Rural Health Care Committee

Briefing Book

Monday, April 29, 2019

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

Universal Service Administrative Company Offices

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

Washington, D.C. 20005

Universal Service Administrative Company
Rural Health Care Committee Quarterly Meeting Agenda

Monday, April 29, 2019
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 January 28, 2019 **B.** Approval of moving all Executive Session items into Executive Session	5
Mark	**a2.** Approval of Rural Health Care Support Mechanism 3rd Quarter 2019 Programmatic Budget and Demand Projection for the May 2, 2019 FCC Filing	15
Latoya Anderson	**i1.** Information on One USAC Internal Audit Division Rural Health Care Support Mechanism Beneficiary Audit Reports	5
Mark	**i2.** Rural Health Care Business Update • At a Glance • Stakeholder Engagement	10

	EXECUTIVE SESSION **Confidential – *Executive Session Recommended***	*Estimated Duration in Minutes*
Mark	**i2.** Rural Health Care Business Update (*Continued)* • Rural Health Care Dashboard • Rural Health Care System Environment and Assessment	25

Next Scheduled USAC Rural Health Care Committee Meeting

Monday, July 29, 2019
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) 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 January 28, 2019 (*see* **Attachment A**).

B. Approval of moving all ***Executive Session*** items into ***Executive Session***:

(1) **i2** – Rural Health Care Support Mechanism Business Update (*Continued).* USAC management recommends this item be discussed in ***Executive Session*** because this matter relates to ***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 USAC Rural Health Care Committee hereby approves: (1) the Committee meeting minutes of January 28, 2019; and (2) discussion in ***Executive Session*** of the agenda item noted above.

UNIVERSAL SERVICE ADMINISTRATIVE COMPANY
700 12th Street, N.W., Suite 900
Washington, D.C. 20005

RURAL HEALTH CARE COMMITTEE MEETING
Monday, January 28, 2019

(DRAFT) MINUTES[1]

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, January 28, 2019. Dr. Kathy Wibberly, Committee Chair, called the meeting to order at 1:13 p.m. Eastern Time, with a quorum of seven of the eight Committee members present (There is one seat vacant):

Fontana, Brent
Freeman, Sarah
Kinser, Cynthia
Sekar, Radha – Chief Executive Officer
Tinic, Atilla
Wein, Olivia
Wibberly, Dr. Kathy – Chair

Other Board members and officers of the corporation present:

Beckford, Ernesto – Vice President, General Counsel, and Assistant Secretary
Bocher, Bob – Member of the Board
Buzacott, Alan – Member of the Board
Delmar, Teleshia – Vice President of Audit and Assurance
Feiss, Geoff – Member of the Board
Gaither, Victor – Vice President of High Cost
Garber, Michelle – Vice President of Low Income
Gillan, Joe – Member of the Board
Holstein, Bob – Vice President and Chief Information Officer
Lubin, Joel – Member of the Board
Salvator, Charles – Vice President of Finance, Chief Financial Officer, and Assistant Treasurer
Schell, Julie Tritt – Member of the Board
Sweeney, Mark – Vice President of Rural Health Care

Others present:

NAME	**COMPANY**
Albert, Blythe	USAC

[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
Ayer, Catriona	USAC
Benton, Brittany	USAC
Bethel, Tameca	USAC
Butler, DeNaira	USAC
Butler, Stephen	USAC
Caparas, Mharibeth	USAC
Carpenter, Nikki-Blair	USAC
Contreras, Jennifer	USAC
Faunce, Donna	USAC
Hughet, Pamela	USAC
Kolachina, Roja	USAC
Little, Chris	USAC
McCornac, Carolyn	USAC
Miller, Arielle	USAC
Mitchell, Jeff	Lukas, LaFuria, Gutierrez & Sachs, LLP
Mohammed, Rehana	USAC
Numa, Marcel	USAC
Nuzzo, Patsy	USAC
Park, Sang	USAC
Pilgrim, Lisa	USAC
Pradhan, Saumya	USAC
Rogers, Camelia	Telehealth Funding Connections
Schrieber, Johnnay	USAC
Schwetz, Tori	USAC
Smith, Chris	USAC
Squire, Matt	USAC
Stauter, Erica	USAC
Tawes, Pauline	USAC
Tiwari, Tanya	USAC
Tomlin, Nicole	USAC
Williams, Erin	USAC

OPEN SESSION

All materials from Open Session can be found on the USAC website.

a1. **Consent Items**. Dr. Wibberly introduced these items to the Committee for consideration.

