



Rural Health Care Committee

Briefing Book

Monday, July 28, 2025

11:45 a.m. - 12:25 p.m. Eastern Time

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**

**Monday, July 28, 2025
11:45 a.m. – 12:25 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005**

<u>OPEN SESSION</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Chair	a1. Consent Items (each available for discussion upon request): A. Approval of Rural Health Care Committee Meeting Minutes of April 28, 2025 B. Approval of moving all <i>Executive Session</i> items into <i>Executive Session</i>	5
Mark	a2. Approval of Rural Health Care Support Mechanism 4th Quarter 2025 Programmatic Budget and Demand Projection for the August 1, 2025, FCC Filing	5
Mark	i1. Rural Health Care Business Update <ul style="list-style-type: none"> • Q2 2025 Accomplishments • Q3 2025 Plans 	15

<u>INFORMATION ONLY</u> Available for Public Use		<i>Estimated Duration in Minutes</i>
Mark	i2. Rural Health Care Business Update (<i>continued</i>) <ul style="list-style-type: none"> • Roadmap • Appendix A: Rural Health Care Metrics 	—
Teleshia	i3. Information on Four USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports	—

<u>EXECUTIVE SESSION</u> Confidential – Executive Session Recommended		<i>Estimated Duration in Minutes</i>
Kyle Mark	i4. Rural Health Care Business Update (<i>Continued</i>) <ul style="list-style-type: none"> • My Portal Decommissioning Update • Funding Year 2025 Preliminary Demand Analysis 	15

Next Scheduled USAC Rural Health Care Committee Meeting

**Monday, October 27, 2025
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 April 28, 2025 (*see Attachment A*)
- B. Approval of moving the *Executive Session* item into *Executive Session*:
 - (1) **i4.** 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 and/or confidential company data* that would constitute a discussion of internal rules and procedures.

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 RESOLUTIONS:

RESOLVED, that the Rural Health Care Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of April 28, 2025; 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, April 28, 2025

(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, April 28, 2025. Dr. Kathy Wibberly called the meeting to order at 11:45 a.m. Eastern Time, with a quorum of seven of the eight committee members present.

Freeman, Sarah	Thompson, Mona – <i>by telephone</i>
Green, Anisa	Waller, Jeff – <i>by telephone</i>
Kettwich, Dan	Wibberly, Dr. Kathy – Chair
Sekar, Radha – Chief Executive Officer	
- <i>by telephone</i>	

Members of the Committee not present:

Semmler, Kara

Other Board members and officers of the corporation present:

Beyerhelm, Chris – Vice President and Chief Administrative Officer
Butler, Stephen – Vice President of Shared Services
Chacko, Sheba – Member of the Board – *by telephone*
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
Garber, Michelle – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
Gregory, Amber – Member of the Board
Mason, Ken – Member of the Board
O'Brien, Tim – Vice President of Lifeline
Sanquist, Christine – Member of the Board – *by telephone*
Schell, Julie Tritt – Member of the Board

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

Sweeney, Mark – Vice President of Rural Health Care
 Wade, Dr. Joan – Member of the Board
 Wein, Olivia – Member of the Board
 Williams, Erin – Vice President, General Counsel, and Assistant Secretary

Others present:

<u>NAME</u>	<u>COMPANY</u>
Allison, Sarah	USAC
Bonomo, Philip	FCC
Braxton, Carolyn	USAC
Calhoun, Mitch	USAC
Campos, Rosy – <i>by telephone</i>	N/A
Cardile, Christina – <i>by telephone</i>	USAC
Claxton, Naomi	USAC
Corra, Kristen – <i>by telephone</i>	SHLB Coalition
Corriher, Kim Gaffney – <i>by telephone</i>	Southern Ohio Health Care Network
Estrella, Giulianna	USAC
Goode, Vernell	USAC
Green, Kevin	USAC
Little, Chris	USAC
McCornac, Carolyn	USAC
Mitchell, Katherine	USAC
Morgan, Meredith	USAC
Morning, Kimberly – <i>by telephone</i>	Morgan Lewis
Nguyen, Thao – <i>by telephone</i>	Federal Funding Group
Nuzzo, Patsy	USAC
Sadirkhanova, Sabina – <i>by telephone</i>	USAC
Staurulakis, Chresanthe	USAC
Walsh, Jeff	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 the Rural Health Care Committee meeting minutes of January 27, 2025.

B. Approval of moving one *Executive Session* item into *Executive Session*:

- (1) **i4.** 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 and/or confidential company data that would constitute a discussion of *internal rules and procedures*.

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

RESOLVED, that the Rural Health Care Committee of the USAC Board of Directors hereby approves: (1) the Committee meeting minutes of January 27, 2025; and (2) discussion in *Executive Session* of the item noted above.

