



Rural Health Care Committee

Briefing Book

Monday, January 30, 2023; 1:25 p.m. – 2:25 p.m. Eastern Time

Tuesday, January 31, 2023; 10:45 a.m. - 10:50 a.m. Eastern Time

Available for Public Use

USAC Offices

700 12th Street NW, Suite 900

Washington, D.C. 20005

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

<p>Monday, January 30, 2023 1:25 p.m. – 2:25 p.m. Eastern Time USAC Offices 700 12th Street, N.W., Suite 900 Washington, D.C. 20005</p>
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<u>OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	<p>a1. Consent Items (each available for discussion upon request):</p> <p style="padding-left: 20px;">A. Approval of Rural Health Care Committee Meeting Minutes of October 24, 2022</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p>	5
Chair	a2. Recommendation for Election of Committee Chair and Vice Chair	5
Mark	a3. Approval of Rural Health Care Support Mechanism 2nd Quarter 2023 Programmatic Budget and Demand Projection for the January 31, 2023 FCC Filing	5
Teleshia	i1. Information on Six USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i>	–
Mark	<p>i2. Rural Health Care Business Update</p> <ul style="list-style-type: none"> • 2022 Year in Review <ul style="list-style-type: none"> ○ Update on FY2022 Application Processing • 1Q2023 Plans • Roadmap • Appendix: Program Metrics 	20

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Kyle	<p>i3. Rural Health Care Business Update <i>(Continued)</i></p> <ul style="list-style-type: none"> • Rural Health Care Automation Status Update 	15
Mark	a4. Approval of Rural Health Care Support Mechanism 2023 Annual Programmatic Budget	10

Tuesday, January 31, 2023
10:45 a.m. – 10:50 a.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

<u>OPEN SESSION</u>		<i>Estimated Duration in Minutes</i>
Chair	a1. Approval of Updated Rural Health Care Support Mechanism 2nd Quarter 2023 Programmatic Budget and Demand Projection for the January 31, 2023 FCC Filing	5

Next Scheduled USAC Rural Health Care Committee Meeting

Thursday, April 20, 2023
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) of the USAC Board of Directors (Board) 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 October 24, 2022 (*see Attachment A-1*).
- B. Approval of moving all *Executive Session* items into *Executive Session*:
 - (1) **i3** – Rural Health Care Business Update (*Continued*). USAC management recommends that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data or internal rules and procedures* concerning the administration of the universal service support mechanisms; discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (2) **a4** – Approval of Rural Health Care Support Mechanism 2023 Annual Programmatic Budget. USAC management recommends that 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 Rural Health Care Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of October 24, 2022; and (2) discussion in *Executive Session* of the items noted above.

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

RURAL HEALTH CARE COMMITTEE MEETING
Monday, October 24, 2022

(DRAFT) MINUTES¹

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, October 24, 2022. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 12:59 p.m. Eastern Time, with a quorum of all eight Committee members present:

Feiss, Geoff	Wade, Dr. Joan
Fontana, Brent – Vice Chair – <i>by telephone</i>	Waller, Jeff – <i>by telephone</i>
Freeman, Sarah	Wein, Olivia
Sekar, Radha – Chief Executive Officer	Wibberly, Dr. Kathy – Chair

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services
Buzacott, Alan – Member of the Board
Chalk, Indra – Member of the Board
Domenech, Dr. Dan – Member of the Board
Delmar, Teleshia – Vice President of Audit and Assurance – *by telephone*
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
Gillan, Joe – Member of the Board
Gregory, Amber – Member of the Board
Jacobs, Ellis – Member of the Board – *by telephone*
Mason, Ken – Member of the Board
Polk, Stephanie – Member of the Board – *by telephone*
Schell, Julie Tritt – Member of the Board
Skriwan, Michael – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care
Williams, Erin – Vice President, General Counsel, and Assistant Secretary

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.

