Universal Service Administrative Co.

Rural Health Care Committee Quarterly Meeting

Briefing Book

Monday, October 23, 2017

1:00 p.m. - 2:00 p.m. Eastern Time

Universal Service Administrative Co. Offices

700 12th Street, N.W., Suite 900

Washington, D.C. 20005

Universal Service Administrative Company
Rural Health Care Committee Quarterly Meeting Agenda

Monday, October 23, 2017
1:00 p.m. – 2:00 p.m. Eastern Time
USAC Offices
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

		OPEN SESSION	*Estimated Duration in Minutes*
Chair	**a1.**	Consent Items (each available for discussion upon request): **A.** Approval of Rural Health Care Committee Meeting Minutes of July 24, 2017. **B.** Approval of moving all Executive Session items into Executive Session.	5
Karen	**a2.**	Approval of Rural Health Care Support Mechanism 1st Quarter 2018 Programmatic Budget and Demand Projection for the November 2, 2017 FCC Filing.	10
Karen	**i1.**	Rural Health Care Support Mechanism Business Update.	30

		EXECUTIVE SESSION	*Estimated Duration in Minutes*
Karen	**i2.**	Information on Preliminary 2018 Annual Rural Health Care Support Mechanism Budget – **Confidential** – *Executive Session Recommended.*	10

Next Scheduled USAC Rural Health Care Committee Meeting

Monday, January 29, 2018 **1:00 p.m. – 2:00 p.m.** **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) 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, 2017 (*see* **Attachment A**).

    B. Approval for discussing in *Executive Session* agenda items:

        (1) **i2 --** Information on Preliminary 2018 Annual Rural Health Care Support Mechanism Budget. USAC management recommends that discussion of this item be conducted in Executive Session because this item relates to USAC's *procurement strategy and contract administration*.

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 USAC Rural Health Care Committee hereby approves the Committee meeting minutes of July 24, 2017 and 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, 2017

(DRAFT) MINUTES[1]

The quarterly meeting of the Rural Health Care Committee (Committee) of the Universal Service Administrative Company (USAC) Board of Directors was held at USAC's offices in Washington, D.C. on Monday, July 24, 2017. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 1:08 p.m. Eastern Time, with all eight Committee members present:

    Brisé, Ronald – Vice Chair
    Fontana, Brent – *by telephone*
    Hernandez, Dr. Mike
    Kinser, Cynthia
    Robinson, Vickie – Acting Chief Executive Officer, General Counsel and Assistant
        Secretary
    Tinic, Atilla
    Wibberly, Dr. Kathy – Chair
    Wein, Olivia

Other Board of Directors (Board) members and officers of the corporation present:

    Bocher, Bob – Member of the Board
    Feiss, Geoff – Member of the Board
    Gaither, Victor – Vice President of High Cost
    Lee, Karen – Vice President of Rural Health Care
    Lubin, Joel – Member of the Board
    Poulin, Chera – Vice President and Chief Human Resources Officer
    Salvator, Charles – Vice President of Finance, Chief Financial Officer and Assistant
        Treasurer
    Scott, Wayne – Vice President of Internal Audit
    Shah, Hemang – Vice President of Enterprise Portfolio Management
    Sweeney, Mark – Chief Operating Officer
    Talbott, Brian – Member of the Board

Others present:

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[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.

NAME	COMPANY
Albert, Blythe	USAC
Anderson, Jarnice	USAC
Augustino, Steve	Kelley, Drye & Warren, LLP
Bethel, Tameca	USAC
Buchanan, Elena	USAC
Carpenter, Nikki-Blair	USAC
Conteras, Jennifer	USAC
Daniels, Michael	USAC
Delmar, Teleshia	USAC
Faunce, Donna	USAC
Hutchinson, Kyle	USAC
Kil, Benny	USAC
King, Lauren	USAC
Lear, Kathleen	Maximus
Litman, Travis	FCC
Miller, Jack	Solix, Inc.
Nuzzo, Patsy	USAC
Park, Sang	USAC
Rovetto, Ed	USAC
Schwetz, Tori	USAC
Sequin, Eric	Solix, Inc.
Smith, Chris	USAC
Theodoropoulos, Nikoletta	USAC
Turner, Reggie	Maximus
Vestergaard, Phil	USAC
Wise, Preston	FCC

OPEN SESSION

a1. **Consent Items.** Dr. Wibberly presented this item to the Committee.

    A.   Approval of Rural Health Care Committee Meeting Minutes of April 24, 2017, May 5, 2017 and May 31, 2017.

    B.   Approval for discussing in *Executive Session* agenda item:
        (1)   **a3** – Approval of Revised 2017 Annual Rural Health Care Support Mechanism Programmatic Budget. USAC management recommends that discussion of this item be conducted in *Executive Session* because the item relates to USAC's *procurement strategy and contract administration*.