- a2. Approval of Rural Health Care Support Mechanism 3rd Quarter 2025 Programmatic Budget and Demand Projection for the May 2, 2025 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 3rd Quarter 2025 programmatic budget and demand projection for the May 2, 2025 quarterly 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 3rd Quarter 2025 Rural Health Care Support Mechanism direct program budget of \$4.26 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.26 million for Rural Health Care Support Mechanism administrative costs in the required May 2, 2025, 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 April 28, 2025, the 3rd Quarter 2025 Rural Health Care Support Mechanism demand estimate of \$179.03 million, hereby directs USAC staff to proceed with the required May 2, 2025 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. Rural Health Care Business Update.** Mr. Sweeney presented PowerPoint slides to the Committee providing and update on the following:
- Q1 2025 Accomplishments
 - Q2 2025 Program Plans

i2. **Rural Health Care Business Update (Continued).** This item was provided for *information purposes only*. No discussion was held. Dr. Wibberly noted that the Rural Health Care materials listed below would be made public and posted to the USAC website.

- Roadmap
- Appendix A: Rural Health Care Metrics

i3. **Information on Three USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports.** 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.

At 12:11 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 FCC and USAC staff were present.

EXECUTIVE SESSION

i4. **Rural Health Care Business Update (Continued).** Discussions were conducted held in response to confidential questions asked by the Committee.

OPEN SESSION

At 12:19 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 i4.

On a motion duly made and seconded, the Committee adjourned at 12:19 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
4th Quarter 2025 Programmatic Budget and Demand Projection for the
August 1, 2025 FCC Filing**

Action Requested

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve a 4th Quarter 2025 (Q4 2025) programmatic budget and demand projection for the Rural Health Care Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's August 1, 2025, 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 Q4 2025 funding requirement for the Rural Health Care Support Mechanism as follows:

[Remainder of page is intentionally blank.]

¹ 47 C.F.R. § 54.715(c).

² 47 C.F.R. § 54.709(a)(3).

Table A. Program Funding Requirement

<i>(in millions)</i>	Q3 2025	Increase/ (Decrease)	Q4 2025	Notes
Steady State:				
Program Funding Requirement	\$172.36	(\$0.72)	\$171.64	See Note 1 and Table B
Adjustments	0.00	0.00	0.00	
New Requirements:				
N/A	0.00	0.00	0.00	
Total Program Funding Requirement	\$172.36	(\$0.72)	\$171.64	
Prior Period Adjustments (difference between projections and actuals):				
Billings	(\$0.55)	\$1.41	\$0.86	
Interest Income	0.13	(0.16)	(0.03)	
Bad Debt Expense	(1.52)	0.81	(0.71)	
Total Prior Period Adjustments	(\$1.94)	\$2.06	\$0.12	
USAC Administrative Expenses ³	\$8.61	\$0.72	\$9.33	See Table D
Total Funding Requirement	\$179.03	\$2.06	\$181.09	

Note 1: On March 7, 2025, the FCC announced a funding cap for Funding Year 2025 of \$723.89 million.⁴ The Program Funding Requirement represents one quarter of the Funding Year 2025 cap, less USAC administrative costs. See Table B below for additional details.

Table B. Funding Year 2025 Program Funding Requirement

<i>(in millions)</i>	Fund Year 2025	Notes
Funding Year 2025 Cap	\$723.89	See Note 1
Quarterly Funding Requirement for Funding Year 2025	180.97	
Less USAC Administrative Costs, which are covered within the Funding Cap	(9.33)	
Q4 2025 Program Funding Requirement	\$171.64	

Note 2: The Funding Year 2025 filing window closed on June 2, 2025. Based on applications received within the filing window, demand for Funding Year 2025 of \$787.21million exceeds the funding cap. Funds available to carry forward to Funding Year 2025 as of May 31, 2025 are set forth in the table below. Based on guidance provided by the FCC, USAC will carry forward up to \$129.30 million in unused funds from prior funding years to the extent necessary to satisfy

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 2025*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice 25-199, (Mar. 7, 2025).

funding year 2025 RHC Program demand above the cap.

Note 3: Table C represents the change in available funding as of May 31, 2025.