Others present:

<u>NAME</u>	<u>COMPANY</u>
Augustino, Steven – <i>by telephone</i>	Nelson Mullins
Benhan, Cathy – <i>by telephone</i>	CSM
Bolling, Christopher – <i>by telephone</i>	USAC
Braxton, Carolyn	USAC
Case, Kevin – <i>by telephone</i>	USAC
Efrus, Max – <i>by telephone</i>	Hyperscience
Glisson, Connor – <i>by telephone</i>	USAC
Goode, Vernell	USAC
Lacey-Morning, Kimberly – <i>by telephone</i>	Morgan Lewis
Little, Christopher	USAC
Nuzzo, Patsy	USAC
Phillippi, Megan	USAC
Sadirkhanova, Sabina – <i>by telephone</i>	USAC
Schrader, Theresa – <i>by telephone</i>	Broadband Legal Strategies, LLC
Spade, Gina – <i>by telephone</i>	Broadband Legal Strategies, LLC
Wilson Jr., Jerusa Carl	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 April 25, 2022.
- B.** Approval of moving all *Executive Session* items into *Executive Session*:
- (1) **i3** – Rural Health Care Business Update (*Continued*). USAC management recommended that this item be discussed in *Executive Session* because it may involve discussion of *specific internal controls or confidential company data or internal rules and procedures* concerning the administration of the universal service support mechanisms, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.
 - (2) **a3** – Consideration to Exercise Three One-Year Option Terms for the Rural Health Care Program Form Processing Business Process Outsourcing Services. USAC management recommended that this item be discussed in *Executive Session* because this matter relates to USAC's *procurement strategy and contract administration*.

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C. Consideration and Approval of One Routine Procurement.

- (1) Approval of the Consideration to Exercise Three One-Year Option Terms for the Rural Health Care Program Form Processing Business Process Outsourcing Services. The resolution is provided in **aRHC03cf**.

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

RESOLVED, that the Rural Health Care Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of July 25, 2022; (2) discussion in Executive Session of the items noted above; and (3) the approval of one routine procurement as presented in item aRHC03cf.

- a2. **Approval of Rural Health Care Support Mechanism 1st Quarter 2023 Programmatic Budget and Demand Projection for the November 2, 2022 Federal Communications Commission (FCC) Filing.** Mr. Sweeny presented this item for consideration. The presentation included a written report on USAC management's recommendations for the Rural Health Care Mechanism 1st Quarter 2022 programmatic budget and demand projection for the November 2, 2022 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 2023 Rural Health Care Support Mechanism direct program budget of \$4.48 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.48 million for Rural Health Care Support Mechanism administrative costs in the required November 2, 2022 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on October 24, 2022 the 1st Quarter 2023 Rural Health Care Support Mechanism demand estimate of \$70.79 million, hereby directs USAC staff to proceed with the required November 2, 2022 filing to the Federal Communications Commission 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. **Information on Six USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports.** This item was provided for *information purposes only*. Dr. Wibberly noted that the Rural Health Care Audit Briefing Book would be made public and posted to the USAC website.
- i2. **Rural Health Care Business Update.** Mr. Sweeney presented PowerPoint slides to the Committee covering the following items:
 - Accomplishments
 - Plans for 4Q2022
 - Funding Year 2023 Preparation
 - Roadmap

At 1:15 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing confidential items. Only members of the Board and USAC staff were present.

EXECUTIVE SESSION

- i3. **Rural Health Care Business Update (Continued).** Mr. Sweeny presented PowerPoint slides to the Committee for discussion covering the following topics:
 - Business Process Outsourcing Vendor Performance
 - Healthcare Connect Fund Modernization Lessons Learned
- a3. **Consideration to Exercise Three One-Year Option Terms for the Rural Health Care Program Form Processing Business Process Outsourcing Services.** No additional discussion was held on this item. The Committee adopted the following resolution as part of the Consent Items:

