



Rural Health Care Committee

Briefing Book

Monday, October 30, 2023

1:20 p.m. - 2:00 p.m. ET

Available for Public Use

Universal Service Administrative Company

700 12th Street NW, Suite 900

Washington, DC 20005

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

<p>Monday, October 30, 2023 1:20 p.m. – 2:00 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 July 24, 2023</p> <p style="padding-left: 20px;">B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i></p>	5
Mark	<p>a2. Approval of Rural Health Care Support Mechanism 1st Quarter 2024 Programmatic Budget and Demand Projection for the November 2, 2023 FCC Filing</p>	5
Teleshia	<p>i1. Information on Two USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports <i>(For Information Only)</i></p>	–
Mark	<p>i2. Rural Health Care Business Update</p> <ul style="list-style-type: none"> • Q3 2023 Accomplishments • Q4 2023 Plans • Roadmap • Appendix: Metrics 	20

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Mark	<p>i3. Rural Health Care Business Update (<i>Continued, if needed</i>)</p>	–

Next Scheduled USAC Rural Health Care Committee Meeting

<p>Monday, January 29, 2024 USAC Offices, Washington, D.C.</p>

**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 July 24, 2023 (*see Attachment A-1*).
- B. Approval of moving the *Executive Session* item into *Executive Session*:
 - (1) **i2** – Rural Health Care Business Update (*Continued if needed*). 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, where discussion of the matter in open session would result in *disclosure of confidential techniques and procedures* that would compromise program integrity.

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 July 24, 2023; 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, July 24, 2023

(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, July 24, 2023. Dr. Kathy Wibberly called the meeting to order at 1:15 p.m. Eastern Time, with a quorum of all eight Committee members present:

Feiss, Geoff	Skrivan, Michael
Fontana, Brent – Vice Chair – <i>by telephone</i>	Wade, Dr. Joan
Freeman, Sarah	Waller, Jeff – <i>by telephone</i>
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 – *by telephone*
 Buzacott, Alan – Member of the Board
 Chalk, Indra – Member of the Board
 Davis, Craig – Vice President of Schools and Libraries
 Delmar, Teleshia – Vice President of Audit and Assurance
 Gaither, Victor – Vice President of High Cost – *by telephone*
 Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
 Gillan, Joe – Member of the Board
 Gregory, Amber – Member of the Board
 Hutchinson, Kyle – Vice President of IT and Chief Information Officer
 Sweeney, Mark – Vice President of Rural Health Care
 Wein, Olivia – Member of the Board
 Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Albert, Blythe	USAC
Augustino, Steven	Nelson, Mullins, Riley & Scarborough

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.

<u>NAME</u>	<u>COMPANY</u>
Braxton, Carolyn	USAC
Burchins, Jessica	Nelson Mullins Riley & Scarborough
Campbell, Jo-Ann	USAC
Claxton, Naomi	USAC
Faunce, Donna – <i>by telephone</i>	USAC
Goode, Vernell	USAC
James, Christine	USAC
Jaruboon, Jetshada – <i>by telephone</i>	Maximus
Krueger, Katie – <i>by telephone</i>	KPMG
Lawson, Suzanne	USAC
McCornac, Carolyn	USAC
Morgan, Meredith	USAC
Nuzzo, Patsy	USAC
Schrader, Theresa	Broadband Legal Strategies
Squire, Matt	USAC
Staurulakis, Chresanthe	USAC USAC
Walsh, Jeff	USAC
Xu, Wayne – <i>by telephone</i>	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 20, 2023.
- 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.

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 April 20, 2023; and (2) discussion in *Executive Session* of the item noted above.

- a2. Approval of Rural Health Care Support Mechanism 4th Quarter 2023 Programmatic Budget and Demand Projection for the August 2, 2023 Federal Communications Commission (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 Mechanism 4th Quarter 2023 programmatic budget and demand projection for the August 2, 2023 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 4th Quarter 2023 Rural Health Care Support Mechanism direct program budget of \$4.55 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.55 million for Rural Health Care Support Mechanism administrative costs in the required August 2, 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 July 24, 2023 the 4th Quarter 2023 Rural Health Care Support Mechanism demand estimate of \$170.98 million, hereby directs USAC staff to proceed with the required August 2, 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.

- i1. Information on Five USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Report.** This item was provided for *information purposes only*. No discussion was held. 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:
- 2Q2023 Accomplishments
 - Funding Year 2023 Demand Trends Analysis
 - Plans for 3Q2023
 - Roadmap

Available for Public Use

At 1:34 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. Sweeney and Mr. Hutchinson presented PowerPoint slides to the Committee, providing a status update on the Rural Health Care System modernization and associated outreach.

OPEN SESSION

At 1:45 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 i3.

On a motion duly made and seconded, the Committee adjourned at 1:46 p.m. Eastern Time.