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

>   **RESOLVED**, that the USAC Rural Health Care
Committee hereby approves the Committee meeting minutes of April 24, 2017,
May 5, 2017, and May 31, 2017 and discussion in *Executive Session* of the item
noted above.

a2.   **Approval of Rural Health Care Support Mechanism 4th Quarter 2017
Programmatic Budget and Demand Projection for the August 2, 2017 FCC
Filing.** Ms. Lee presented this item for consideration.

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

>   **RESOLVED,** that the USAC Rural Health Care
Committee approves a 4th Quarter 2017 programmatic operating budget for the
Rural Health Care Support Mechanism of $1.70 million; and

>   **RESOLVED**, that the USAC Rural Health Care
Committee, having reviewed at its meeting on July 24, 2017, a summary of the
4th Quarter 2017 Rural Health Care Support Mechanism demand estimate,
including administrative costs, hereby directs USAC staff to proceed with the
required August 2, 2017 filing to the FCC. USAC staff may make adjustments if
the variance is equal to or less than $1.0 million, or may seek approval from the
Rural Health Care Committee Chair to make adjustments if the variance is greater
than $1.0 million, but not more than $2.0 million.

i1.   **Information on One USAC Internal Audit Division Rural Health Care
Support Mechanism Beneficiary Audit Report.** Mr. Smith, Senior Manager of
Internal Audit, presented this item for discussion.

i2.   **Rural Health Care Support Mechanism Business Update.** Ms. Lee presented
this item for discussion. She provided the Committee with information regarding
the Rural Health Care (RHC) Funding Year (FY) 2017 applications and the status
of the 2017 application review process, as well as a summary of three new FCC
Orders, and a general program administration update. Ms. Lee shared that over
16,000 applications had been received for FY2017, and that the RHC team is
committed to finalizing reviews as quickly as possible. The RHC Committee also
received information regarding key RHC organization personnel and
improvements to RHC-related outreach.

At 1:53 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved
into *Executive Session* for the purpose of discussing the confidential item listed above.

EXECUTIVE SESSION

a3. **Approval of Revised 2017 Annual Rural Health Care Support Mechanism Budget.** Ms. Lee presented this item for consideration.

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

> **RESOLVED**, that the USAC Rural Health Care Committee approves a revised 2017 annual Rural Health Care programmatic operating budget of $6.82 million.

At 1:55 p.m. Eastern Time, on a motion duly made and seconded, 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 took action on item a3. On a motion duly made and seconded, the Committee adjourned at 1:55 p.m. Eastern Time.

/s/ Vickie Robinson
Assistant Secretary

Universal Service Administrative Company
Rural Health Care Committee Meeting

ACTION ITEM

Approval of Rural Health Care Support Mechanism
1st Quarter 2018 Programmatic Budget and
Demand Projection for the November 2, 2017 FCC Filing

Action Requested

The USAC Board of Directors Rural Health Care Committee (Committee) is requested to approve the 1st Quarter 2018 (1Q2018) programmatic budget and demand projection for the Rural Health Care (RHC) Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's November 2, 2017 quarterly filing.

Discussion

1Q2018 Operating Budget

The budget before the Committee includes the costs of administering the Rural Health Care Support Mechanism and an allocation of USAC common costs. As set forth in FCC rules[1] and USAC's By-laws[2], each programmatic committee has authority over its programmatic budget. The USAC Board of Directors has responsibility for the USAC common budget and for the overall consolidated budget.

The Committee is requested to approve $1.93 million for Rural Health Care Support Mechanism programmatic activities in 1Q2018, which includes:
- $1.40 million for compensation and benefits for 47 full time equivalents (FTEs) (including the dedicated information technology (IT) and data support teams).
- $0.03 million for audits under the Beneficiary and Contributor Audit Program (BCAP).
- $0.43 million for professional fees including $0.18 million for outsourced call center support, $0.18 million for IT contractors supporting systems development activities, and $0.07 million for user experience support related to RHC forms and process redesign.
- $0.07 million for travel, outreach activities and miscellaneous expenses.

1Q2018 Capital Budget

USAC management does not anticipate any direct capital expenditures attributable to the the Rural Health Care Support Mechanism in 1Q2018.

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[1] 47 C.F.R. § 54.705(b).
[2] By-Laws of Universal Service Administrative Company, Article II, § 8.

Attachment A provides the details and compares the proposed 1Q2018 operating budget to 1Q2017 actual expenditures. Attachment A also provides information on allocated common costs which are not attributable to a specific division.

Attachment B provides a comparison of the budget to actual expenditures for the nine months ending September 30, 2017. Explanations are provided for significant variances.

Summary of Demand

On a quarterly basis, USAC is required to submit to the FCC the RHC projected demand for the upcoming quarter and estimates of unobligated Pilot Program funds to be available for Healthcare Connect Fund (HCF) Program commitments. This report provides information on the RHC Support Mechanism for the period ending September 30, 2017, and seeks approval of funding requirements for 1Q2018. Included are:

1. Telecommunications Program funding requirements (or demand estimates);
2. HCF Program funding requirements (or demand estimates);
3. RHC administrative expenses;
4. RHC projected interest income; and
5. RHC prior period adjustments.