RESOLVED, that the Rural Healthcare Committee, having reviewed the recommendation of USAC management, hereby authorizes management to exercise the three (3) one-year option terms of the Rural Healthcare Form Processing Business Process Outsourcing contract with Maximus, Inc. for a total not-to-exceed amount of \$10,148,316.00 (plus applicable taxes). The first one-year option term has a total not-to-exceed amount of \$3,354,852.00 (plus applicable taxes), the second one-year option term has a total not-to-exceed amount of \$3,382,584.00 (plus applicable taxes), and the third one-year option term has a total not-to-exceed amount of \$3,410,880.00 (plus applicable taxes), thereby increasing the total not-to-exceed amount of the contract from \$3,513,059.00 (plus applicable taxes) to \$13,661,375.00 (plus applicable taxes) over the remainder of the contract term, subject to required Federal Communications Commission approval.

OPEN SESSION

At 1:38 p.m. Eastern Time, the Committee moved out of *Executive Session* and immediately reconvened in *Open Session*, at which time Dr. Wibberly that the Committee discussed item i3 in *Executive Session*.

On a motion duly made and seconded, the Committee adjourned at 1:38 p.m. Eastern Time.

/s/ Erin Williams

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 31, 2023.

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.¹

On January 25, 2022, the Board elected Dr. Kathy Wibberly as Chair and Brent Fontana as Vice Chair of the Rural Health Care Committee.

At their January 30, 2023 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 31, 2023.

Recommended USAC Rural Health Care Committee Action

APPROVAL OF THE FOLLOWING RESOLUTION:

RESOLVED, that the USAC Rural Health Care Committee recommends that the USAC Board of Directors elect _____ as Chair

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

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**

ACTION ITEM

**Approval of Rural Health Care Support Mechanism
2nd Quarter 2023 Programmatic Budget and
Demand Projection for the January 31, 2023 FCC Filing**

Action Requested

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2023 (2Q2023) programmatic budget and demand projection for the Rural Health Care Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2023 quarterly filing.

Discussion

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

USAC estimates the 2Q2023 funding requirement for the Rural Health Care Support Mechanism as follows:

[Remainder of page is intentionally blank.]

¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	1Q2023	Increase/ (Decrease)	2Q2023	Notes
Steady State:				
Program Funding Requirement	\$152.70	(\$0.04)	\$152.66	See Note 1 and Table B
Adjustments	(\$110.94)	\$50.81	(\$60.13)	See Note 2
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$41.76	\$50.77	\$92.53	
Prior Period Adjustments (difference between projections and actuals):				
Billings	\$23.50	(23.57)	(0.07)	
Interest Income	(0.01)	0.01	0.00	
Bad Debt Expense	(1.19)	1.19	0.00	
Total Prior Period Adjustments	\$22.30	(22.37)	(0.07)	
USAC Administrative Expenses ³	\$6.73	\$0.04	\$6.77	See Note 2 and Table D
Total Funding Requirement	\$70.79	\$28.44	\$99.23	

Note 1: On March 14, 2022, the Commission announced a funding cap for Funding Year 2022 of \$637.72 million.⁴ The Program Funding Requirement represents one quarter of the Funding Year 2022 cap, less USAC administrative costs. See Table B below for additional detail.

Note 2: Based on FCC guidance, USAC will use available carry forward funds as of June 30, 2022 to reduce collections for 4Q2022 and subsequent quarters after first reserving sufficient funds to meet demand above the cap for Funding Year 2022 (including estimated administrative expenses).

Table B. Funding Year 2022 Program Funding Requirement

<i>(in millions)</i>	Fund Year 2022	Notes
Funding Year 2022 Cap	\$637.72	See Note 1
Quarterly Funding Requirement for Funding Year 2022	\$159.43	
Less USAC Administrative Costs, which are covered within the Funding Cap	(6.77)	
2Q2023 Program Funding Requirement	\$152.66	

Note 3: Table C is an annual schedule that is updated once a year and reports funding

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 2022*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice, 271 (2022).

available to carry forward as of June 30, 2022.