Table C. Funding Year 2025 Available Roll Forward

<i>(in millions)</i>	Net Change
Unused Funds	
Remaining Available Funds from Prior Fund Year	(\$188.77)
Reserved Funds	
a. Pending Applications to Process	136.33
b. Unliquidated Obligations (ULOs)	201.30
c. Appeals Reserve - USAC Appeals	(14.58)
d. Appeals Reserve - FCC Appeals	(4.98)
Total Unused Funds	\$129.30

Based on the projected burn rate, USAC estimates the following Q4 2025 programmatic budget:

Table D. Quarterly Programmatic Budget

<i>(in millions)</i>	Q3 2025 Budget	Increase/ (Decrease)	Q4 2025 Budget	Notes
Direct Program Costs				
Employee Expenses	\$1.85	\$0.28	\$2.13	
Professional Services	0.99	(0.12)	0.87	
General & Administrative	0.00	0.01	0.01	See Note 4
Total Direct Program Costs	\$2.84	\$0.17	\$3.01	
Direct Assigned Costs				
Employee Expenses	\$0.41	\$0.09	\$0.50	
Professional Services	0.81	0.17	0.98	
General & Administrative	0.20	(0.01)	0.19	See Note 4
Total Direct Assigned Costs	\$1.42	\$0.25	\$1.67	
Total Direct Program & Direct Assigned Costs	\$4.26	\$0.42	\$4.68	
Common Allocated Costs	\$4.35	\$0.30	\$4.65	
Total Programmatic Budget	\$8.61	\$0.72	\$9.33	

Note 4: General & Administrative expenses include meetings and conferences and software licenses.

A comparison of actual expenditures to the budget for the six months ending June 30, 2025 is provided in **Attachment 1**.

Recommendation

USAC management recommends that the Committee approve the Q4 2025 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 4th Quarter 2025 Rural Health Care Support Mechanism direct program budget of \$4.68 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee directs USAC staff to submit a collection requirement of \$4.68 million for Rural Health Care Support Mechanism administrative costs in the required August 1, 2025, 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 28, 2025, the 4th Quarter 2025 Rural Health Care Support Mechanism demand estimate of \$181.09 million, hereby directs USAC staff to proceed with the required August 1, 2025 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
Six Months Ending June 30, 2025

<i>(\$ in millions)</i>	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	52	51	(1)	\$3.66	\$3.66	\$0.00
Professional Services (Note 5)				1.00	1.00	0.00
General & Administrative (Note 6)				0.00	0.00	0.00
Total Direct Program Costs				\$4.66	\$4.66	\$0.00
Direct Assigned Costs						
Employee Expenses	8	8	0	\$0.81	\$0.80	(\$0.01)
Professional Services (Note 5)				2.57	2.64	0.07
General & Administrative (Note 6)				0.67	0.38	(0.29)
Total Direct Assigned Costs				\$4.05	\$3.82	(\$0.23)
Total Direct Program & Direct Assigned Costs	60	59	(1)	\$8.71	\$8.48	(\$0.23)
Common Allocated Costs (Note 7)				\$8.36	\$8.40	\$0.04
Total Programmatic Budget				\$17.07	\$16.88	(\$0.19)

Note 5: Direct Program Professional Services include business process outsourcing (BPO). 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

July 28, 2025

Agenda

- Q2 2025 Accomplishments
- Q3 2025 Program Plans

Q2 2025 Accomplishments

- Operations
 - Closed Funding Year (FY) 2025 application window with no major issues
 - 30-day “late applications window” completed July 2, 2025
 - Began commitments for FY2025 on July 2, 2025, 30 days after window close
- FY2025 Demand Summary
 - Initial Gross demand – \$801M (FY2024 was \$754 million) is a new high for RHC program
 - Withdrawn during window – \$13 million
 - Net demand – \$788 million
 - With a cap of \$723 million, the FCC authorized use of \$100 million from the Contingency fund to satisfy the demand in full, inclusive of USAC program costs
 - Volume of applications was almost identical to FY2024

Q2 2025 Accomplishments (Continued)

- Appeals
 - Current appeal backlog reduced in Q2 2025 due to increased appeal completions (total received – 61, total completed – 50), current appeals backlog is 119 with 59 of that over 90 days old. The oldest appeal in hand is from Q4 2024.
- Outreach and Training
 - Eight completed webinars including placeholders for an appeals webinar, post-commitment change deadline campaign, and Connected Care Pilot Program (CCPP) support sessions.
- Modernization
 - Completed initial release of Telecom post-commitment activity in RHC Connect on June 6, 2025.
 - Enacted updates to 2020 Census data for rurality designations June 20, 2025.