Projected 1Q2018 Telecommunications program demand requirements are $74.00 million. USAC projects $26.00 million for 1Q2018 demand associated with the HCF pursuant to the FCC's *Healthcare Connect Fund Order*,[3] for a total RHC Support Mechanism funding requirement of $100.00 million.[4]

The FCC has further directed USAC to use uncommitted Pilot Program dollars for demand associated with the HCF.[5] As of September 30, 2017, USAC estimates that there will be $0.00 million in uncommitted Pilot Program dollars available for commitment through the HCF in 1Q2018.

Prior Period Adjustments

Sixty days prior to the start of each quarter, USAC provides projected support mechanism demand and administrative expense data to the FCC. Thirty days prior to the start of the quarter, USAC submits projected universal service contributor revenue data to the FCC. The FCC uses these projections to establish the Universal Service Fund (USF) contribution factor for the upcoming quarter, and USAC uses the resulting contribution factor to invoice universal service contributors once the quarter begins.

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[3] *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678 (2012) (*Healthcare Connect Fund Order*).
[4] *The Wireline Competition Bureau and the Office of the Managing Director Provide Collection Instructions to USAC for the Healthcare Connect Fund,* WC Docket No. 02-60, Public Notice, 28 FCC Rcd 5697 (2013).
[5] *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678, 16822 at para. 363 (2012) (*Healthcare Connect Fund Order*).

Results for 3rd Quarter 2017 (3Q2017) contribute to an over-funded condition. The total prior period adjustment to the 1Q2018 funding requirement based on 3Q2017 actual results will decrease the funding requirement by $3.87 million. The explanation for the adjustment is provided below:

Reason for the Prior Period Adjustment	Adjustment in Millions
The 3Q2017 billings were higher than projected	($1.76)
Interest income was higher than projected for 3Q2017	($0.09)
Bad debt expense was higher than anticipated	$0.01
2016 Annual Administrative true-up	($2.03)
Total Prior Period Adjustment	**($3.87)**

The total fund requirement of $100.00 million is adjusted as follows: decreased by the prior period adjustment of $3.87 million, and reduced by projected interest income of $1.02 million; resulting in a total projected 1Q2018 funding requirement for the Rural Health Care Support Mechanism of $95.11 million.

Rural Health Care Support Mechanism
Fund Size Projections for 1st Quarter 2018

	(in millions)
Rural Health Care Support	$100.00
Prior Period Adjustment	($3.87)
USAC Admin Expense[6]	
Interest Income	($1.02)
Total 1Q2018 Demand	$95.11

Rural Health Care Support Mechanism
Quarter-Over-Quarter Projections

	in millions			
	1Q2018	**4Q2017**	**3Q2017**	**2Q2017**
Rural Health Care Support	$100.00	$ 107.28	$0.72	$98.90
Prior Period Adjustment	($3.87)	$1.69	($1.10)	($0.35)
USAC Admin Expense[7]				$3.33
Interest Income	($1.02)	($0.70)	($0.85)	($0.81)
Total Demand	**$95.11**	**$107.80**	**($1.23)**	**$101.07**

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[6] Administrative expenses will be covered within the $400 million program cap.
[7] Administrative expenses will be covered within the $400 million program cap.

Rural Health Care Support Mechanism Summary

Projected RHC Program Demand
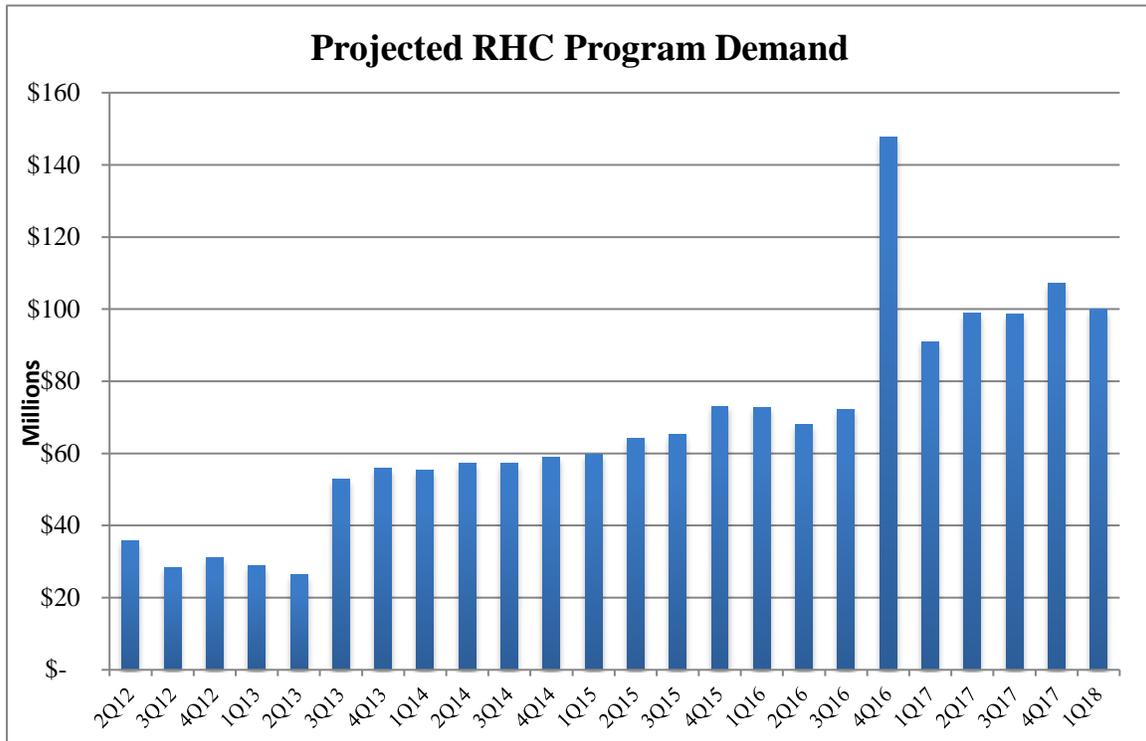
Management Recommendation