Table C. Funding Year 2022 Available Roll Forward

<i>(in millions)</i>	Net Change
Unused Funds	
Available Funds	\$685.99
Disbursements	(591.10)
Reserved Funds	
a. Pending Applications to Process	527.58
b. Unliquidated Obligations (ULOs)	(221.18)
c. Appeals Reserve - USAC Appeals	(9.87)
d. Appeals Reserve - FCC Appeals	(10.91)
Total Unused Funds	\$380.50

Based on the projected burn rate, USAC estimates the following 2Q2023 programmatic budget:

Table D. Quarterly Programmatic Budget

<i>(in millions)</i>	1Q2023 Budget	Increase/ (Decrease)	2Q2023 Budget	Notes
Direct Program Costs				
Employee Expenses	\$1.65	\$0.00	\$1.65	
Professional Services	0.88	0.00	0.88	
General & Administrative	0.00	0.00	0.00	See Note 4
Total Direct Program Costs	\$2.53	\$0.00	\$2.53	
Direct Assigned Costs				
Employee Expenses	\$0.34	\$0.00	\$0.34	
Professional Services	1.33	0.01	1.34	
General & Administrative	0.28	0.00	0.28	See Note 4
Total Direct Assigned Costs	\$1.95	\$0.01	\$1.96	
Total Direct Program & Direct Assigned Costs	\$4.48	\$0.01	\$4.49	
Common Allocated Costs	\$2.25	\$0.03	\$2.28	
Total Programmatic Budget	\$6.73	\$0.04	\$6.77	

Note 4: General & Administrative expenses include reference materials and software licenses.

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the 2Q2023 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 2023 Rural Health Care Support Mechanism direct program budget of \$4.49 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.49 million for Rural Health Care Support Mechanism administrative costs in the required January 31, 2023 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on January 30, 2023 the 2nd Quarter 2023 Rural Health Care Support Mechanism demand estimate of \$99.23 million, hereby directs USAC staff to proceed with the required January 31, 2023 filing to the Federal Communications Commission 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, 2022

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	47	51	4	\$6.30	\$6.96	\$0.66
Professional Services (Note 5)				3.20	3.94	0.74
General & Administrative (Note 6)				0.00	0.02	0.02
Total Direct Program Costs				\$9.50	\$10.92	\$1.42
Direct Assigned Costs						
Employee Expenses	7	8	1	\$1.67	\$1.53	(\$0.14)
Professional Services (Note 5)				5.17	4.38	(0.79)
General & Administrative (Note 6)				0.90	0.98	0.08
Total Direct Assigned Costs				\$7.74	\$6.89	(\$0.85)
Total Direct Program & Direct Assigned Costs	54	59	5	\$17.24	\$17.81	\$0.57
Common Allocated Costs (Note 7)				\$10.59	\$10.02	(\$0.57)
Total Programmatic Budget				\$27.83	\$27.83	\$0.00

Note 5: Direct Program Professional Services include business process outsourcing (BPO) and rates database support. Direct Assigned Professional Services include beneficiary & contribution audit program audits and IT contract labor.

Note 6: General & Administrative expenses include reference materials and software licenses.

Note 7: 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. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.



Rural Health Care Committee

Rural Health Care Business Update

Open Session

January 30, 2023



Universal Service
Administrative Co.

Agenda

- Accomplishments — 2022 Year in Review
 - Systems
 - Operations
 - Outreach
- Plans for 1Q2023
 - Funding Year 2023 Preparation
 - Outreach Activities
- Roadmap
- Appendix: Program Metrics

2022 Year in Review — Systems

- Healthcare Connect Fund (HCF) program modernization initiative began in 2022, collaborating with the RHC internal and external communities through direct outreach.
- Completed the goal to address manually intense HCF processes that were inefficient and had major impacts on timely funding commitments.
- The HCF applications and review process, including funding commitments, were automated for FY2022, resulting in more than 90% of the HCF funding being committed by the end of the calendar year.
- USAC completed the automation of HCF invoicing and disbursement in 4Q2022.

