

A woman in a dark t-shirt is standing by the side of a hospital bed, holding a tablet computer. She is looking at the tablet and talking to an elderly woman who is lying in the bed. The room is dimly lit, and there are medical monitors and equipment visible in the background. The entire image has a blue tint.

FCC Report and Order 19-78

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Today's Presenters



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Agenda

1. FCC Report and Order 19-78 Summary
2. Major Changes
3. What's Next

Glossary

Acronym	Meaning
FCC	Federal Communications Commission
HCF	Healthcare Connect Fund
FY	Funding Year

FCC Report and Order 19-78

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FCC Report and Order 19-78

- Draft Report and Order released to public on July 11, 2019, voted on August 1, 2019. The FCC released the final Report and Order on August 20, 2019.
- Takes action to promote transparency and predictability, and to further the efficient allocation of limited program resources while guarding against waste, fraud, and abuse.
- Does not affect Funding Year (FY) 2019 funding requests and applications.
- Read the Report and Order [here](#).

FCC Order 19-78

- Adopts changes to every part of the application process.
- There are still two subprograms:
 - Healthcare Connect Fund (HCF) Program
 - Telecommunications (Telecom) Program
- Applicants will still be required to seek eligibility, submit requests for funding, requests for services, and invoicing forms.

Summary of FCC Order 19-78

The Report and Order:

- Reforms the distribution of RHC Program funding to promote efficiency and reduces incentives ingrained in the Telecom Program rules that encourage waste, fraud, and abuse;
- Targets funding to those rural areas in the most need of health care services and ensures that eligible rural health care providers continue to benefit from RHC Program funding;
- Strengthens the competitive bidding requirements to ensure that program participants comply with the RHC Program rules and procedures, and improves uniformity and transparency across both RHC programs;

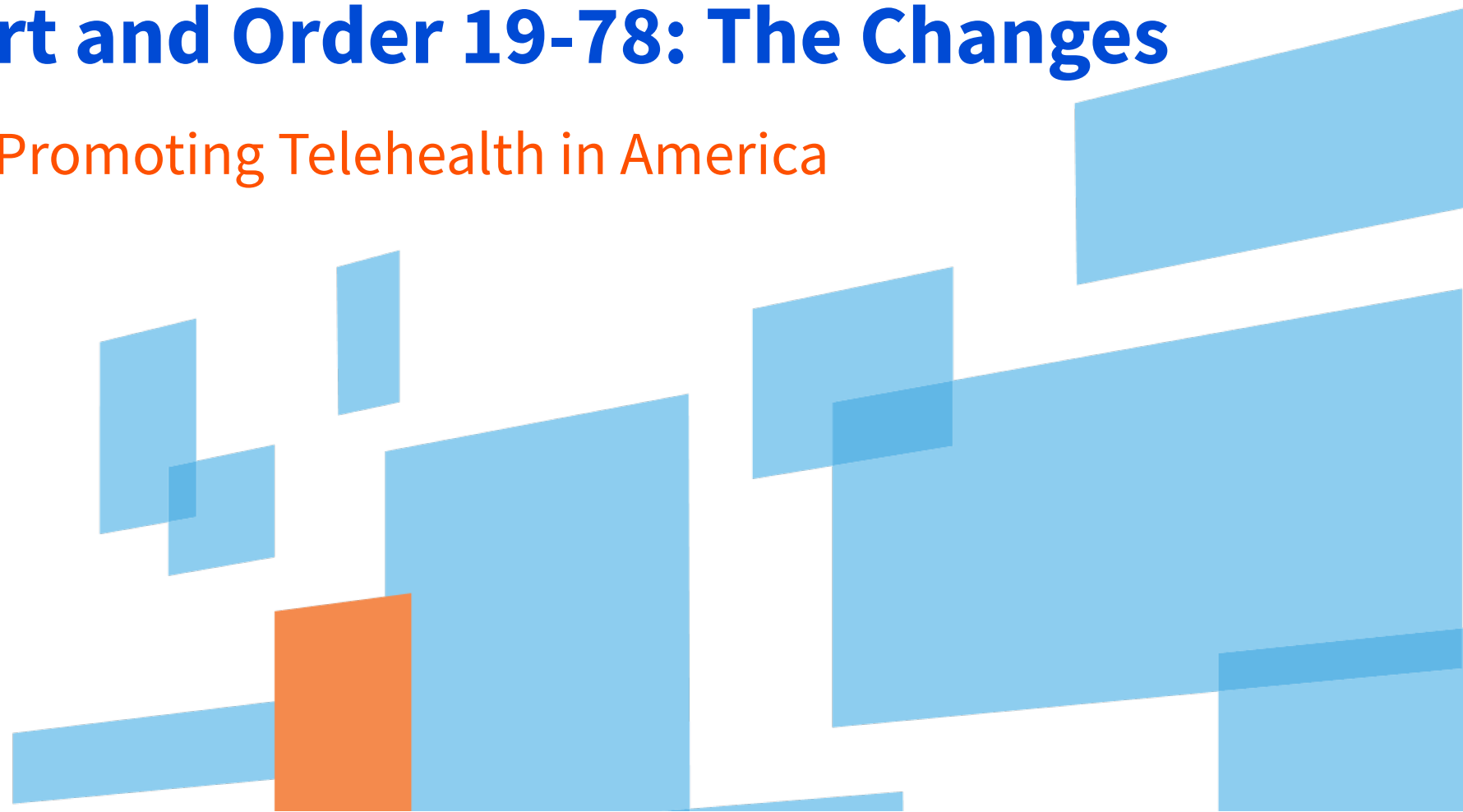
Summary of FCC Order 19-78 (cont.)