USAC management recommends the Committee approve the budget and collection requirement as proposed.

Recommended Rural Health Care Committee Action

APPROVAL OF THE FOLLOWING RESOLUTIONS:

> **RESOLVED,** that the USAC Rural Health Care Committee approves a 1st Quarter 2018 programmatic operating budget for the Rural Health Care Support Mechanism of $1.93 million; and

> **RESOLVED FURTHER**, that the USAC Rural Health Care Committee, having reviewed at its meeting on October 23, 2017, a summary of the 1st Quarter 2018 Rural Health Care Support Mechanism demand estimate, including administrative costs, hereby directs USAC staff to proceed with the required November 2, 2017 filing to the FCC. USAC staff may make adjustments if the variance is equal to or less than $1.0 million, or may seek approval from the Rural Health Care Committee Chair to make adjustments if the variance is greater than $1.0 million, but not more than $2.0 million.

Rural Health Care Program

1Q2018 Budget

(in thousands)

Expense Category	1Q2018 Budget	1Q2017 Actual	Increase/ (Decrease)	1Q2018 Explanations
Compensation & Benefits	$ 1,402.40	$ 1,215.75	$ 186.65	47 FTEs 2018 vs average of 43 on board in 1Q2017
External BCAP Costs	$ 34.45	$ 41.49	$ (7.04)	Lower costs due to more co-sourcing
Professional Fees & Contract Labor	$ 429.33	$ 140.66	$ 288.68	Increase for call center support ($175k), UX support for forms and process redesign ($75k), and additional data support ($108K) offset by lower IT contract labor spending
Travel, Meetings and Conferences	$ 26.18	$ 7.57	$ 18.61	Additional user support travel and conference participation planned in 1Q2018.
Other Expenses	$ 32.93	$ 12.53	$ 20.40	More training and education planned in 2018.
Total Programmatic Operating Costs	**$ 1,925.29**	**$ 1,417.99**	**$ 507.30**	
Direct Capital Costs	-	-	-	
Total Direct Costs - Rural Health Care Program	**$ 1,925.29**	**$ 1,417.99**	**$ 507.30**	

Common Operating Costs Assigned to Rural Health Care Program	$ 1,286.75	$ 1,329.92	$ (43.17)	Allocation of indirect operating costs based on the CAM
Common Capital Costs Assigned to Rural Health Care Program	$ 129.53	$ 56.76	$ 72.77	Allocation of indirect common capital budget based on the CAM
Total Common Costs Assigned to Rural Health Care Program	**$ 1,416.28**	**$ 1,386.68**	**$ 29.60**	

Total Rural Health Care Program with Allocations	**$ 3,341.57**	**$ 2,804.67**	**$ 536.90**	

1 of 1

Rural Health Care Program

For the Nine Months Ending September 30, 2017

(in thousands)

Direct Operating Expenses	Actual	Budget	Variance	%	Explanation of Variance
Compensation & Benefits	$ 3,519.89	$ 3,739.66	$ 219.77	6%	
External BCAP Costs	146.38	171.62	25.23	15%	Fewer co-sourced audits; partially offset by more outsourced audits
Professional Fees & Contract Labor	849.33	1,117.76	268.43	24%	Lower spend on contract labor.
Travel, Meetings and Conferences	22.84	27.53	4.70	17%	Less program travel.
Other Expenses	37.35	60.26	22.91	38%	Lower spending on training.
Total Direct Operating Expenses	**$ 4,575.79**	**$ 5,116.83**	**$ 541.04**	**11%**	
Indirect Expense / Allocations					
USAC Administration	$ 3,556.77	$ 3,687.59	$ 130.82	4%	
Total Expense	**$ 8,132.56**	**$ 8,804.41**	**$ 671.85**	**8%**	

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Universal Service Administrative Company
Rural Health Care Committee Meeting
INFORMATION ITEM

Rural Health Care Support Mechanism Business Update

Information Presented:

This information item provides the Rural Health Care Committee (Committee) with an update on the Rural Health Care (RHC) Support Mechanism.