2022 Year in Review — Operations

- Onboarded a new Business Process Outsourcing (BPO) partner Maximus at the beginning of the year.
 - Collaborated with Maximus to complete reviews of all workable Telecom applications by November 2022.
- Reviewed Telecom applications during the window for the first time and began issuing commitments six weeks after the window closed.
- HCF application decisions required the new system release beginning in late June.
- Issued commitments on 40% of the total application population by August 1.
- Telecom program for FY2022 is 100% workable complete.
- HCF program for FY2022 is 95% workable complete.

2022 Year in Review — Outreach

- Developed and released a new search posted services tool in November in collaboration with the Enterprise Data Services team and IT.
 - Sourced through Open Data, the tool allows service providers to view contracts up for bid by the healthcare providers.
- Conducted four virtual site visits with over 60 USAC staff in attendance at each visit.
 - Several major stakeholders visited USAC.
- Delivered 30 webinars for stakeholders, with some hosting over 100 attendees.
- Offered system modernization sneak-peek webinars, trainings, and developed user guides for RHC Connect.

2022 Year in Review — Outreach (Continued)

- Connected Care Pilot Program (CCPP) Outreach:
 - Conducted monthly webinars, newsletters, and tip sheets.
 - Outreached for the September 16, 2022, deadline for initial funding request submission.
 - Provided one-on-one assistance to all CCPP projects.