Q2 2025 Accomplishments (Continued)

- Business Process Outsourcing (BPO) Transition
 - Moved six experienced internal Eligibility Team members to the Application Review Team
 - Converted three Quality Control Team members to the Application Review Team
 - Increased one full time employee, and three loaned resources from other USAC teams to augment the Eligibility Team
- Operational Results to Date
 - Began processing commitments for FY2025 on July 2, 30 days after the window closed. The first batch committed 718 applications, representing 5 percent of the workable applications \$148.7 million, which is 19 percent of the demand.
 - Status of commitments 45 days after the window close:

	Applications Committed*	Committed Value*
HCF	4273 (32%)	\$61 million (11%)
Telecom	846 (54%)	\$147 million (53%)

* To be updated prior to the Committee meeting

Q3 2025 Program Plans

- Operations
 - Continue processing FY2025 applications towards goal of 95 percent workable complete by end of year
- Modernization
 - Complete remaining Telecom post-commit activities and invoicing activities in RHC Connect
- Invoicing & Appeals
 - Continue Appeals Recovery Plan with a target of zero appeals over 90 days old by year end
- Program Integrity
 - Implementing corrective action plans based on the Fraud Risk Assessment





Rural Health Care (RHC) Committee

RHC Business Update

Open Session - Information Only

July 28, 2025

Agenda

- Road Map
- Metrics

Roadmap



Appendix A: RHC Program Metrics

HCF Pre-Commitment (Data as of June 30, 2025)

Funding Year			Q1	Q2	Q3	Q4	Total
Requested	2025	Demand	6,649	6,264			12,913
		Requested Dollars	\$134,420,533	\$387,018,294			\$523,438,827
		Avg. Days Outstanding	134	48			92
	2024	Demand	8,399	4,110	4	1	12,514
		Requested Dollars	\$209,113,746	\$282,298,256	\$187,572	\$2,635,071	\$494,234,645
		Avg. Days Outstanding	471	426	335		411
Reviewed	2025	Reviewed Apps.	3	10			13
		Reviewed Dollars	\$24,657				\$24,657
	2024	Reviewed Apps.		3,242	7,323	1,966	12,531
		Reviewed Dollars		\$31,043,495	\$145,170,958	\$110,923,946	\$287,138,399

Dollar values displayed have been rounded. Totals are calculated based on the original (not rounded) figures.

Appendix A: RHC Program Metrics (Continued)

HCF Post-Commitment (Data as of June 30, 2025)

Calendar Year			Q1	Q2	Q3	Q4	Total
Submitted	2025	Invoice Counts	4,273	2,476			6,749
		Invoice Dollars	\$100,231,129	\$30,798,388			\$131,029,517
	2024	Invoice Counts	4,043	2,247	8,489	3,591	18,370
		Invoice Dollars	\$80,445,699	\$43,384,689	\$108,233,876	\$59,022,415	\$291, 086,679
Disbursed	2025	Invoice Counts	4,179	2,198			6,377
		Invoice Dollars	\$85,367,516	\$20,717,674			\$106,085,190
	2024	Invoice Counts	3,985	2,205	8,390	3,542	18,122
		Invoice Dollars	\$75,082,180	\$40,025,635	\$103,703,875	\$58,230,762	\$277,042,452

Dollar values displayed have been rounded. Totals are calculated based on the original (not rounded) figures.

Appendix A: RHC Program Metrics (Continued)

Telecom Pre-Commitment (Data as of June 30, 2025)

Fund Year			Q1	Q2	Q3	Q4	Total
Requested	2025	Demand	513	1,032			1,545
		Requested Dollars	\$109,888,195	\$168,456,332			\$278,344, 527
	2024	Demand	655	1,112			1,767
		Requested Dollars	\$134,929,237	\$113,831,627			\$248,760,863
Reviewed	2025	Reviewed Applications	7	16			23
		Reviewed Dollars	\$129,656	\$13,095,658			\$13,255,314
	2024	Reviewed Applications	2	106	605	601	1,314
		Reviewed Dollars	\$0	\$35,906,727	\$146,378,378	\$28,112,514	\$210,397,619

Dollar values displayed have been rounded. Totals are calculated based on the original (not rounded) figures.

Appendix A: RHC Program Metrics (Continued)

Telecom Post-Commitment (Data as of June 30, 2025)

Calendar Year			Q1	Q2	Q3	Q4	Total
Submitted	2025	Invoice Counts	587	542			1,129
		Invoice Dollars	\$78,538,023	\$66,402,007			\$144,940,031
	2024	Invoice Counts	216	202	309	430	1,157
		Invoice Dollars	\$74,663,786	\$53,156,112	\$59,158,258	\$57,279,762	\$244,257,918
Disbursed	2025	Invoice Counts	587	527			1,114
		Invoice Dollars	\$78,538,023	\$66,078,456			\$144,616,480
	2024	Invoice Counts	216	201	309	429	1,155
		Invoice Dollars	\$74,663,786	\$53,156,112	\$59,158,258	\$57,279,762	\$244,257,918

Dollar values displayed have been rounded. Totals are calculated based on the original (not rounded) figures.