The Report and Order:

- Simplifies the application process for program participants and provides more clarity regarding the RHC Program procedures and conforms the procedures to establish consistency in the administration of the Universal Service Fund programs; and
- Increases transparency in the RHC Program, and ensures that all applicants receive complete and timely information to help inform their decisions regarding RHC eligible services and purchases.

FCC Report and Order 19-78: The Changes

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Tiered Rurality and Prioritization of Support

- The RHC Program will continue to use the same definition of “rural area” under the FCC’s rules. In the case where demand exceeds available funding, USAC will prioritize funding based on the following rurality tiers and those areas in a Medically Underserved Area/Population (MUA/P).
 - *Extremely Rural*: areas entirely outside of a Core Based Statistical Area .
 - *Rural*: areas within a Core Based Statistical Area that do not have an urban area or urban clusters with a population of 25,000 or greater.
 - *Less Rural*: areas in a Core Based Statistical Area that contain an urban area or urban cluster with a population of 25,000 or greater, but are within a specific census tract that itself does not contain any part of an urban cluster or urban area with a population of 25,000 or greater.
 - *Non-Rural*: All other non-rural areas.

Tiered Rurality and Prioritization of Support

- Since the rural definition has not changed, health care providers (HCPs) currently approved as “rural” will retain their rural status.
- The RHC Program will assign your rurality tier and should funding demand exceed available funding, USAC will first fully fund all eligible requests by HCPs consistent with the FCC’s priority schedule.

Tiered Rurality and Prioritization of Support

Health Care Provider Site is Located in:	MUA/P	Not in MUA/P
Extremely Rural Tier	<i>Priority 1</i>	<i>Priority 4</i>
Rural Tier	<i>Priority 2</i>	<i>Priority 5</i>
Less Rural Tier	<i>Priority 3</i>	<i>Priority 6</i>
Non-Rural Area ³⁵¹	<i>Priority 7</i>	<i>Priority 8</i>

Consortium Rurality

- Beginning in FY2020, all current and new consortia must be majority rural.
- The Report and Order eliminates the three-year grace period for consortia to become majority rural; there will be no grandfathering of prior Pilot Program consortia or other existing consortia.
- “Majority Rural” means that more than 50% of participating HCPs in a consortia must be rural.
 - For example, if a consortia has five participating HCPs, at least three of those HCPs must be in a rural area.
- Funding requests filed by consortia that are not in compliance with the majority-rural threshold at the time the funding request is submitted will be denied.
- The “majority rural” consortia percentage requirement will automatically increase by 5% for the following funding year whenever RHC Program demand exceeds the funding cap (up to a maximum of 75%).

Competitive Bidding

Competitive Bidding Period

- For FY2021 and forward, the competitive bidding period will commence on July 1 of the prior calendar year. So, for FY2021, applicants may begin the competitive bidding period on July 1, 2020.