Discussion:

Program Highlights – 3rd Quarter 2017

- *Funding Year (FY) 2017 Application Update.* The total gross demand in the FY 2017 filing window was $567,276,742. This dollar amount comprised a total of 5,758 unique health care providers (HCPs) and 16,080 funding requests. In addition, the RHC Division has administrative expenses totaling $12,982,570.

  Note: These demand estimates are preliminary and represent *gross demand*, not *net demand*. Most of the funding requests have now been reviewed, but the usual adjustments and withdrawals that are part of this process have yet to occur. Consequently, we do expect this gross demand to come down over the course of the review process.

- *FY 2017 Application Review*. RHC staff has reviewed FY 2017 applications on an ongoing basis and will make final decisions after all applications have been reviewed. RHC staff recognizes that these funding decisions will occur after the funding year started on July 1, and RHC is committed to finalizing the reviews as quickly as possible.

- See **Attachment A** for additional operational metrics.

Program Administration

During 2017, RHC made great strides in improving application review, mitigating program risks, and improving operational efficiency. As we move toward the end of 2017, RHC staff is using lessons learned from this year to plan for 2018 and build off of these successes. Next year, we plan to increase capacity and expertise within our workforce to make application review more efficient, including: a continued effort to formalize a more rigorous review of the highest risk applications; enhancing our information technology (IT) systems to mitigate programmatic risks; establishing an external call center to improve consistency and customer experience; standardizing the appeals review process to improve processing times; and establishing the FY 2018 filing

window for application submission earlier in the calendar year to assist in applicant planning and budgeting.

Third Quarter 2017 Accomplishments and Updates.

(1) Funding Year 2017 Review. During the filing window of FY2017, RHC received 16,080 total applications, totaling $567 million. Due to gross program demand exceeding the authorized $400 million, RHC does not anticipate opening a second filing window to solicit additional applications for FY2017.

To address the evolving program dynamics and changes in the nature of program demand, in FY17, RHC modified its review procedures accordingly. With unprecedented level of gross demand, RHC redesigned its FY17 review process to efficiently triage applications by complexity thereby improving review time of simpler requests, identify areas in need of further information from applicants and/or service providers, and resolve outstanding issues in accordance with program rules.

Specifically:

- To efficiently review applications, with Board approval, RHC hired temporary contractors to support its FY17 review. To date, RHC has hired 11 temporary contractors to supplement its workforce, with the contract concluding on September 29, 2017. After that time, RHC will not require temporary contractors to support its operations.
- Rigorous review of FY17 applications included a particular focus on the highest risk areas, including urban rates, high costs, service provider behavior, and competitive bidding issues. These reviews included requests for information and questions based on needed clarification. Through these enhanced reviews and dialogue with applicants, RHC is working to ensure that health care providers receive the support provided under RHC's program requirements.
- RHC worked closely with applicants to identify what additional information was needed to review applications, engaging with applicants one-on-one to appropriately resolve any outstanding issues.

(2) Customer service. During 2017, USAC adjusted its internal structure to centralize and consolidate shared functions across the Company, to include user support & related customer service. Leveraging this consolidation will provide an efficient mechanism to provide high quality, consistent, and timely responses to RHC program applicants, beneficiaries and service providers. In concert with the USAC's User Support team, RHC has developed materials and implemented specific procedures to provide consistency in RHC responses to the public.

Over the third quarter, RHC beneficiaries have shared that it is an imperative to receive details on the forthcoming Funding Year 2018. To ensure that the public

has the necessary information to prepare for the upcoming funding year, RHC will announce the timelines the FY2018 filing window. Providing prospective applicants with over 3 months of notice provides the necessary time to prepare for and submit RHC funding requests next year.

(3) Appeals. This quarter, RHC staff has done an overhaul of appeal processing procedures, and a thorough review of our appeals backlog. This quarter, while RHC only reviewed and adjudicated only 6 appeals, which took an average of 156 days, substantial time this quarter was dedicated to developing a streamlined model for internal RHC review of appeals generally. Beginning the 1st quarter of 2018, RHC plans to implement the streamlined appeals process to address this backlog. Once implemented, RHC will be able to increase the number of appeals adjudicated while substantially reducing the time needed to review each appeal received. In order to accomplish this ambitious goal, we are working with our Office of General Counsel to streamline procedures, establish templates, and batch similar appeals.

	1Q2017	2Q2017	3Q2017
Appeals Received	66	33	105
Appeals Resolved	18	14	6
Avg. Days to Resolve	46	105	156

Fourth Quarter 2017 Goals.

(1) Funding Year 2018 Planning. The FY2017 funding year was the first RHC program year with one filing window. With the goal of constant improvement in program administration, RHC in FY2017 will engage in necessary outreach to ensure that applicants have the information needed to request for funding in 2018.

