



Rural Health Care Pilot Program

**Program Update
October 8, 2009**

Background

- **September 2006 Pilot Program Order (FCC 06-144)**
 - Announces and seeks applications for Pilot Program.
 - Participants eligible to receive 85% costs of broadband network deployment and connecting to nationwide backbones or the public Internet.

- **November 2007 Pilot Program Selection Order (FCC 07-198)**
 - Selected 69 out of 81 projects to further participate in the program.
 - Increased funding to \$417 million.

Pilot Program Supports:

Eligible health care providers may receive support for up to 85 percent of costs for constructing dedicated broadband networks.

Eligible costs include:

- ❑ Initial network design studies.
- ❑ Construction and network deployment.
- ❑ Transmission facilities.
- ❑ Connection to the public Internet.
- ❑ Connection to Internet2 or National LambdaRail -- dedicated nationwide backbones.

Participants were required to:

- ❑ Identify the organization legally and financially responsible for the project.
- ❑ Identify the goals and objectives of the proposed network.
- ❑ Describe how for-profit network participants will pay their fair share of the network costs.
- ❑ Identify the source of financial support
- ❑ Provide a project management plan.
- ❑ Indicate how the telemedicine program will be coordinated throughout the state or region.
- ❑ Indicate self-sustainability.

Regular Program v. Pilot Program

	Traditional Rural Health Care Program	Three Year Pilot Program
Support for Infrastructure Costs	No	Yes. Up to 85% of Costs for Dedicated Network
Support for Non-Rural Health Care Providers	No	Yes. Provided more than <i>de minimis</i> number of rural members

Ineligible Costs:

Generally, the Pilot Program does not fund clinical, program and software applications. Examples of ineligible costs include:

- ❑ Inside wiring or networking equipment (e.g., video/Web conferencing equipment and wireless user devices) on health care provider premises except for equipment that terminates a carrier's or other provider's transmission facility and any router/switch that is directly connected to either the facility or the terminating equipment.
- ❑ Computers, including servers, and related hardware (e.g., printers, scanners, laptops) unless used exclusively for network management.
- ❑ Helpdesk equipment and related software, or services.

Examples of Ineligible Costs (continued)

- ❑ Software, unless used for network management, maintenance, or other network operations; software development (excluding development of software that supports network management, maintenance, and other network operations); Web server hosting; and Website/ Portal development.
- ❑ Telemedicine applications and software; clinical or medical equipment.
- ❑ Electronic Records management and expenses.

Costs Not Directly Associated with Network

- ❑ The Commission also identified examples of ineligible costs that are not directly associated with network design, deployment, operations and maintenance.
- ❑ These ineligible costs include:
 - Personnel costs, except for those personnel directly engaged in designing, engineering, installing, constructing, and managing the dedicated broadband network.
 - Travel costs.
 - Legal costs.

Current Status:

- 62 Projects.
- 39 Projects have posted RFPs = 63% of all Projects.
- 16 Projects received funding commitment letters for \$22 million.
- Total budget for 16 Projects = \$129 million.
- 16 Projects = 31% of \$417 million authorized for the Pilot Program.

Successful Commitments

- **Rural Wisconsin Health Cooperative (\$1.6 million)** – Has augmented an existing shared electronic health records project that will provide health care providers in Wisconsin with access to redundant connectivity and data centers, as well as higher speeds that will range from 10 to 100 Mbps.
- **Health Information Exchange of Montana (\$13.6 million)** – In an area with no connections to Internet2 or National Lambda Rail - a new fiber network will connect health care providers in Montana to enable distance consultation, electronic record keeping and exchange, disaster readiness, clinical research, and distance education services.
- **Alaska Native Tribal Health Consortium (\$10.4 million)** – Network will serve primarily rural health care practitioners, and will unify and increase the capacity of disparate healthcare networks throughout Alaska, allowing them to connect with urban health centers and access services in the lower 48 states.

Successful Commitments (continued)

- **Iowa Health System (\$7.8 million)** – Will use new network connections to link health care providers in Iowa to an existing statewide, dedicated, broadband healthcare network, Internet2, and National LambdaRail.
- **Heartland Unified Broadband Network (\$4.7 million)** – Expanding and enhancing an existing network to increase the use and quality of teleradiology and increase distance education activities throughout Iowa, Minnesota, Nebraska, North Dakota, South Dakota, and Wyoming.
- **Palmetto State Providers Network (\$7.9 million)** – Will connect health care providers to a fiber optic backbone to enhance simulation training, remote intensive care unit monitoring, and medical education programs across South Carolina

Successful Commitments (continued)

- **St. Joseph's Hospital (\$655 thousand)** – Project will link two existing fiber systems in the City of Chippewa Falls, Wisconsin, to St. Joseph's Hospital and two local community health clinics in order to more fully support telehealth services.
- **Oregon Health Network (\$20.2 million)** – Project will support the creation of a comprehensive broadband telehealth network connecting hospitals, clinics and community colleges throughout Oregon.
- **Geisinger Health System (\$902 thousand)** – Fifteen health care providers will be connected to existing broadband network structures in Pennsylvania.

