The FCC’s Healthcare Connect Fund

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Key Features of New Healthcare Connect Fund

- Support for broadband connectivity and broadband networks for eligible health care providers (HCPs)
- Both consortium and individual HCPs may apply
- 35% HCP contribution required
- Funding begins January 1, 2014 (July 1, 2013, for existing Pilot projects)
Key Features of New Healthcare Connect Fund (cont’d)

- Covers both broadband services and HCP-owned infrastructure
- Non-rural HCPs can participate if in majority-rural consortia
- Multi-year funding commitments available to consortia
- Connections to off-site administrative offices and data centers covered
Current FCC Rural Health Care Programs

• Telecommunications Program
  - Funds urban/rural rate difference for telecommunications services for rural HCPs
  - Remains in place after Healthcare Connect Fund is implemented

• Internet Access Program
  - Provides 25 percent discount on Internet access services for rural HCPs
  - Ends June 30, 2014, as participants transition to Healthcare Connect Fund

• Pilot Program
  - Supports 50 state-wide and regional broadband HCP networks
  - Participants transition to Healthcare Connect Fund as Pilot funds are exhausted
Goals of Healthcare Connect Fund

- Increase access to broadband for HCPs, especially those serving rural areas
- Foster development and deployment of broadband health care networks
- Maximize cost-effectiveness of the program
Benefits of Consortium Approach

• Creation and growth of broadband HCP networks
• Lower administrative costs
• Sharing of medical, administrative, and technical expertise
• Lower prices, higher bandwidth, and better quality connections
• Access by rural HCPs to medical specialists at larger HCPs through telemedicine
• Enhanced exchange of electronic health records and coordination of patient care
• Remote training of medical personnel
• Improved quality and lower cost of health care
Who is eligible to participate?

• To be eligible, an HCP must be public or not-for-profit and belong to one of these statutory categories: hospitals, rural health clinics, community health centers, health centers serving migrants, community mental health centers, local health departments or agencies, post-secondary educational institutions/teaching hospitals/medical schools, or a consortia of the above. 47 U.S.C. § 254(h)(7)(B)

• Non-rural HCPs may participate in Healthcare Connect Fund if they belong to a consortium that has a majority rural HCPs

• The largest HCPs (400 + patient beds) are eligible, but support is capped if non-rural.
What is supported?

• For all applicants:
  - Broadband services
  - Reasonable and customary installation charges
  - Equipment necessary to make service functional
  - Connections to off-site administrative offices and data centers
  - Connections to research & education networks
• Consortium applicants also may receive support for:
  - Equipment necessary for network
  - Upfront charges for deployment of new or upgraded facilities, including dark fiber
  - HCP constructed and owned facilities, if shown to be most cost-effective option
Application Process – Usual Steps

- Assess technical requirements
- Organize consortium and design network (consortia)
- Obtain and submit letters of agency and network plan (consortia)
- Submit request for services (or RFP) for competitive bidding (unless exempt from competitive bidding)
- Review bids and select most cost-effective bid
- Submit request for funding commitment
- Begin receiving services
- Receive vendor invoice and pay HCP portion (35 %)
- Submit invoice for payment by Administrator to vendor
Competitive Bidding Exemptions

- Annual undiscounted cost of $10,000 or less
- Government Master Services Agreements (MSAs)
- MSAs approved under Pilot Program or Healthcare Connect Fund
- Evergreen contracts
- Contracts negotiated under E-rate
- No exemption for Internet2 or National LambdaRail
Timeline

- **Pilot Projects**
  - Funding available beginning July 1, 2013, for existing Pilot projects
  - Projects may obtain funding for HCP sites as they exhaust Pilot funds
  - May add new sites to existing Pilot networks

- **New individual and consortium applicants**
  - Funding available beginning January 1, 2014
  - Competitive bidding process may begin late summer 2013
Skilled Nursing Facilities Pilot Program

- Purpose is to test how to support broadband connections for skilled nursing facilities
- Pilot will get underway in 2014
- Funding will be up to $50 million total over a three-year period
- FCC will solicit input regarding design of the pilot program
- Participants will be required to collect data and submit reports
Funding Caps

- Cap on total funding for FCC Rural Health Care Programs, including Healthcare Connect Fund and Skilled Nursing Facilities Pilot, is $400 million annually
- Cap for upfront payments in Healthcare Connect Fund is $150 million annually
Program Administration

- Details of program and rules are set forth in FCC’s Order released December 21, 2012
- The Universal Service Administrative Company (USAC) administers the Healthcare Connect Fund and other FCC rural health care programs, and processes applications
- USAC’s website will have forms and other materials to assist applicants going forward (www.usac.org/rhc)
- USAC will conduct training sessions for prospective applicants
Questions?

- FCC website, [www.fcc.gov/health](http://www.fcc.gov/health)
- USAC website, [www.usac.org/rhc](http://www.usac.org/rhc)

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