



NEWS

Federal Communications Commission
445 12th Street, S.W.
Washington, D. C. 20554

News Media Information 202 / 418-0500
Internet: <http://www.fcc.gov>
TTY: 1-888-835-5322

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action.
See MCI v. FCC, 515 F 2d 385 (D.C. Circ 1974).

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NEWS MEDIA CONTACT:
Mark Wigfield, 202-418-0253
Email: mark.wigfield@fcc.gov

FCC CREATES HEALTHCARE CONNECT FUND TO EXPAND ACCESS TO ROBUST BROADBAND HEALTHCARE NETWORKS, IMPROVE CARE AND LOWER COSTS FOR PATIENTS NATIONWIDE

Action Modernizes Existing Universal Service Health Care Support, Improves Efficiency and Accountability; New Pilot to Explore Expanding Networks to Skilled Nursing Facilities.

With Today's Order, Commission Has Reformed of All Four Universal Service Programs In the Last Two Years

Washington, D.C. – Acting to expand access by health care providers to robust broadband networks, the Federal Communications Commission today established the Healthcare Connect Fund to reform and modernize its universal service program for health care.

Broadband is essential to 21st Century health care, saving lives, improving the quality of care, and reducing costs by providing instant remote access over high-speed networks to medical specialists, health care records and training. Telemedicine applications provided over robust broadband networks can facilitate immediate diagnoses and care needed to prevent lasting damage to stroke victims, prevent premature births and deliver psychiatric treatment for patients in rural areas, to name a few examples.

The FCC's existing Rural Health Care program, established by the 1996 Telecommunications Act, was not effectively structured to expand the reach of broadband health care networks. In 2006, the FCC launched its Rural Health Care Pilot Program to learn how to more effectively support these networks, and it now funds some 50 active Pilots across the nation. In a report released this past summer, the FCC highlighted lessons learned from these pilots, including a South Carolina consortium that saved \$18 million in Medicaid costs by using telepsychiatry, and a group of health care providers in the Midwest that saved \$1.2 million in patient electronic intensive care unit services. The report is available at http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-12-1332A1.pdf.

Informed by these and other success stories, the new Healthcare Connect Fund will help expand access by health care providers to the high-bandwidth connections they need for modern telemedicine by:

- Removing artificial limitations on technology and provider type that hampered legacy universal service health care support
- Encouraging consortia between smaller rural health care providers and urban medical centers to enable remote hospitals and clinics to draw on the medical, technical and administrative resources of larger providers
- Increasing fiscal responsibility by requiring participants to contribute 35% of the costs, while affording health care providers access to lower rates through group buying

- Supporting broadband services purchased from diverse communications providers, while also allowing health care providers to construct new broadband networks when that is the most cost-effective option
- Covering upgrades to higher speed service required for health care applications

In addition, the reforms establish a new competitive Pilot Program to test expanding broadband healthcare networks to skilled nursing facilities. Because these facilities are often remote from doctors and sophisticated lab and testing facilities, frail and convalescing patients will benefit greatly from broadband services that can reduce the time, expense and stress of travelling to receive medical care. Up to \$50 million over three years will be available from the Fund for these competitively-awarded Pilots.

The Order implementing these reforms maintains a \$400 million ceiling on the cost of universal service support for broadband health care networks. Savings achieved by group purchases through consortia and other increases in efficiency could cut the cost of robust broadband health care networks in half for both providers and the Universal Service Fund, based on the FCC's analysis of successful Rural Health Care Pilots.

With today's Order, the FCC has reformed and modernized all four of its Universal Service programs for 21st Century broadband over the past two years, as recommended by the FCC's 2010 National Broadband Plan. The Universal Service Fund provided \$8.1 billion in 2011 for the Connect America Fund to expand rural broadband and voice service; the E-rate program to provide broadband in schools and libraries; the old Rural Health Care program; and the Lifeline program to make phone service more affordable for low-income Americans.

Action by the Commission December 12, 2012, by Report and Order (FCC 12-150). Chairman Genachowski, Commissioners Clyburn and Rosenworcel with Commissioner McDowell approving in part, concurring in part, dissenting in part and Commissioner Pai approving in part, dissenting in part. Separate statements issued by Chairman Genachowski, Commissioners McDowell, Clyburn, Rosenworcel and Pai.

Docket No.: 02-60

Wireline Competition Bureau Staff Contact: Linda Oliver at 202-418-1732

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