Successful Commitments (continued)

- **Missouri Telehealth Network (\$2.3 million)** – The initiative will support the creation of a statewide dedicated telehealth broadband network for expanded telemedicine services; including high-definition video streaming capabilities. The network will support telehealth services for approximately 160 health care facilities throughout Missouri.
- **Northeast HealthNet (\$1.7 million)** – Broadband network will facilitate real-time information sharing between approximately 38 rural healthcare facilities and thousands of specialists in Pennsylvania and New York State to provide remote diagnosis, treatment and monitoring of patients with chronic and acute medical conditions.

Successful Commitments (continued)

- **North Country Telemedicine Project (\$1.2 million) –**
Approximately 30 new health care facilities in a poor, sparsely populated region of northern New York will be connected to an existing regional fiber ring and Internet2 at speeds ranging from 10 to 100 Mbps. Services will include telecardiology, teleradiology, and psychiatry through video conferencing, research and education.
- **Iowa Rural Health Telecommunications Program (\$9.95 million)**
– To solve the problems of isolation, travel and limited resources that constrain health care delivery in rural Iowa and its surrounding regions, a new statewide broadband network will link approximately 100 facilities in Iowa, Nebraska and South Dakota to Internet2 at speeds of 1 Gbps.

Successful Commitments (continued)

- **Louisiana Department of Health and Hospitals (\$15.9 million)** – The Department will connect approximately 100 facilities, about 47 of which are rural, to a broadband network that will link facilities to government research institutions, enable patient access to medical specialists, and provide rapid and coordinated crises responses.
 - **West Virginia Telehealth Alliance (\$8.4 million)** – Statewide network will connect approximately 450 facilities to improve connectivity for rural health centers. Project is focused on regions of the state with historically high concentrations of poor and elderly individuals suffering from chronic medical conditions. Will connect to Internet2; speeds range from T1 lines at 1.5 Mbps to 1 Gbps fiber.
 - **Michigan Public Health Institute (\$20.91 M)** – New network infrastructure will connect existing state health networks to each other and Internet2 at speeds ranging from 1.5 Mbps to 100 Mbps. The network will link approximately 390 facilities in Michigan primarily rural, in underserved areas of the state.
-

Time for Completion of Projects

- **Last day to submit vendor selection package and request a funding commitment letter –**
 - June 30, 2010.

- **Last day to submit invoices –**
 - Within five years of receiving an initial funding commitment letter.

Ongoing Efforts

- FCC maintains a Pilot Program webpage where it posts FAQs, orders, and directives concerning the Pilot Program. www.fcc.gov/cgb/rural/rhcp.html

- Recent FAQs and Orders include:

Community Build-out - In selecting a vendor, a project may consider the vendor's commitment to provide excess capacity for community use, provided USF funds are not used to pay for the excess capacity and there is no increase in the cost for the dedicated network facilities.

Excess Capacity -- FCC has provided clarification materials to USAC regarding: (i) allocation of costs for building excess capacity; and (ii) the use of excess capacity for sustainability of the network. The guidance is posted on USAC's project webpage.

Ongoing Efforts (continued)

Sustainability - Although each project's sustainability plan will be reviewed on a case by case basis, generally, a sustainability plan should discuss the following points:

- Discuss status of obtaining minimum 15% match for the project.
- Indicate the sustainability period and how it compares to the initial investment (10 years is generally appropriate).
- Discuss terms of membership, excess capacity arrangements (if applicable), ownership structure, sources of future support, and management.

Ongoing Efforts (continued)

Self-Provisioning

A project may ultimately select itself to “self-provision” components of its project – *but only after participating in a competitive bidding process* in which the participant determines that it is the most cost-effective provider.

- The competitive bidding rules ensure that Pilot Program participants are aware of cost-effective alternatives, and that universal service support is used wisely and efficiently.

Ongoing Efforts (continued)

Designation of Successors

“To ensure that the benefits of the Pilot Program are achieved, we encourage other selected participants that are unable to continue their Pilot Program projects to seek the designation of successors, consistent with the *2007 RHC PP Selection Order* and the Bureau’s orders designating Pilot Program project successors.”

See April 16, 2009, Texas Health Information Network Collaborative Merger Order (DA 09-838

Next Steps:

- More efforts are being made within the confines of the 2007 RHC PP Selection Order and 2006 RHC PP Order. The FCC webpage and USAC webpages are being utilized for this purpose.

National Broadband Plan

- The American Recovery and Reinvestment Act of 2009 directed the FCC to submit a National Broadband Plan to Congress by February 17, 2010.
- The FCC's Blogband page can be found at <http://blog.broadband.gov/>
- Broadband in Health Care Workshop held at FCC on September 15, 2009.

Next Steps: Long Term

- Funding under the Pilot Program is scheduled to end at the conclusion of Funding Year 2009 (June 30, 2010).
- The Commission intends to use the information gathered from funding Participants in the Pilot Program to develop a more complete and practical understanding of how to modify the existing universal service Rural Health Care mechanism long-term in order to support the deployment of a broadband nationwide health care network, focusing on the rural areas of the country where support is needed the most.
- Quarterly reports – reviewing and analyzing quarterly reports for program compliance and performance.

Resources

FCC Home Page:

www.fcc.gov

FCC Pilot Program Home Page:

www.fcc.gov/cgb/rural/rhcp.html

Universal Service Administrative Company

www.usac.org

FCC's Blogband Page:

<http://blog.broadband.gov/>