/s/ Erin Williams
Assistant Secretary

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

ACTION ITEM

**Approval of Rural Health Care Support Mechanism
1st Quarter 2024 Programmatic Budget and Demand Projection for the
November 2, 2023 FCC Filing**

Action Requested

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve a 1st Quarter 2024 (Q1 2024) 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, 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 Q1 2024 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>	Q4 2023	Increase/ (Decrease)	Q1 2024	Notes
Steady State:				
Program Funding Requirement	\$163.81	(\$0.89)	\$162.92	See Note 1 and Table B
Adjustments	(\$73.76)	\$73.76	0.00	See Note 2
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$90.05	\$72.87	\$162.92	
Prior Period Adjustments (difference between projections and actuals):				
Billings	\$1.67	(\$3.21)	(\$1.54)	
Interest Income	(0.01)	0.01	0.00	
Bad Debt Expense	(1.27)	0.82	(0.45)	
Total Prior Period Adjustments	\$0.39	(\$2.38)	(\$1.99)	
USAC Administrative Expenses ³	\$6.78	\$0.89	\$7.67	See Table D
Total Funding Requirement	\$97.22	\$71.38	\$168.60	

Note 1: On March 9, 2023, the Commission announced a funding cap for Funding Year 2023 of \$682.36 million.⁴ The Program Funding Requirement represents one quarter of the Funding Year 2023 cap, less USAC administrative costs. See Table B below for additional details.

Note 2: The FCC directed USAC to use \$73.76 million of funds available as of July 31, 2023 to reduce required collections in Q4 2023.

Table B. Funding Year 2023 Program Funding Requirement

<i>(in millions)</i>	Fund Year 2023	Notes
Funding Year 2023 Cap	\$682.36	See Note 1
Quarterly Funding Requirement for Funding Year 2023	170.59	
Less USAC Administrative Costs, which are covered within the Funding Cap	(7.67)	
Q1 2024 Program Funding Requirement	\$162.92	

Note 3: The Funding Year 2023 filing window closed on May 1, 2023. Funds available to carry forward to Funding Year 2023 are set forth in the table below. Based on guidance provided by the FCC, USAC will reserve \$57.1 million to satisfy demand above the cap and \$50 million to carry forward to future funding years and will use remaining available funds of \$178.16 million to reduce required collections. \$104.40 million will be used to reduce required collections in Q3

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 2023*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice, DA 23-178 (2023).

2023 and \$73.76 million will be used to reduce required collections in Q4 2023.

Table C. Funding Year 2023 Available Roll Forward

<i>(in millions)</i>	Net Change
Unused Funds	
Available Funds	\$1,537.31
Disbursements	(523.19)
Reserved Funds	
a. Pending Applications to Process	(591.12)
b. Unliquidated Obligations (ULOs)	(169.31)
c. Appeals Reserve - USAC Appeals	8.26
d. Appeals Reserve - FCC Appeals	23.31
Total Unused Funds	\$285.26

Based on the projected burn rate, USAC estimates the following Q1 2024 programmatic budget:

Table D. Quarterly Programmatic Budget

<i>(in millions)</i>	Q4 2023 Budget	Increase/ (Decrease)	Q1 2024 Budget	Notes
Direct Program Costs				
Employee Expenses	\$1.76	\$0.09	\$1.85	
Professional Services	0.88	(0.17)	0.71	
General & Administrative	0.00	0.00	0.00	See Note 4
Total Direct Program Costs	\$2.64	(\$0.08)	\$2.56	
Direct Assigned Costs				
Employee Expenses	\$0.29	\$0.10	\$0.39	
Professional Services	1.33	0.05	1.38	
General & Administrative	0.29	(0.06)	0.23	See Note 4
Total Direct Assigned Costs	\$1.91	\$0.09	\$2.00	
Total Direct Program & Direct Assigned Costs	\$4.55	\$0.01	\$4.56	
Common Allocated Costs	\$2.23	\$0.88	\$3.11	
Total Programmatic Budget	\$6.78	\$0.89	\$7.67	

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

A comparison of actual expenditures to the budget for the nine months ending September 30, 2023 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the Q1 2024 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 2024 Rural Health Care Support Mechanism direct program budget of \$4.56 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.56 million for Rural Health Care Support Mechanism administrative costs in the required November 2, 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 October 30, 2023, the 1st Quarter 2024 Rural Health Care Support Mechanism demand estimate of \$168.60 million, hereby directs USAC staff to proceed with the required November 2, 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
Nine Months Ending September 30, 2023

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	47	52	5	\$4.92	\$4.95	\$0.03
Professional Services (Note 5)				1.90	2.64	0.74
General & Administrative (Note 6)				0.00	0.00	0.00
Total Direct Program Costs				\$6.82	\$7.59	\$0.77
Direct Assigned Costs						
Employee Expenses	7	8	1	\$1.42	\$1.02	(\$0.40)
Professional Services (Note 5)				4.71	4.00	(0.71)
General & Administrative (Note 6)				0.69	0.84	0.15
Total Direct Assigned Costs				\$6.82	\$5.86	(\$0.96)
Total Direct Program & Direct Assigned Costs	54	60	6	\$13.64	\$13.45	(\$0.19)
Common Allocated Costs (Note 7)				\$6.42	\$6.75	\$0.33
Total Programmatic Budget				\$20.06	\$20.20	\$0.14

