

5. Rural Health Care Support

The portion of universal service support designated for health care providers is designed to allow rural health care providers to purchase telecommunications services at the same rates that health care providers located in urban areas pay for these services.¹ The Commission's universal service rules permit eligible² health care providers to receive support for any telecommunications service employing a transmission speed up to 1.544 Mbps and for distance charges for the distance between the rural health care provider and the nearest large city.³ The Commission defined "nearest large city" as the closest city in the state with a population of at least 50,000.⁴ In addition, any health care provider that cannot obtain toll-free Internet access is entitled to receive the lesser of \$180 of toll charges per month, or the toll charges incurred for 30 hours per month, for telecommunications access to an Internet service provider.⁵ Universal service support allocated for rural health care providers is capped at \$400 million annually, but the total amount of support that can be collected for health care providers in funding year 1998 is limited to \$100 million.⁶

The Rural Health Care Corporation (RHCC), the entity that is charged with administering the support program for rural health care providers, began accepting applications on May 1, 1998. The Commission directed the RHCC and the Schools and Libraries Corporation (SLC) to establish a filing window in which all requests for support received during that window would be treated as though they were received simultaneously.⁷ The RHCC established a 75-day window period that ended on July 14, 1998. Eligible health care providers that seek reduced rates on telecommunications services must submit FCC Forms 465, 466 and 467. A telecommunications carrier that seeks support for serving an eligible health care provider must submit FCC Form 468 once it enters an agreement to provide supported telecommunications service to an eligible health care provider. The application process for funding year 1998 is still ongoing.

From May 1, 1998, when the RHCC website opened, until late November, 1,250 applicants have filed Form 465, which is the first step in applying for rural health care

1 *See* 47 U.S.C. § 254(h)(1)(A).

2 *See* 47 C.F.R. § 54.601(a).

3 *See* 47 C.F.R. § 54.601(c).

4 *See* 47 C.F.R. § 54.605(c).

5 *See* 47 C.F.R. § 54.621.

6 *See* 47 C.F.R. § 54.623(a).

7 *See* 47 C.F.R. § 54.623(c).

telecommunications support. Of those applications, 978 have been approved to seek bids from telecommunications carriers, while the remainder are either under review or were denied because they were not in a rural area or were not an eligible health care provider type. Of the 978 qualified applications (so far), 844 are from a single rural health care provider and the remaining 134 applications are from consortiums representing 1,303 total sites. Thus, the 978 applications represent 2,147 rural health care provider sites.

The applicants are:

Non-profit Hospitals	43%
Rural Health Clinics	18%
Community Health Centers	8%
Local Health Departments	8%
Community Mental Health Centers	7%
Educational Institutions	2%
Consortiums with Multiple Provider Types	14%

The services in which health care providers indicated an interest are:

T1	67%
Satellite	9%
Fractional T1	19%
Centrex	9%
ISDN	34%
Private Line	22%
Frame Relay	29%
Off site extension	15%
ATM	8%
Other	13%

(These do not add to 100% because a provider can check multiple services on Form 465, including T1, but support will be limited to T1 or less.) About 15% of providers said they lacked toll-free Internet access and 28% said they had existing contracts for telehealth services.

After waiting at least 28 days while their Form 465 request for services is posted on the RHCC web site, the applicants can select the most cost-effective telecommunications carrier and submit Form 466 to the RHCC, along with the carrier's bid, Form(s) 468. About 160 Form 466s have been submitted, but many lack the required Form 468s. Notices of support for completed Form 466/468 packages cannot be sent until the RHCC pre-disbursement audit, which is pending at the FCC, is approved.

At the direction of Congress, the Commission instructed the RHCC, SLC and the Universal Service Administrative Company (USAC) to submit a joint proposal for merging the

three entities into one company that will administer universal service support.⁸ The Joint Proposal was put out for public notice and comment on July 15, 1998.⁹ Comments were due on August 5, 1998 and reply comments were due on August 12, 1998.¹⁰ The new administrative organization will begin functioning on January 1, 1999.

8 *See* Report in Response to Senate Bill 1768 and Conference Report on H.R. 3579, *Report to Congress*, FCC 98-85 (rel. May 8, 1998).

9 Common Carrier Bureau Seeks Comment on Administration of Federal Universal Service Support Mechanisms, *Public Notice*, DA 98-1336 (rel. July 15, 1998).

10 *Id.*