



PUBLIC NOTICE

Federal Communications Commission
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WIRELINE COMPETITION BUREAU SEEKS COMMENT ON HEALTHCARE CONNECT FUND ANNUAL REPORTS

WC Docket No. 02-60

**Comments due: [30 days after publication of this Public Notice in the Federal Register]
Reply Comments due: [45 days after publication of this Public Notice in the Federal Register]**

In December 2012, the Federal Communications Commission (Commission) created the Healthcare Connect Fund (HCF) to direct universal service support for broadband connectivity to eligible individual and consortium health care provider applicants.¹ As part of the new HCF program, the Commission adopted performance goals, and annual reporting requirements to measure progress towards those goals, for Rural Health Care Pilot Program (Pilot) and HCF consortium lead entities under section 54.647 of its rules.² In this Public Notice, the Wireline Competition Bureau (Bureau) seeks comment on how best to measure the performance goals identified in the *HCF Order*³ by optimizing the content and format of these consortium annual reports. In the Order accompanying this Public Notice, the Bureau waives the annual reporting requirements for Pilot and HCF consortium lead entities for funding year 2013;⁴ thus, we seek comment on how to structure these reports for funding year 2014 and beyond.

In the *HCF Order*, the Commission identified three performance goals for the newly constituted HCF: (1) to increase access to broadband for health care providers (HCPs); (2) to foster the development and deployment of broadband health care networks; and (3) to minimize the burden on the federal universal service fund by ensuring the cost-effectiveness of the program.⁵ To ensure that the data collected appropriately assess whether these performance goals are being met while also minimizing the burden on program participants, the Commission delegated to the Bureau the authority “to work with [the Universal Service Administrative Company (USAC)] to accomplish these tasks, and to modify specific reporting requirements.”⁶ In keeping with this delegation of authority, we seek comment on how best to collect the types of data identified in the *HCF Order* and described in more detail below.

To measure progress toward the first goal of increased access, we propose to collect data on: the

¹ See *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678 (2012) (*HCF Order*).

² See *id.* at 16807-09, paras. 317-21; 47 C.F.R. § 54.647.

³ See *HCF Order*, 27 FCC Rcd at 16695, 16807-09, paras. 31, 317-21.

⁴ *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order, DA 14-854 (Wireline Comp. Bur. rel. June 19, 2014).

⁵ See *HCF Order*, 27 FCC Rcd at 16695, para. 32.

⁶ *Id.* at 16809, para. 320.

extent to which program participants subscribe to higher levels of broadband over time; participation in HCF relative to the universe of eligible participants; the bandwidths obtained by different types of HCPs; and whether those bandwidths are sufficient for their needs.⁷ Specifically, we propose that consortium lead entities collect the following information on these data points: anticipated increases in bandwidth or service level upgrades for HCPs on their networks and whether their service agreements allow for such increases; the average bandwidth obtained per HCP site and price paid per megabyte, categorized by HCP type; potential growth of the network categorized by number and type of HCPs; the number of outages and duration of time when service is unavailable, to the extent that data is already being collected; and the types of technologies consortia use to receive service (*e.g.*, fiber, coaxial cable, copper, wireless or satellite). We seek comment on the benefits and burdens of including such information in the annual reports. Are there additional data points that would prove useful to the Bureau in measuring progress toward the first goal for HCF?

In evaluating progress toward the second goal – fostering development and deployment of broadband health care networks – we propose to collect data on: the extent to which eligible HCPs participating in HCF are connected to other HCPs through broadband health care networks; the reach of broadband health care networks supported by our programs, including connections to those networks by eligible and non-eligible HCP sites; and how program participants use their broadband connections to deliver health care, including whether and to what extent HCPs are engaging in telemedicine, exchanging electronic health records (EHRs), or participating in health information exchanges, remote training, and other telehealth applications.⁸

Finally, to assess progress toward the third goal of maximizing the cost-effectiveness of the HCF program, we propose to collect data on: the cost of administering the program as compared to funds disbursed to program participants; the prices and speeds of the broadband connections supported by HCF; and the number and nature of all responsive bids received through the competitive bidding process, as well as an explanation of how each winning bid was chosen.⁹ Should we allow filers to request that competitively sensitive information submitted during the competitive bidding process be treated as confidential? We seek comment on these proposals and on how best to obtain these data.