(2) Implementing Improvements in Program Administration for Funding Year 2018. Building on successes from FY2017 and positive stakeholder feedback, the FY2018 filing window will be open from February 1, 2018 through April 30, 2018, in advance of the 2018 funding year, which will begin on July 1, 2018. Moving the window to earlier in the year will assist HCPs with their budgeting and financial planning by delivering funding decisions earlier in the funding year.

Continuing RHC's programmatic efforts to rigorously review applications, RHC is focused on ensuring that all awards meet RHC programmatic requirements. In FY2017, with the unprecedented program demand and increasing complexity in funding requests, RHC staff engaged in extensive dialogue with applicants, with the goal of ensuring that every funding decision aligns with RHC's programmatic requirements.

Moving forward, in FY2018, RHC will continue to administer its programmatic review of funding applications to ensure adherence to FCC requirements such as those related to competitive bidding issues, for example. In particular, RHC is conducting a review of its operational procedures to ensure that the RHC program's processes are streamlined and effective. Complimenting this effort, beginning in October 2017, RHC will engage in extensive upfront outreach to: (1) ensure that FY2018 applicants have the information needed to apply for funding; (2) educate applicants on what to expect through the application process; and (3) provide clear guidance on what types of information can satisfy program requirements.

Further, to streamline administrative costs associated with RHC's program management and oversight, RHC will not require temporary contractors to support its application review in FY2018. Instead, RHC will leverage our full-time staff's expertise and a more efficient business processes to manage both application review and all other program management and oversight activities. In addition, we will improve our appeals process so they are resolved more efficiently and in a streamlined manner by batching similar appeals for disposition.

Fourth Quarter Planned Outreach	
October	<u>RHC Program Filing Window Update</u> This webinar will provide applicants with updates about RHC Filing Windows for FY17 and FY18. In addition, it will cover best practices regarding reading your FCL.
November	<u>Invoicing Webinar (HCF Program only)</u> With the upcoming invoicing deadline on December 31 for many HCPs (for FY2016 funding commitments ending on June 30, 2017), this webinar will cover FCC Form 463 best practices including where to find your invoicing deadline and the invoicing process.
December	<u>Request for Services Webinar (HCF & Telecom)</u> This webinar will go over the Request for Services (FCC Form 461 and 465) submission process and best practices. For FY2018, the first day to submit a Request for Services is January 1, 2018.
January	<u>Funding Request Webinar (HCF & Telecom)</u> This webinar will focus on the Funding Request (FCC Form 462 and 466) submission process and best practices. Information covered will include what you need to know before submitting and guidance on what types of information can satisfy program requirements.

(3) <u>Appeals</u>. We will continue our work to resolve outstanding appeals (submitted prior to July 2017) before the end of the calendar year. In January 2018, we plan to institutionalize a new appeals procedure for RHC, in collaboration with USAC OGC, which will enable quicker reviews moving forward. This process will undergo a reoriented RHC review that not only will provide greater independence to adjudicate issues raised on appeal but also ensure consistent disposition of similarly situated appeals. Our chief metric in this area will be appeal review time, and we will aim to complete our review in under 90 days.

(4) <u>Outreach</u>. In addition to the specific outreach related to FY2018 planning, joining our efforts with the Schools and Library Division (SLD), we will continue our work to select and establish a new, joint external customer service provider, to include a call center. This external customer service provider will allow RHC staff to review funding requests more efficiently, respond to programmatic questions more quickly, and better utilize department resources. For a successful transition, RHC has been involved in guiding the procurement process, finalizing training materials, developing metrics to measure the quality, consistency, and timeliness of responses to ensure that the selected vendor provides the support needed for RHC applicants and recipients. USAC staff will provide online

training throughout the transition to familiarize provider staff with program nuances. RHC staff has already worked with SLD and centralized teams to align materials, training, and schedules across programs.

In addition to RHC's efforts to migrate to a more efficient and effective model to respond to inquiries, we plan to conduct webinars and provide extensive information in the Fall and Winter 2017/2018 to assist stakeholders with preparing for the FY18 filing window, completing FY16 invoices, and addressing other questions. Moving forward, we will work with key stakeholders to discuss relevant topics while establishing a regular outreach cadence. Our chief metric in this area will be number of webinars, with a goal of conducting at least one per quarter.