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 (RHC) Committee

RHC Business Update

Open Session

October 30, 2023



Universal Service
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Agenda

- Q3 2023 Accomplishments
- Q4 2023 Plans
- Roadmap
- Appendix: Metrics

Q3 2023 Accomplishments

- Strong progress on Funding Year (FY) 2023 application processing.
- Second release of post-commitment activities for Healthcare Connect Fund (HCF) delivered September 22.
- Implemented campaign to publicize invoice deadline date (IDD) extension capability to targeted and general audiences.

Plans for Q4 2023

- Deliver commitments for 95 percent of all workable FY2023 applications by end of year.
- Open FY2024 application window on December 1.
- Third release of post-commitment HCF activities in RHC Connect targeted for December 2023.
- Drive towards a goal of zero appeals over 90 days.
- Develop capability to move Telecom application (FCC Form 466) to RHC Connect.

Roadmap



Milestone Legend

- At Risk
- On Track
- Completed

Appendix: RHC Program Metrics

RHC HCF Pre-Commitment (Data as of September 30, 2023)

Fund Year			Q1	Q2	Q3	Q4	Total
Requested	2023	Demand	8,712	4,156	14		12,882
		Requested Dollars	\$157,255,687	\$298,852,421	\$705,139		\$456,813,247
		Avg. Days Outstanding	153	152			153
	2022	Demand	4,890	5,694	3		10,587
		Requested Dollars	\$100,055,822	\$288,977,437	\$595,569		\$389,628,828
		Avg. Days Outstanding	486	486			486
Reviewed	2023	Reviewed Apps.	3	6,677	4,860		11,540
		Reviewed Dollars		\$55,632,945	\$81,484,784		\$137,117,729
	2022	Reviewed Apps.	3	15	8,434	2,854	11,306
		Reviewed Dollars	\$1,219,089		\$85,506,336	\$111,070,429	\$197,795,854

Appendix A: RHC Program Metrics (Continued)

RHC HCF Post-Commitment (Data as of September 30, 2023)

Calendar Year		Q1	Q2	Q3	Q4	Total	
Submitted	2023	Invoice Counts	2,842	1,869	7,801	12,512	
		Invoice Dollars	\$47,992,655	\$25,961,751	\$94,346,458	\$168,300,864	
	2022	Invoice Counts	3,109	1,711	8,911	2,688	16,419
		Invoice Dollars	\$41,482,993	\$24,254,930	\$103,611,477	\$39,898,776	\$209,248,176
Disbursed	2023	Invoice Counts	2,795	1,809	7,276	11,880	
		Invoice Dollars	\$41,303,067	\$17,737,678	\$73,609,173	\$132,649,918	
	2022	Invoice Counts	3,049	1,702	8,883	2,598	16,232
		Invoice Dollars	\$38,114,060	\$23,225,835	\$100,380,566	\$36,550,578	\$198,271,039

Appendix A: RHC Program Metrics (Continued)

RHC Telecom Pre-Commitment (Data as of September 30, 2023)

Fund Year		Q1	Q2	Q3	Q4	Total	
Requested	2023	Demand	1,098	753			1,851
		Requested Dollars	\$124,408,560	\$127,226,712			\$251,635,272
		Avg. Days Outstanding	152	152			152
	2022	Demand	767	1,462	-	-	2,229
		Requested Dollars	\$22,512,771	\$239,814,507	-	-	\$262,327,278
		Avg. Days Outstanding	486	486			486
Reviewed	2023	Reviewed Apps.	-	837	747		1,584
		Reviewed Dollars	-	\$8,227,809	\$163,351,695		\$171,579,504
	2022	Reviewed Apps.	-	4	1,786	376	2,166
		Reviewed Dollars	-	\$1,200	\$216,437,605	\$16,982,769	\$233,421,574

Appendix A: RHC Program Metrics (Continued)

RHC Telecom Post-Commitment (Data as of June 20, 2023)

Calendar Year		Q1	Q2	Q3	Q4	Total	
Submitted	2023	Invoice Counts	171	133	365	669	
		Invoice Dollars	\$178,915,249	\$177,687,934	\$188,517,689	\$545,120,872	
	2022	Invoice Counts	310	133	397	251	1,091
		Invoice Dollars	\$171,703,036	\$171,835,156	\$188,142,299	\$178,713,311	\$710,393,802
Disbursed	2023	Invoice Counts	171	133	308	612	
		Invoice Dollars	\$178,091,279	\$176,963,756	\$182,782,656	\$537,837,691	
	2022	Invoice Counts	310	133	397	251	1,091
		Invoice Dollars	\$171,680,949	\$171,835,156	\$188,042,507	\$177,889,341	\$709,447,953



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