American Hospital Association

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April 24, 2018

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RE: Rural Health Care Program

Dear Ms. Dortch:

On behalf of our nearly 5,000 member hospitals, health systems and other health care organizations, and our clinician partners – including more than 270,000 affiliated physicians, 2 million nurses and other caregivers – and the 43,000 health care leaders who belong to our professional membership groups, the American Hospital Association (AHA) is writing to express our concern about the unexpected and significant funding cuts for the Rural Health Care (RHC) program participants, announced in March by the Universal Service Administrative Company (USAC), the program administrator. [1] **We urge the Federal Communications Commission (FCC) to fully fund qualified applicants under the RHC program for fiscal year (FY) 2017 and to take steps to permanently adjust the cap to prevent similar funding cuts in the future.**

The AHA appreciates the Commission's commitment to improving the RHC program and ensuring access to broadband for rural health care providers, as evidenced by the Commission's recent Notice of Proposed Rulemaking (NPRM) and Order, which sought input on how best to ensure adequate funding given the growing demand for the program. The RHC program has had a static $400 million cap for over 20 years – a cap that is set by the FCC and was exceeded for the first time in 2016 and again in 2017. In the NPRM, the FCC proposed adjusting annually the RHC program cap for inflation, including a "catch up" increase for FY 2017 to account for inflation since the program began. As the Commission stated, if it had adjusted the $400 million cap annually for inflation since 1997, the RHC program cap would have been approximately $571 million for FY 2017.

The AHA supports this approach, as stated in our Feb. 2 comment letter on the proposed rule. We also recommended that the Commission undertake a detailed assessment of the future demand for broadband-enabled health care services to more accurately set a program cap to meet the needs of rural health care providers and their patients, as the Commission has done for similar programs, such as the E-rate program.

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[1] *See* https://www.usac.org/rhc/tools/funding-commitments/prorata-factors.aspx.

The FCC has yet to conclude its rulemaking on this issue. Nevertheless, USAC announced FY 2017 reductions of 15 percent for individual participants and 25 percent for consortia participants. According to the USAC announcement, they received $521 million in eligible requests – an amount significantly in excess of the static $400 million cap, but well below the inflation-adjusted level of $571 million. Unfortunately, these deep reductions were announced eight months into the funding year, and were far greater than anticipated. These cuts not only affect the ability of these rural health care providers to maintain strong broadband connections but also could force tough decisions affecting funding for essential health care services.

For example, in Colorado, the cuts have affected hospitals, rural health clinics, federally qualified health centers and behavioral health organizations. This is especially disheartening to small rural hospitals that already face slim operating margins and have set their budgets for 2018 and 2019. These hospitals now need to adjust their budgets to accommodate the increase in monthly costs to maintain broadband capabilities. In many cases, they will need to reduce or eliminate other essential programs to accommodate this increase in operating costs. In Kansas, 55 sites, including 21 critical access hospitals, have been participating in the newly formed Kansas Health-e Broadband Consortium as a way to secure the communications infrastructure needed for daily operations and innovative services, such as telehealth. These unexpected and large cuts undermine the value of the RHC program and create financial challenges for these hospitals. The cuts also make it challenging for a new consortia to see a clear path forward. In Alaska, the Alaska Native Tribal Health Consortium estimates $18 million in lost subsidies for tribal facilities, which will leave them effectively paying 25 times the urban rate for connectivity and facing tough decisions given their limited budgets. For the state's rural non-tribal hospitals, the Alaska State Hospital and Nursing Home Association estimates the cuts will result in more than $1.5 million in unanticipated expense.

The AHA appreciates the FCC's attempts to soften the blow this year by making unused funds from prior years available and allowing companies to lower prices for requested services, but these steps clearly were not sufficient. Now more than ever, innovations in health care demand connectivity for telehealth, remote monitoring, patient engagement and daily operations. The Commission has expressed a strong commitment to meeting the broadband connectivity needs of rural health care providers and thereby improving the lives of rural Americans. Reversing the large and unexpected cuts to FY 2017 funding under the RHC program and putting the program on a path to provide sufficient and predictable funding in FY2018 and beyond would be consistent with that commitment.

If you have any questions or need further information, please contact me or have a member of your team contact Chantal Worzala, AHA's vice president of health information and policy operations, at cworzala@aha.org.

Sincerely,

/s/

Ashley Thompson
Senior Vice President
Public Policy Analysis and Development