[Attachment A: Additional Metrics]

Attachment A: Additional Metrics
(Data as of 8/31/2017 unless otherwise noted)

RHC Cost Scorecard – Q3 2017

Vision: RHC awards timely funding to recipients to provide telecommunications access to rural health care facilities and ensures high program integrity through strong administration of program requirements and transparency of program results.
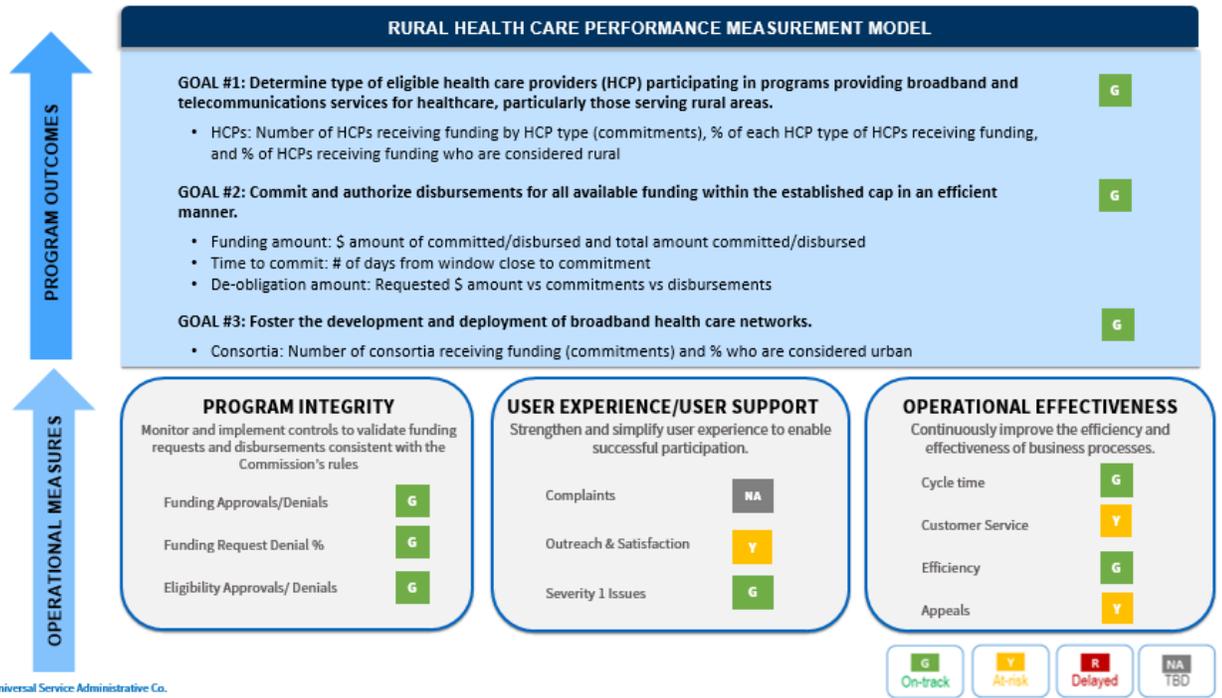
2017 Third Quarter Monthly Appeals Data

	July	Aug	Sept
Appeals Received	3	86	16
Appeals Resolved	2	3	1
Avg. Days to Resolve	226	192	50

No. of HCF and Telecom HCPs Receiving Funding (Committed) in FY16 by HCP Types

	FY2016 Distinct Count of HCPs	FY2016 % of each type of HCPs receiving funding	FY2015 Distinct Count of HCPs	FY2015 % of each type of HCPs receiving funding
Rural health clinic	2982	41.5%	3184	45.6%
Not-for-profit hospital	1506	21.0%	1493	21.4%
Community health center or health center providing health care to migrants	885	12.3%	845	12.1%
Community mental health center	807	11.2%	818	11.7%
Local health department or agency	676	9.4%	383	5.5%
Post-secondary educational institution	129	1.8%	63	0.9%
Dedicated ER of rural, for-profit hospital	32	0.4%	36	0.5%
Part-time eligible entity	4	0.1%	2	0.03%
Skilled Nursing Facility	0	0%	0	0%
Consortium of the above	4	0.1%	5	0.1%
Offsite data center	81	1.1%	80	1.1%
Offsite Admin office	75	1.0%	74	1.1%
Ineligible Entity	0	0%	0	0%
TOTAL	7181	100%	6983	100%

Note: *'Consortium of the above' is used when consortia list itself as a member site.

No. of HCF and Telecom HCPs Receiving Funding (Committed) in FY16 by Rurality

	FY2016 Distinct Count of HCPs	FY2016 % of HCP	FY2015 Distinct Count of HCPs	FY2015 % of HCP
RURAL	6164	85.84%	6316	90.45%
URBAN	856	11.92%	507	7.26%
RURALITY NOT APPLICABLE	161	2.24%	160	2.29%
Consortium of the above	5		6	
Offsite Admin office	81		80	
Offsite data center	75		74	
Ineligible Entity	0		0	
TOTAL	7181		6983	

Note: *'Consortium of the above' is used when consortia list itself as a member site.