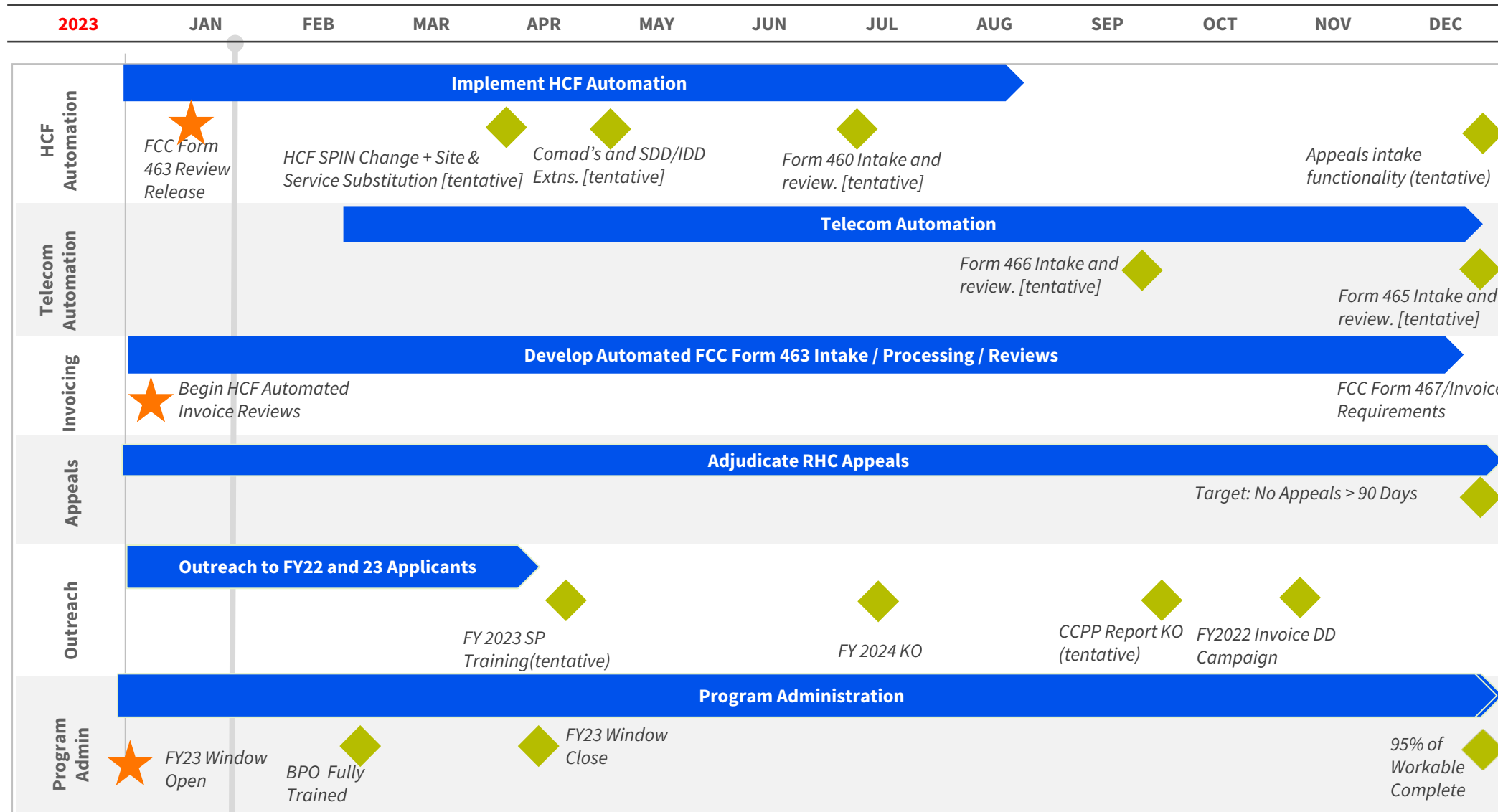
1Q2023 Plans

- Procedure revisions approved by the FCC.
- Begin FY2023 application processing.
- Develop capabilities for HCF SPIN change functionality.
- Develop capabilities for HCF post-commitment activities.
- Gather requirements to move the Telecom program to RHC Connect in 2023/2024.

Outreach for FY2023 Funding Request Submission Window

- FY2023 Application Window opened on December 1.
 - HCF applications will be completed in RHC Connect.
 - Telecom applications will be completed in MyPortal.
- Outreach Activities:
 - Application window announcements in the November and December newsletters and on the USAC website.
 - HCF FY2023 funding request webinar on November 9.
 - Telecom FY2023 funding request webinar on November 16.
 - Service Provider webinar on December 7.
 - Office hours are available for all participants throughout the window.
 - Application window closes on Monday, April 3, 2023.
 - The customer service center will be staffed that weekend to assist with last-minute submissions.

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix: RHC Program Metrics

RHC HCF Pre-Commitment (Data through December 31, 2022)

Fund Year		Q1	Q2	Q3	Q4	Total	
Requested	2022	Demand	4,890	5,694	3	8	10,595
		Requested Dollars	\$100,165,368	\$295,610,204	\$595,569	\$472,357	\$396,843,498
		Avg. Days Outstanding	215	213	–	21	213
	2021	Demand	7,162	6,008	1	30	13,201
		Requested Dollars	\$104,695,216	\$307,887,457	\$2,422	\$704,628	\$413,289,723
		Avg. Days Outstanding	578	578	458	408	513
Reviewed	2022	Reviewed Apps.	3	15	8,435	2,852	11,305
		Reviewed Dollars	\$1,219,089	–	\$85,506,336	\$111,116,538	\$197,841,963
	2021	Reviewed Apps.	2	243	5,717	6,496	12,458
		Reviewed Dollars	\$16,159	\$74,942,476	\$91,696,465	\$159,176,486	\$325,831,586

Appendix A: RHC Program Metrics (Continued)

RHC HCF Post-Commitment (Data through December 31, 2022)

Calendar Year			Q1	Q2	Q3	Q4	Total
Submitted	2022	Invoice Counts	3,109	1,711	8,911	2,524	16,255
		Invoice Dollars	\$41,757,093	\$24,875,502	\$105,194,957	\$40,604,164	\$212,431,716
	2021	Invoice Counts	2,059	2,141	8,777	2,490	15,467
		Invoice Dollars	\$20,015,707	\$21,775,942	\$107,144,237	\$33,290,567	\$182,226,453
Disbursed	2022	Invoice Counts	2,825	2,096	7,486	3,852	16,259
		Invoice Dollars	\$82,279,872	\$91,192,476	\$138,127,850	\$96,287,706	\$407,887,904
	2021	Invoice Counts	2,420	1,718	7,738	3,612	15,488
		Invoice Dollars	\$55,737,751	\$49,993,147	\$146,354,045	\$92,793,554	\$344,878,497