A. Approval of Rural Health Care Committee Minutes of October 29, 2018.

B. Approval of Moving all ***Executive Session*** Items into ***Executive Session***.

(1) **i2** – Rural Health Care Support Mechanism Business Update (*Continued).* USAC management recommends this item be discussed in ***Executive Session*** because this matter relates to ***specific internal controls and procedures*** concerning the administration of the program, or ***confidential company data***.
(2) **a4** – Approval of Rural Health Care Support Mechanism 2019 Annual Programmatic Budget. USAC management recommends this item be discussed in ***Executive Session*** because this matter 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: (1) the Committee meeting minutes of October 29, 2018; and (2) discussion in ***Executive Session*** of the agenda items noted above.

a2. Recommendation for Election of Committee Chair and Vice Chair. Dr. Wibberly introduced this item and Mr. Mason, Chair of the Nominating Committee, shared the Nominating Committee recommendations for the leadership positions.

RESOLVED, that the USAC Rural Health Care Committee recommends that the USAC Board of Directors elect **Dr. Kathy Wibberly** as Chair and **Brent Fontana** as Vice Chair of the Committee. The term for each position begins immediately upon the election to such position by the Board and ends at such time as the Chair or Vice Chair (as the case may be): (i) is replaced by a successor selected by the Board, (ii) resigns from the Committee or the Board, (iii) is removed by resolution of the Board, or (iv) is no longer a member of the Board (whichever comes first).

a3. Approval of Rural Health Care Support Mechanism 2nd Quarter 2019 Programmatic Budget and Demand Projection for the January 31, 2019 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 Support Mechanism 2nd quarter 2019 programmatic budget and demand projection for the January 31, 2019 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 2nd Quarter 2019 Rural Health Care Support Mechanism direct program budget of $2.65 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on January 28, 2019, a summary of the 2nd Quarter 2019 Rural Health Care Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required January 31, 2019 filing to the FCC 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. Information on One USAC Audit and Assurance Division Rural Health Care Support Mechanism Beneficiary Audit Reports. The Committee received a report with information on one USAC Audit and Assurance Division Rural Health Care Support Mechanism beneficiary audit report. This report was provided for informational purposes; no discussion was held.

i2. Rural Health Care Business Update. Mr. Sweeney, Ms. Mohammed and Ms. McCornac presented PowerPoint slides covering the following to the Committee for discussion:

1. Recap of action items from October 2018 Committee meeting
2. 2018 Accomplishments
3. 2018 Operational Performance Synopsis
4. 2019 Goals and Objectives
5. Discussion Topic: Optimizing RHC administration, based on key lessons learned from FY17 and FY18 administration
6. Overview of RHC activities for next 12 months

At 1:58 p.m. Eastern Time, on a motion duly made and seconded, the Committee moved into ***Executive Session*** for the purpose of discussing the confidential items listed above.

EXECUTIVE SESSION

i2. Rural Health Care Business Update (*Continued).* Mr. Sweeney continued the discussion of the Rural Health Care Business Update.

a4. Approval of Rural Health Care Support Mechanism 2019 Annual Programmatic Budget. Mr. Sweeney presented this item for discussion. The presentation included a written summary and report detailing USAC management's recommendations for the Rural Health Care Support Mechanism 2019 programmatic budget.

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

RESOLVED, that the Rural Health Care Committee approves a 2019 annual programmatic budget for the Rural Health Care Support Mechanism of $9.5 million.

At 2:20 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 voted on item a4 and discussed item i2.

On a motion duly made and seconded, the Committee adjourned at 2:20 p.m. Eastern Time.

/s/ Ernesto Beckford
Assistant Secretary

Universal Service Administrative Company
Rural Health Care Committee Meeting

ACTION ITEM

Approval of Rural Health Care Support Mechanism 3rd Quarter 2019 Programmatic Budget and Demand Projection for the May 2, 2019 FCC Filing

Action Requested:

The Rural Health Care Committee (Committee) of the USAC Board of Directors (Board) is requested to approve the 3rd Quarter 2019 (3Q2019) programmatic budget and demand projection for the Rural Health Care Support Mechanism for submission to the Federal Communications Commission (FCC) in USAC's May 2, 2019 quarterly filing.