No. of days from FY 2016 window close to "Commitment" by Program Category

	Distinct Count of HCPs	Count of Funding Requests	Average # of Days
TELECOM	2569	5749	88.64
HCF INDIVIDUAL	3237	5594	116.68
HCF CONSORTIUM	125	861	122.31
TOTAL	**5931**	**12204**	**109.21**

* commitment made prior to window close date will be considered as zero days
* Close date of Filing Window 0: 8/31
* Close date of Filing Window 1: 6/30
* Close date of Filing Window 2: 11/30

No. of days from FY 2016 window close to "Review Complete" by Program Category

	Distinct Count of HCPs	Count of Funding Requests	Average # of Days
TELECOM	2741	6342	43.2
HCF INDIVIDUAL	3261	5662	43.9
HCF CONSORTIUM	127	899	49.87
TOTAL	6129	12903	45.66

* commitment made prior to window close date will be considered as zero days
* Close date of Filing Window 0: 8/31
* Close date of Filing Window 1: 6/30
* Close date of Filing Window 2: 11/30

Amount of Gross Demand/Committed/Disbursed Funding Requests per FY16 by Program Category

	FY2016 GROSS DEMAND AMOUNT	FY2016 COMMITTED AMOUNT*	FY2016 AUTHORIZED DISBURSEMENTS
TELECOM	$ 289,690,725	$ 194,925,021	$ 101,213,109
HCF INDIVIDUAL	$ 78,381,234	$ 38,292,384	$ 5,205,489
HCF CONSORTIUM	$ 188,176,592	$ 113,783,496	$ 16,415,197
TOTAL	$ 556,248,551	$ 347,000,901	$ 122,833,795

* Committed Amount reflects the pro-rated amount. Total FY2016 funding is $390.3 M, which includes $6.2 M not yet completed, $24.3 M held for pending appeals, and $12.8 M in RHC admin expenses.

De-obligation Amount

HCF Program

	Requested	Committed	% Difference	Disbursed
FY2015	$ 591,223,733	$ 117,828,139	-80.1%	$ 83,744,408
FY2016	$ 267,396,038	$ 152,107,748	-43.1%	$ 58,154,913
Total	$ 858,619,771	$ 269,935,887		$ 141,899,321

Telecom Program

	Requested	Committed	% Difference	Disbursed
FY2015	$ 229,285,177	$ 179,977,424	-21.5%	$ 167,586,256
FY2016	$ 289,708,468	$ 191,393,970	-33.9%	$ 162,709,476
Total	$ 518,993,646	$ 371,371,394		$ 330,295,732

No. of Consortia Receiving FY16 Funding (Committed) by Consortia Size

	Count of Consortia	Count of Members	Count of Funding Request
<10 Members	96	365	1116
10 - 25 Members	37	574	108
26 - 50 Members	19	551	17
> 50 Members	18	2233	15
Total	**170**	**3723**	**1256**

No. of HCF Consortia Member Receiving FY16 Funding (Committed) by Rurality

	Distinct Count of HCPs	% of HCP	FY2016 Committed Amount
RURAL	1695	62.66%	$ 53,100,356
URBAN	854	31.57%	$ 30,049,769
RURALITY Not Applicable	156	5.77%	$ 30,579,154
Consortium of the above	4		$ 19,476,976
Offsite Admin office	78		$ 1,722,094
Offsite data center	74		$ 9,380,084
Ineligible Entity	0		$ -
TOTAL	**2705**		**$ 113,729,280**

No. of FY16 Approved and Denied Funding Requests by Program

	Count of Approved Funding Request	Count of Denied Funding Request	% Approved	% of Denials
TELECOM	5767	538	91.47%	8.53%
HCF	6455	106	98.38%	1.62%
TOTAL	**12222**	**644**	94.99%	**5.01%**

No. of Eligibility Determination by HCP from 1/1/2016 to 12/31/2016

	Count of HCPs Granted	Count of HCPs Denied	% of Approval	% of Denial
TELECOM	1185	169	88%	12%
HCF	3089	448	87%	13%
* January 1st is the first date of FY16 Form 465 can be submitted				

Note: Data is as of 12/31/2016 because eligibility determinations are not tied to a funding year.

No. of Forms Processed and Overall Time to Review (OTTR) per Form (HCF: 460, 461, 462, 463; and Telecom: 465, 466, 467, invoice) per Quarter

	Target (Days)	April Number Processed	April Avg Days to Review (days)	May Number Processed	May Avg Days to Review (days)	June Number Processed	June Avg Days to Review (days)
Form 460 Eligibility Determination (HCF)	30	789	14.2	681	19.7	314	21.2
Form 465 Eligibility and Request for Services (Telecom)	3	274	1.9	347	1.7	112	1.4
Form 461 Request for Services (HCF) with RFP	30	102	9.1	147	7.9	19	13.7
Form 461 Request for Services (HCF) without RFP	4	222	3.1	239	2.5	47	2.6
Form 462 - HCF Funding Request - Individual	45	4,748	172.7	N/A	N/A	N/A	N/A
Form 462 - HCF Funding Request – Consortia	50	741	146.3	N/A	N/A	N/A	N/A
Form 466 - Funding Request / Certification (Telecom)	30	3,569	161.6	N/A	N/A	N/A	N/A
Form 463 (HCF Invoicing) Line Items	16	2,138	8.4	2,335	8.4	3,218	8.5

Note: N/A applies to funding request forms received during second filing window (i.e. from Sept. 1 to Nov. 30, 2016) that are reviewed but not committed as of 6/30/17.