Competitive Bidding Exemptions in the Telecom Program

- Starting in FY2020, Telecom Program applicants may use the following competitive bidding exemptions currently available in the HCF Program: Government Master Service Agreements, Evergreen Contracts, Master Service Agreements approved in other RHC programs, and master contract approved in E-Rate.
 - The HCF Program competitive bidding exemption when requesting less than \$10,000 in undiscounted support will not extend to the Telecom Program.

Competitive Bidding

Bid Evaluation Criteria

- An HCP must specify on its bid evaluation worksheet and/or scoring matrix the requested services for which it seeks bids, the information provided to bidders to allow them to reasonably determine the HCP's needs, its minimum requirements for the specified criteria, and each service provider's proposed service levels for the specified criteria.
- The HCP must also specify its disqualification factors, if any, that it will use to remove bids or bidders from further consideration.

Rural and Urban Rates (Telecom Program Only)

- The Report and Order eliminates distance-based support, use of a cost-based study to identify the appropriate rates, and the limitation of support on satellite services.
- Beginning in FY2021, USAC will determine the urban and rural rates for each eligible service in each state and include the rates in a database publicly available on its website.
- The first set of urban and rural rates will be posted to USAC's website no later than July 1, 2020.

Rural Rates (Telecom Program Only)

- The rural rate will be the median of all available rates for the same or functionally similar service offered within the rural tier, applicable to the HCP's location within the state.
- Rural Rate: The rural rate will be determined by USAC using the following tiers in which an HCP is located:
 - *Extremely Rural*: areas entirely outside of a Core Based Statistical Area;
 - *Rural*: areas within a Core Based Statistical Area that do not have an Urban Area with a population of 25,000 or greater;
 - *Less Rural*: areas in a Core Based Statistical Area that contain an Urban Area with a population of 25,000 or greater, but are within a specific census tract that itself does not contain any part of a Place or Urban Area with a population of greater than 25,000; and,
 - *Frontier* (for HCPs located in Alaska only): areas outside of a Core Based Statistical Area that are inaccessible by road as determined by the Alaska Department of Commerce, Community, and Economic Development, Division of Community and Regional Affairs.

Urban Rates (Telecom Program Only)

- Urban Rate: The urban rate will be the median of all available rates identified by USAC for functionally similar services in all urbanized areas of the state where the HCP is located to the extent that urbanized area falls within the state.

Which rate will you use?

- Rural rates: HCPs must use the lower of the rural rate available in USAC's database or the rural rate included in the service agreement that the HCP enters into with the service provider when requesting funding.
- Urban rates: HCPs must use the urban rate available in USAC's database.

Post-Commitment

Invoicing Deadlines

- Under current FCC rules, the Telecom Program has no invoicing deadline, and the HCF Program invoicing deadline is six months from the funding commitment end date.
- Effective FY2020, the invoicing deadline will be four months (120 days) from the service delivery deadline or the date of a revised FCL approving a post-commitment request or a successful appeal of a previously denied or reduced funding request, whichever comes later, in both RHC Programs.
- There will be a new process to request a single 120-day extension of the invoicing deadline.

Post-Commitment

Service Delivery Deadline

- The service delivery deadline for recurring and non-recurring services is currently the funding end date, no later than June 30, as indicated on an applicant's funding commitment letter (FCL).
- There are instances in which USAC has issued an FCL with a funding end date prior to June 30 to coincide with a contract end date.
- Effective FY2020, the service delivery deadline is June 30 of the funding year for which the program support is sought.
- Applicants can receive a one-year extension of the deadline for non-recurring services if they meet the following criteria.

Post-Commitment Changes

Site and Service Substitutions

- The HCF Program currently permits site and service substitutions. Effective FY2020, site and service substitutions are now allowed in the Telecom Program as well.
- Applicants will be required to submit all site and service substitution requests by the applicable service delivery deadline.

Service Provider Identification Number (SPIN) Changes

- The scenarios under which SPIN changes can be requested have now been formalized. All SPIN changes must be requested by the applicable service delivery deadline.