Appendix A: RHC Program Metrics (Continued)

RHC Telecom Pre-Commitment (Data through December 31, 2022)

Fund Year		Q1	Q2	Q3	Q4	Total	
Requested	2022	Demand	767	1,462	–	–	2,229
		Requested Dollars	\$22,512,771	\$239,814,507	–	–	\$262,327,278
		Avg. Days Outstanding	214	214	–	–	214
	2021	Demand	373	2,129	–	–	2,502
		Requested Dollars	\$10,061,559	\$217,172,776	–	–	\$227,234,334
		Avg. Days Outstanding	–	579	–	–	579
Reviewed	2022	Reviewed Apps.	–	4	1,818	376	2,189
		Reviewed Dollars	–	\$1,200	\$243,790,411	\$18,548,926	\$262,340,537
	2021	Reviewed Apps.	–	1	1,059	986	2,046
		Reviewed Dollars	–	\$21,766	\$17,691,940	\$108,646,751	\$126,360,457

Appendix A: RHC Program Metrics (Continued)

RHC Telecom Post-Commitment (Data through December 31, 2022)

Calendar Year		Q1	Q2	Q3	Q4	Total	
Submitted	2022	Invoice Counts	314	139	402	251	1,016
		Invoice Dollars	\$171,918,366	\$172,517,563	\$183,860,741	\$61,961,050	\$590,257,720
	2021	Invoice Counts	146	205	334	196	881
		Invoice Dollars	\$190,003,414	\$39,135,257	\$105,174,206	\$74,432,024	\$408,744,901
Disbursed	2022	Invoice Counts	330	139	359	302	1,130
		Invoice Dollars	\$168,756,779	\$172,090,074	\$181,844,040	\$62,215,028	\$584,905,921
	2021	Invoice Counts	162	180	313	214	869
		Invoice Dollars	\$193,196,879	\$38,390,872	\$92,026,088	\$67,288,856	\$390,902,695



**Universal Service
Administrative Co.**

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

ACTION ITEM

**Approval of Updated Rural Health Care Support Mechanism
2nd Quarter 2023 Programmatic Budget and
Demand Projection for the January 31, 2023 FCC Filing**

Action Requested

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 2nd Quarter 2023 (2Q2023) programmatic budget and demand projection for the Rural Health Care Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's January 31, 2023 quarterly filing.

Discussion

On a quarterly basis, USAC is required to submit to the FCC each program's budget¹ and projected demand for the upcoming quarter.²

Funding Requirement

USAC estimates the 2Q2023 funding requirement for the Rural Health Care Support Mechanism as follows:

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¹ See 47 C.F.R. § 54.715(c).

² See 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	1Q2023	Increase/ (Decrease)	2Q2023	Notes
Steady State:				
Program Funding Requirement	\$152.70	(\$0.04)	\$152.66	See Note 1 and Table B
Adjustments	(\$110.94)	\$110.94	\$0.00	See Note 2
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$41.76	\$110.90	\$152.66	
Prior Period Adjustments (difference between projections and actuals):				
Billings	\$23.50	(23.57)	(0.07)	
Interest Income	(0.01)	0.01	0.00	
Bad Debt Expense	(1.19)	1.19	0.00	
Total Prior Period Adjustments	\$22.30	(22.37)	(0.07)	
USAC Administrative Expenses ³	\$6.73	\$0.04	\$6.77	See Note 2 and Table D
Total Funding Requirement	\$70.79	\$88.57	\$159.36	

Note 1: On March 14, 2022, the Commission announced a funding cap for Funding Year 2022 of \$637.72 million.⁴ The Program Funding Requirement represents one quarter of the Funding Year 2022 cap, less USAC administrative costs. See Table B below for additional detail.

Note 2: Based on FCC guidance, USAC will use available carry forward funds as of June 30, 2022 to reduce collections for 4Q2022 and subsequent quarters after first reserving sufficient funds to meet demand above the cap for Funding Year 2022 (including estimated administrative expenses).