Discussion:

On a quarterly basis, USAC is required to submit to the FCC each program's budget[1] and projected demand for the upcoming quarter.[2]

Funding Requirement

USAC estimates the 3Q2019 funding requirement for the Rural Health Care Support Mechanism as follows:

Table A. Program Funding Requirement

(in millions)	**2Q2019**	**Increase/ (Decrease)**	**3Q2019**
Steady State:			
Program Funding Requirement (see Note 1)	$160.43	($11.98)	$148.45
New Requirements:			
N/A	0.00	0.00	0.00
Total Program Funding Requirement	**$160.43**	**($11.98)**	**$148.45**
Prior Period Adjustments (see Note 2)	(4.49)	2.46	(2.03)
USAC Administrative Expenses[3] (see Table B)	0.00	0.00	0.00
Interest Income	(0.30)	0.23	(0.07)
Total Funding Requirement	**$155.64**	**($9.29)**	**$146.35**

[1] 47 C.F.R. § 54.715(c).
[2] 47 C.F.R. § 54.709(a)(3).
[3] Administrative costs are covered within the funding cap.

Note 1: The Program Funding Requirement for 2Q2019 represents the remaining collection requirement for Fund Year 2018. The Program Funding Requirement for 3Q2019 represents one quarter of the authorized funding cap of $593.78 million for Fund Year 2019.[4]

Note 2: Prior period adjustments reconcile projections to actual results and include adjustments for billings, interest income, and bad debt.

The 3Q2019 Rural Health Care Support Mechanism programmatic budget of $3.89 million represents approximately 25% of the 2019 annual Rural Health Care Support Mechanism programmatic budget of $15.59 million.

Table B. 3Q2019 Quarterly Programmatic Budget

(in millions)	**3Q2019 Budget**
Direct Program Costs	
Employee Expenses	$1.36
Professional Services	0.00
General & Administrative (Note 3)	0.01
Total Direct Program Costs	**$1.37**
Direct Assigned Costs	
Employee Expenses	$0.40
Professional Services	0.48
General & Administrative (Note 3)	0.00
Total Direct Assigned Costs	**$0.88**
Total Direct Program & Direct Assigned Costs	**$2.25**
Common Allocated Costs	**$1.64**
Total Programmatic Budget	**$3.89**

Note 3: General & Administrative expenses include printing & postage and meetings & conferences.

A comparison of actual expenditures to the budget for the three months ending March 31, 2019 is provided in **Attachment A.**

[4] *See Wireline Competition Bureau Announces E-Rate and RHC Programs' Inflation-Based Caps for Funding Year 2019*, CC Docket No. 02-6, WC Docket No. 02-60, Public Notice, DA 19-170.

Recommendation:

USAC management recommends that the Committee approve the 3Q2019 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 3rd Quarter 2019 Rural Health Care Support Mechanism direct program budget of $2.25 million; and

RESOLVED FURTHER, that the USAC Rural Health Care Committee, having reviewed at its meeting on April 29, 2019 a summary of the 3rd Quarter 2019 Rural Health Care Support Mechanism demand estimate, hereby directs USAC staff to proceed with the required May 2, 2019 filing to the FCC 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 A

Rural Health Care Administrative Costs and Headcount

Comparison of Actual Expenditures and Headcount to the Budget for the
Three Months Ending March 31, 2019

($ in millions)	FTE Actual	FTE Budget	FTE Variance	YTD Actual	YTD Budget	Variance
Direct Program Costs						
Employee Expenses	43	46	3	$1.27	$1.30	$0.03
Professional Services (Note 4)				0.07	0.20	0.13
General & Administrative (Note 5)				0.00	0.00	0.00
Total Direct Program Costs				**$1.34**	**$1.50**	**$0.16**
Direct Assigned Costs						
Employee Expenses	7	9	2	$0.31	$0.38	$0.07
Professional Services (Note 4)				0.17	0.50	0.33
General & Administrative (Note 5)				0.00	0.00	0.00
Total Direct Assigned Costs				**$0.48**	**$0.88**	**$0.40**
Total Direct Program & Direct Assigned Costs	**50**	**55**	**5**	**$1.82**	**$2.38**	**$0.56**
Common Allocated Costs (Note 6)				**$1.21**	**$1.52**	**$0.31**
Total Programmatic Budget				**$3.03**	**$3.90**	**$0.87**

Note 4: Direct Program Professional Services include contract labor to perform application reviews and system requirements gathering (no spending for systems requirements to date). Direct Assigned Professional Services include beneficiary & contribution audit program audits and IT contract labor.