Additional Changes

HCF Program \$150M Cap

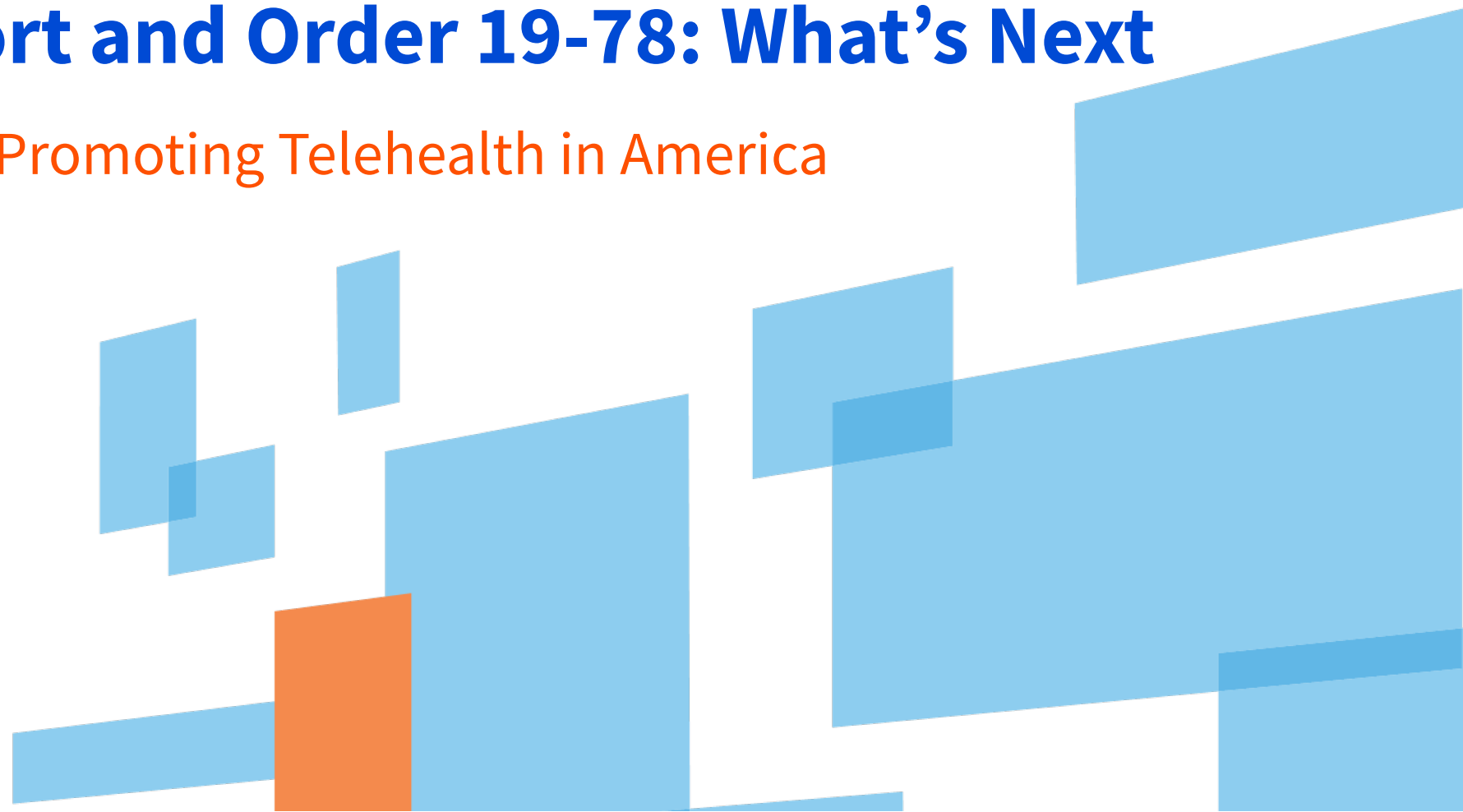
- In FY2020 and subsequent funding years, the \$150 million cap on multi-year commitments and upfront payments in the HCF Program shall also be increased annually to take into account increases in the rate of inflation similar to the overall cap for the RHC Program.

Consultant or Outside Expert Information (Declaration of Assistance)

- If an HCP uses a consultant or outside expert, it must provide information for the consultant or outside expert in a declaration of assistance.
- The HCP must also describe the nature of the relationship it has with any consultant or other outside expert identified in its declaration of assistance.

