2021.

# Escalation Process Changes

- Internal escalation changes:
  - Automated end-to-end monitoring of escalations through ticket opening and closing.
  - Internal metrics on activity for sub-intervals manually recorded.
  - Monthly reporting on escalation volumes and aging.
- External escalation changes:
  - Discussed ways to improve help desk experience for stakeholders.
  - If applicants do not receive a timely response, they can request to be escalated to USAC. At that point, the email or call information will be passed to the RHC management team for resolution.

# Roadmap



**Milestone Legend**

- At Risk
- On Track
- Completed

# Appendix A: Glossary of Terms

Acronym	Term	Definition
<b>BCAP</b>	Beneficiary and Contributor Audit Program	The BCAP is designed to assess beneficiary and contributor compliance with the FCC rules and requirements (collectively, FCC Rules).
<b>HCF</b>	Healthcare Connect Fund	A program administered by the Rural Health Care Division that provides a 65% discount to eligible healthcare providers for qualifying services.
<b>Telecom</b>	Telecommunications Program	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.
<b>My Portal</b>		Systems used by the Rural Health Care Division to collect FCC forms submitted by program applicants and aggregate this data.
<b>PQA</b>	Payment Quality Assurance	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).
<b>RFP</b>	Request for Proposal	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.
<b>RHC</b>	Rural Health Care Division	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.
<b>SOW</b>	Statement of Work	A portion of the RFP that describes the work that will be taking place.
<b>WCB</b>	Wireline Competition Bureau	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.

# Appendix B: RHC Assessment Key Observations and Conclusions

Area	Observations	Eligibility	Request for Services	Request for Funding	Request For Disburs / Adjust	Disbursement	Appeals	Audit Response	Reporting	Conclusions
Systems	Outdated tools cannot adapt to program changes and growth	✓	✓	✓	✓	✓	✓		✓	Introduce enhancements for RHC staff and applicants that stabilize existing operations
	Increased demand stresses manual workflows	✓	✓	✓	✓	✓	✓	✓	✓	Create flexible modernized IT systems
	Current system does not support the majority of RHC program work (operations, appeals, etc.)	✓	✓	✓	✓	✓	✓		✓	Modernize tool suite and have an all-inclusive system with end-to-end RHC processes
Processes	Many processes are manual and time consuming	✓		✓		✓	✓	✓	✓	Stabilize and modernize execution of the core business functions
	Lack of automation and streamlining means processes require access to multiple data sources	✓		✓		✓	✓	✓	✓	Data quality & availability need to be improved, and integrating data sources would ensure more reliable data so teams can accurately perform their functions.
	Business processes need increased efficiency to manage workload	✓		✓		✓	✓			Enhance knowledge and information sharing practices that support RHC operations, including cross-training
Resources	RHC team has created workarounds to leverage and use existing tools innovatively	✓		✓	✓	✓	✓		✓	Automate workflows
	RHC needs additional capacity to implement changes while still supporting current program	✓		✓	✓	✓	✓			Implement more comprehensive training to expand personnel knowledge, and further develop operational skills



**Universal Service  
Administrative Co.**

Universal Service Administrative Company  
Rural Health Care Committee Meeting

INFORMATION ITEM

APPENDIX C

Rural Health Care Business Update  
Q4 2020 Update on Rural Health Care Administration

**Overall Summary for Q4 2020:**

The Rural Health Care (RHC) Division had a strong fourth quarter, which focused on rollout of Reform Order changes, operational efficiency, and program integrity. All major program milestones were achieved on time, despite staff continuing to work remotely. The RHC Division finished issuing workable commitments for FY 2019 and all prior years, while continuing to issue commitments for single year FY 2020 requests. RHC also released an update to the Rates Database, as required by FCC directive in DA 20-1536, 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 118 appeals were resolved, while 81 new appeals were received. RHC also completed the necessary work to implement the Connected Care Pilot Program.

In the first quarter of 2021, 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, processing FY 2020 funding requests, reviewing FY 2021 competitive bidding forms, and managing the FY 2021 filing window. RHC will also process any required forms for selected Connected Care Pilot Program projects.

**RHC Program Updates & Accomplishments:**

- *Operations* – All workable funding requests for FY 2017, FY 2018 and FY 2019 were processed by December 31, 2020.
- *My Portal Modifications* – RHC/IT released the fourth batch of My Portal changes related to the Reform Order in December, and completed the requirements and a majority of the development for release in Q2 2021.
- *Appeals* – RHC received 81 new appeals in Q4 2020 and resolved 118 appeals.
- *Appeals* – 90% of all appeals over 90 days old in Q4 were completed, a total of 131 aging appeals were completed in 16 weeks.
- *Outreach* – RHC worked with stakeholders to get feedback on the rates database and associated guides and tip sheets, while preparing applicants for the FY 2021 filing window.

- *Business and Operations Assessment* – RHC continues to 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 required under the new rules.

**Planned Activities for Q1 2021:**

- *FY 2020 Funding Requests* – RHC will continue processing FY 2020 funding requests with the goal of completing all workable commitments by the end of April.
- *FY 2021 Funding Requests* – Target to complete all FY 2021 funding requests by end of calendar year.
- *Appeals* – Target to achieve a zero balance of appeals over 90 days in Q1 and to maintain through 2021.
- *Business and Operations Assessment* – RHC will finalize the long-term strategy for its systems and operations.
- *Employee Engagement* – RHC’s management team will continue to update the management action plan as needed.

**Performance Metrics:**

	Metric	Target	July Actual	Aug Actual	Sept Actual	Oct Actual	Nov Actual	Dec Actual	Variance	
1	Call Ctre A/R	3.0%	5.0%	1.2%	2.5%	2.4%	1.7%	1.9%	1.1%	✓
2	Total Pending RHC Appeals	N/A	168	189	188	188	183	154	N/A	▶
3	Average age of RHC Appeals	90	338	324	319	293	242	224	-134	▶
4	Number of open appeals over 90 days	0	127	140	137	130	116	79	-79	▶

Key	
✓	Meeting Target
▶	Not Meeting Target