Note 5: General & Administrative expenses include printing & postage and meetings & conferences.

Note 6: 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.

Rural Health Care Business Update

April 29, 2019

Universal Service
Administrative Co.

Agenda: Rural Health Care

Topic	Description	Purpose	Presenter	Length
Business Update				
RHC Program At A Glance	Overview of RHC activities for 2019	Informational	Mark Sweeney	5 min
Stakeholder Engagement	Discussion of RHC's customer centric approach	Informational	Mark Sweeney	5 min
Appendix				
Appendix A: Glossary of Acronyms and Projects				
Appendix B: 2019 FCC Docket Monitoring – Rural Health Care				
Appendix C: 2019 1st Quarter Accomplishments, Planned Activities, and Metrics				

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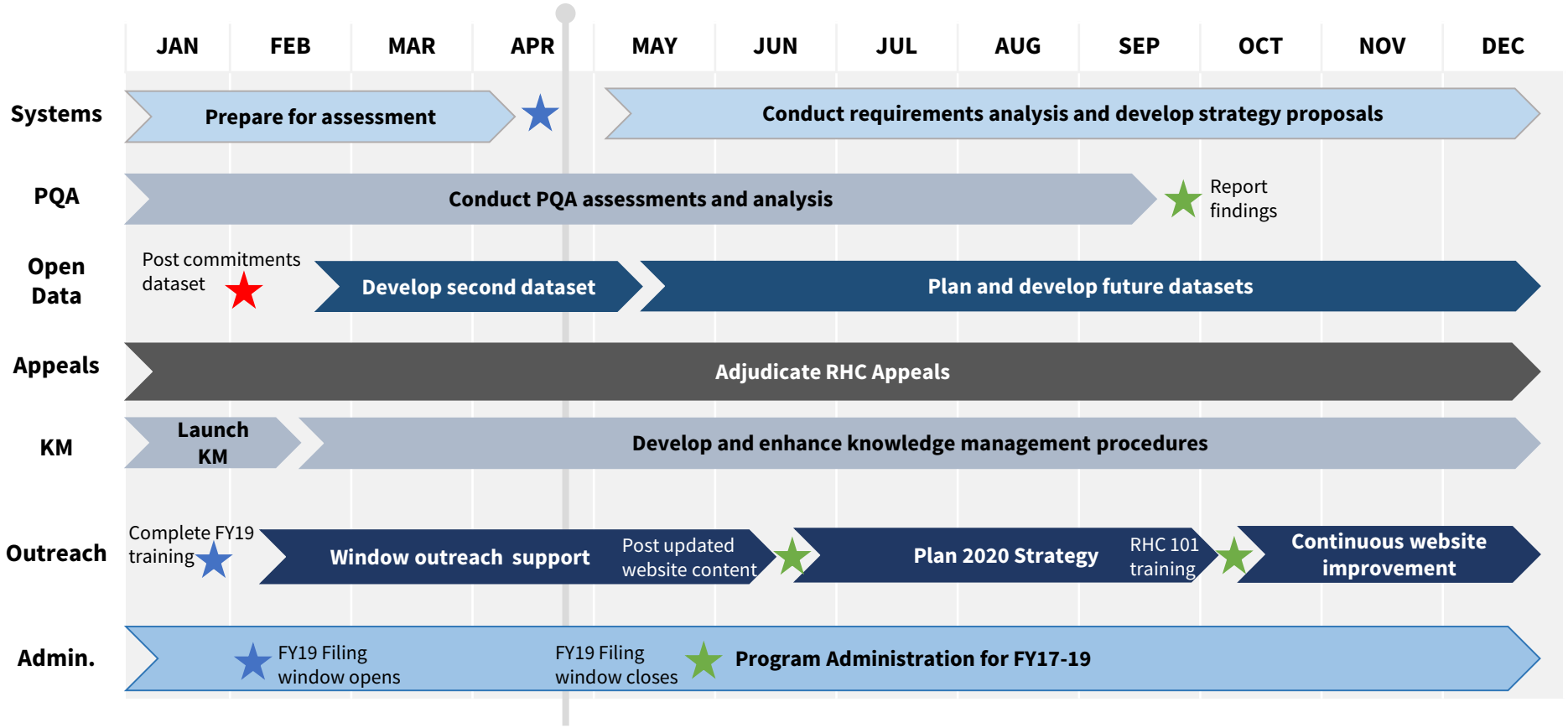
RHC Program At a Glance