FCC Report and Order 19-78: What's Next

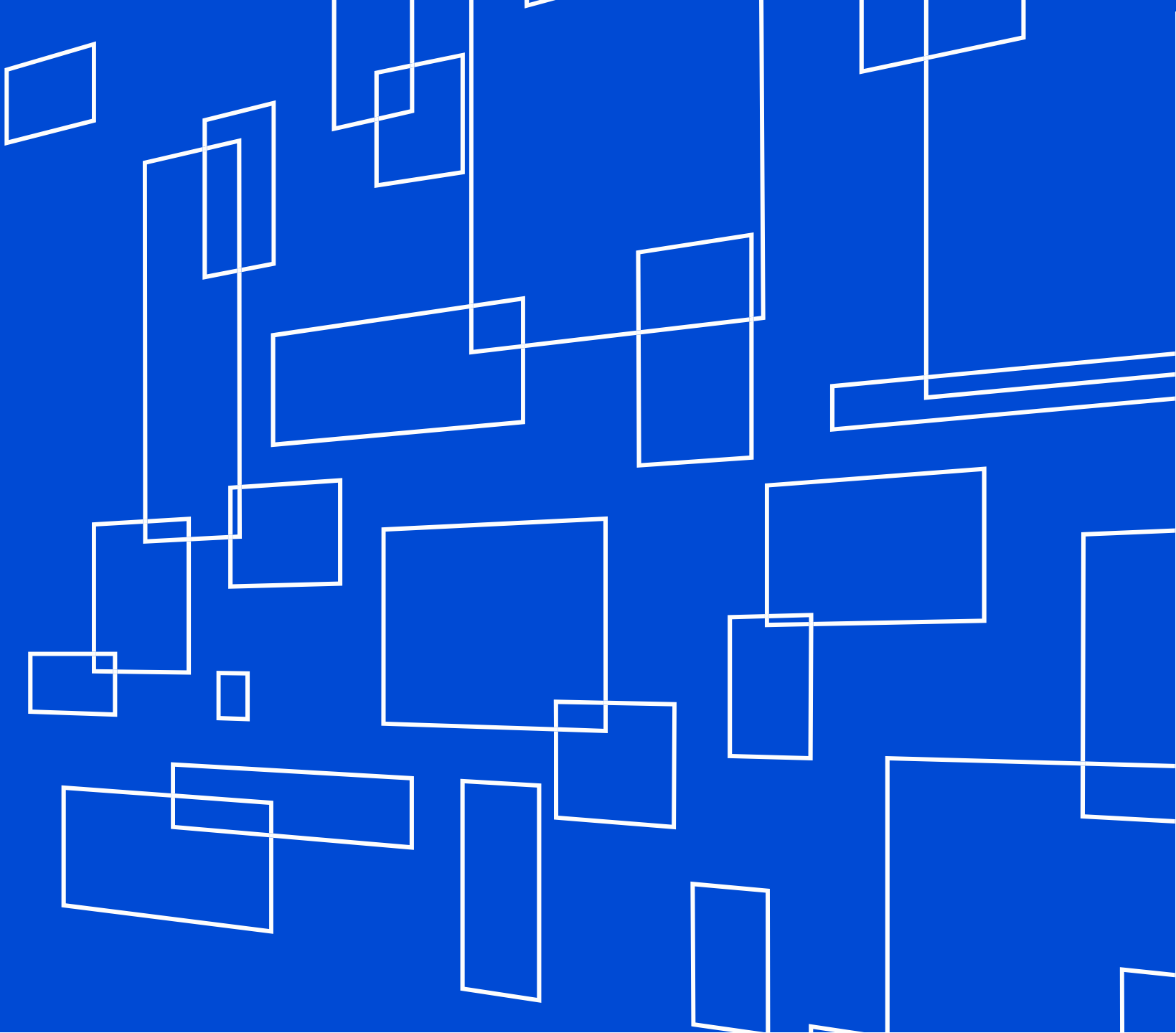
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What's Next

- FY2019 FRNs are not affected.
- RHC Program team will communicate any and all changes to My Portal prior to them being deployed.
- RHC Program will provide trainings as changes to the program are implemented.
 - [Subscribe to the RHC Newsletter](#)
- Download the FCC Order 19-78 Tip Sheet [here](#).

Questions?



RHC Program Help Desk

- Email: RHC-Assist@usac.org
- Phone: **(800) 453-1546**
 - Hours are 8:00 a.m. – 8:00 p.m. ET





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