Table B. Funding Year 2022 Program Funding Requirement

<i>(in millions)</i>	Fund Year 2022	Notes
Funding Year 2022 Cap	\$637.72	See Note 1
Quarterly Funding Requirement for Funding Year 2022	\$159.43	
Less USAC Administrative Costs, which are covered within the Funding Cap	(6.77)	
2Q2023 Program Funding Requirement	\$152.66	

Note 3: Table C is an annual schedule that is updated once a year and reports funding

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 2022*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice, 271 (2022).

available to carry forward as of June 30, 2022.

Table C. Funding Year 2022 Available Roll Forward

<i>(in millions)</i>	Net Change
Unused Funds	
Available Funds	\$685.99
Disbursements	(591.10)
Reserved Funds	
a. Pending Applications to Process	527.58
b. Unliquidated Obligations (ULOs)	(221.18)
c. Appeals Reserve - USAC Appeals	(9.87)
d. Appeals Reserve - FCC Appeals	(10.91)
Total Unused Funds	\$380.50

Based on the projected burn rate, USAC estimates the following 2Q2023 programmatic budget:

Table D. Quarterly Programmatic Budget

<i>(in millions)</i>	1Q2023 Budget	Increase/ (Decrease)	2Q2023 Budget	Notes
Direct Program Costs				
Employee Expenses	\$1.65	\$0.00	\$1.65	
Professional Services	0.88	0.00	0.88	
General & Administrative	0.00	0.00	0.00	See Note 4
Total Direct Program Costs	\$2.53	\$0.00	\$2.53	
Direct Assigned Costs				
Employee Expenses	\$0.34	\$0.00	\$0.34	
Professional Services	1.33	0.01	1.34	
General & Administrative	0.28	0.00	0.28	See Note 4
Total Direct Assigned Costs	\$1.95	\$0.01	\$1.96	
Total Direct Program & Direct Assigned Costs	\$4.48	\$0.01	\$4.49	
Common Allocated Costs	\$2.25	\$0.03	\$2.28	
Total Programmatic Budget	\$6.73	\$0.04	\$6.77	

Note 4: General & Administrative expenses include reference materials and software licenses.

A comparison of actual expenditures to the budget for the twelve months ending December 31, 2022 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the 2Q2023 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 2023 Rural Health Care Support Mechanism direct program budget of \$4.49 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.49 million for Rural Health Care Support Mechanism administrative costs in the required January 31, 2023 filing to the Federal Communications Commission on behalf of the Committee; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on January 31, 2023 the 2nd Quarter 2023 Rural Health Care Support Mechanism demand estimate of \$159.36 million, hereby directs USAC staff to proceed with the required January 31, 2023 filing to the Federal Communications Commission 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, 2022

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	47	51	4	\$6.30	\$6.96	\$0.66
Professional Services (Note 5)				3.20	3.94	0.74
General & Administrative (Note 6)				0.00	0.02	0.02
Total Direct Program Costs				\$9.50	\$10.92	\$1.42
Direct Assigned Costs						
Employee Expenses	7	8	1	\$1.67	\$1.53	(\$0.14)
Professional Services (Note 5)				5.17	4.38	(0.79)
General & Administrative (Note 6)				0.90	0.98	0.08
Total Direct Assigned Costs				\$7.74	\$6.89	(\$0.85)
Total Direct Program & Direct Assigned Costs	54	59	5	\$17.24	\$17.81	\$0.57
Common Allocated Costs (Note 7)				\$10.59	\$10.02	(\$0.57)
Total Programmatic Budget				\$27.83	\$27.83	\$0.00

Note 5: Direct Program Professional Services include business process outsourcing (BPO) and rates database support. Direct Assigned Professional Services include beneficiary & contribution audit program audits and IT contract labor.

Note 6: General & Administrative expenses include reference materials and software licenses.

Note 7: 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. Actual common allocated costs reflect a reduction for costs allocated to the appropriated programs.