Legend

- Completed Milestone
- On Track Milestone
- At-Risk Milestone
- Delayed Milestone
- On Hold/TBD Milestone

Completed Milestones:

- Systems – Prepared for assessment
- Outreach – FY19 Training
- Admin. – FY19 Filing window opens

Delayed Milestone:

- Open Data – Post commitments datasets

All other milestones are on track.

Note: Refer to Appendix C for 1st quarter accomplishments, planned activities, and metrics.

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Stakeholder Engagement:
Customer Centric Approach

Outreach
- Webinars & Tip sheets
- Email campaigns
- Website content

Mission-Focused
- Site visits
- Applicant presentations
- Celebrating stakeholder success

Early adopters
- Webinars/calls
- Online polls/surveys

Systems
- Planning & Testing
- Customer driven design

Adminis-tration
- Procedures, checklists, documentation
- Communications, templates

Open Data
- Datasets
- Resources

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Appendix A: Glossary of Acronyms and Projects

Acronyms / Terms	Definition
AUP	Agreed Upon Procedures. An agreed-upon procedure engagement is a standard a company or client outlines when it hires an external party to perform an audit on a specific test or business process.
BCAP	Beneficiary and Contributor Audit Program (BCAP). The BCAP is designed to assess beneficiary and contributor compliance with the FCC rules and requirements (collectively, FCC Rules).
HCF	Healthcare Connect Fund. A program administered by Rural Health Care Division that provides a 65% discount to eligible healthcare providers for qualifying services.
KM	Knowledge Management. USAC-wide initiative to centralize and formalize documentation regarding USAC programs, processes, and procedures.
My Portal	Systems used by the Rural Health Care Division to collect FCC forms submitted by program applicants and aggregate this data.
PQA	Payment Quality Assurance. PQA is designed to assess the accuracy of Universal Service Fund (USF) disbursements and determine whether improper payments exist, and assists the FCC in meeting its reporting obligations under the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).
RFP	Request for Proposal. A document that solicits proposal, often made through a bidding process, by a company interested in procurement of a commodity or service to potential suppliers to submit business proposals. It is submitted early in the procurement cycle.
RHC	Rural Health Care Division. An organization within USAC with the mission to administer the HCF and Telecom programs, as well as any FCC programs or directives impacting rural healthcare.
SOW	Statement of Work. A portion of the RFP that describes the work that will be taking place.
Telecom	Telecommunications Program. A program administered by Rural Health Care Division that provides a discount to eligible healthcare providers for qualifying services based on the urban/rural differential.
WCB	Wireline Competition Bureau. WCB is a component of the FCC that works to ensure that all Americans have access to robust, affordable broadband and voice services. Its programs help ensure access to affordable communications for schools, libraries, health care providers, and rural and low-income consumers.

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Appendix B: 2019 FCC Docket Monitoring – Rural Health Care

There were 15 items in the RHC docket in the 1st quarter of 2019. Those with administrative impact are shown below.

FCC Order/ Mandate	Release Date	Description	Impact to RHC
DA 19-92	February 15, 2019	WCB issued a public notice providing guidance for determining rural rates in the rural health care program.	Included in newsletter and latest news
DA 19-170	March 8, 2019	WCB issued a Public Notice setting funding caps for the E-Rate and RHC programs' for funding year 2019. The E-Rate program funding cap for will be $4,151,395,402, and the RHC program funding cap will be $593,782,000. Both new program caps represent a 2.2 percent inflation-adjusted increase from the prior funding year.	Outreach performed to communicate new cap, incorporated into financial tracking

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Universal Service Administrative Company
Rural Health Care Committee Meeting

INFORMATION ITEM

APPENDIX C

Rural Health Care Business Update
Q1 2019 Update on Rural Health Care Administration

Overall Summary for Q1 2019:

The Rural Health Care (RHC) Division had a very strong first quarter, which focused on program integrity, operational efficiency, and outreach. In the program integrity area, all Corrective Action Plans are now within the 90 day target for completion, and 32 appeals were adjudicated while 66 new appeals were received. The new appeals were driven by operational performance, specifically, the program operations team completed the reviews for all workable funding requests for the Healthcare Connect Fund and Telecommunications programs over a period of less than five months. The team has also completed the first iteration of RHC's knowledge management framework, and will continue to refine it this year. As part of our outreach, we conducted multiple webinars and outreach activities to prepare for the opening of the Funding Year (FY) 2019 application filing window.

In the second quarter, the focus will be on starting a systems assessment, rolling out significant website updates, continuing to issue funding commitments, posting RHC data to the open data platform, working with the Audit and Assurance Division on the Payment Quality Assurance testing, and closing the FY2019 application filing window.

RHC Program Updates & Accomplishments:

- *Operations* – RHC Operations completed all workable FY2017 funding request decisions in Q1.
- *Operations* – RHC Operations completed all workable FY2018 funding request decisions in Q1.
- 2019 Systems Roadmap – RHC/IT is currently 3-4 weeks ahead of schedule for its maintenance work on My Portal. The team is also ahead of schedule for planned enhancements to the Third-Party Authorizations (TPA) and Letters of Authorization management features, which will be rolled out this year.
- *Appeals* – RHC received a total of 70 new appeals in Q1 2019, and adjudicated 32 appeals. RHC is on track to resolve appeals submitted in calendar year 2018 (79 appeals) by Q3 2019.
- *Eligibility* – RHC validated that all HCPs with funding commitments for FY2018 that required them had current and valid TPAs before their funding commitment letters were issued. This included reviews for more than 2,609 HCPs.
- *Knowledge Management* – RHC has completed the framework and populated the system with draft documents.

- *Stakeholder Engagement Webinar* –We held a webinar with stakeholders who expressed interest in giving RHC feedback. RHC asked for specific input on training content and resources that stakeholders would like to see. This will help inform upcoming trainings and future planning.
- *Funding Request Webinar* – RHC finished its winter training series with a training on submitting FCC Forms 462 and 466. The team received an overall satisfaction score of 4.22/5, making our overall average score for the winter training series a 4.32/5!
- *Conference Attendance* – RHC outreach team members attended the Heartland Telehealth Resource Center conference in Jefferson City, MO and Mid-Atlantic Telehealth Resource Center conference in Williamsburg, VA to exhibit the RHC Program and gather participant feedback. We held feedback sessions with mixed results due to the small turnout and logistical challenges.

Planned Activities for Q2 2019:

- *FY2017 and 2018 Funding Requests* – As non-workable funding requests remaining from FY2017 and FY2018 become workable, they will be advanced through the review process.
- *FY2019 Funding Requests* – FY2019 application filing window closes on May 31, 2019, and processing of FY2019 funding requests will begin soon thereafter.
- *RHC De-commitments* – Finalize process and timeline to resolve backlog of RHC de-commitments in RHC systems and establish a new process going forward. The process is currently undergoing RHC and Finance review.
- *Knowledge Management* – RHC will reformat and update all funding request procedure documents. We have met with the Schools and Libraries Division and the Enterprise Program Management Office to discuss the format and lessons learned that we can incorporate into this effort.
- *Employee Engagement* – RHC's management team has developed a draft management action plan for 2019 and is working with the Workforce Engagement (WE) Team to finalize the plan and begin executing.
- *Website Updates* – RHC will be updating several pages on the RHC website, along with the navigation, to make resources more intuitive and accessible.

Performance Metrics for Q1 2019:

	Metric	Target	January	February	March	Variance	
1	Call Ctre A/R	3.0%	1.5%	2.1%	2.8%	0.2%	✓
2	Total Pending RHC Appeals	N/A	142	150	169	N/A	
3	Average age of RHC Appeals	90	285.74	267.12	207.87	-117.87	⚑
4	Number of open appeals over 90 days	0	108	113	99	-99	⚑

Key	
✓	Meeting Target
⚑	Not Meeting Target