It is important to note that HCF was designed so that the forms used to apply and receive services in the program, FCC Forms 460, 461, 462 and 463, also collect data that may be used to evaluate progress towards the program's goals.¹⁰ In addition to the proposed collections listed above, what other data points would be most useful to the Commission in measuring its performance goals for HCF, and how easily can HCPs or consortium lead entities provide them? We have a particular interest in quantitative data that will allow the Commission to monitor trends as HCF evolves. The *HCF Order* expressed a preference for collecting data, to the extent feasible, through automated interfaces on USAC's web portal.¹¹ We thus propose to collect the consortium annual reports required by section 54.647 of the Commission's rules through USAC's "My Portal" web interface. We seek comment on which data points would lend themselves particularly well to such automated collection and, conversely, whether there are any types of information that would be ill-suited for collection through a simple web interface. Finally, we seek

⁷ *Id.* at 16696, para. 35.

⁸ *Id.* at 16997-98, para. 40.

⁹ *Id.* at 16998-99, paras. 42-43.

¹⁰ FCC Forms 460, 461, 462, and 463 collect several data points related to the service consortia receive including information on speed, price, bandwidth, service level agreements, category of service, competitive bidding weighting criteria, service provider name and identification number, and billing information. See *HCF Order*, 27 FCC Rcd at 16893-905, Appendix E (providing examples of Forms 460-63).

¹¹ *Id.* at 16808, para. 317.

comment on ways to minimize any burden imposed on filers.

Interested parties may file comments and reply comments on or before the dates indicated on the first page of this document. Comments are to reference **WC Docket No. 02-60** and may be filed using the Commission's Electronic Comment Filing System (ECFS), or by filing paper copies.¹²

- Electronic Filers: Comments may be filed electronically using the Internet by accessing the ECFS: <http://fjallfoss.fcc.gov/ecfs2/>.
- Paper Filers: Parties who choose to file by paper must file an original and one copy of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.
 - All hand-delivered or messenger-delivered paper filings for the Commission's Secretary must be delivered to FCC Headquarters at 445 12th St., SW, Room TW-A325, Washington, DC 20554. The filing hours are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes and boxes must be disposed of before entering the building.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743.
 - U.S. Postal Service first-class, Express, and Priority mail must be addressed to 445 12th Street, SW, Washington DC 20554.

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to fcc504@fcc.gov or call the Consumer & Governmental Affairs Bureau at 202-418-0530 (voice), 202-418-0432 (tty).

This document does not contain proposed new or modified information collection(s) subject to the Paperwork Reduction Act of 1995 (PRA), Public Law 104-13. In addition, therefore, it does not contain any new or modified information collection burden for small business concerns with fewer than 25 employees, pursuant to the Small Business Paperwork Relief Act of 2002, Public Law 107-198, *see* 44 U.S.C. 3506(c)(4).

As required by the Regulatory Flexibility Act,¹³ the Commission has prepared an Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on a substantial number of small entities of the proposals addressed in this Public Notice. The IRFA is set forth in the Attachment. Written public comments are requested on the IRFA. These comments must be filed in accordance with the same filing deadlines for comments on the Public Notice, and they should have a separate and distinct heading designating them as responses to the IRFA. The Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, will send a copy of this Public Notice, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration, in accordance with the Regulatory Flexibility Act.¹⁴

¹² *See* Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998).

¹³ *See* 5 U.S.C. § 603.

¹⁴ *See* 5 U.S.C. § 603(a).

In addition, we request that one copy of each pleading be sent to each of the following:

(1) Elizabeth McCarthy, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, SW, Room 5C-320, Washington, DC 20554; e-mail:

Elizabeth.McCarthy@fcc.gov; and

(2) Charles Tyler, Telecommunications Access Policy Division, Wireline Competition Bureau, 445 12th Street, SW, Room 5-A452, Washington, DC 20554; e-mail: Charles.Tyler@fcc.gov.

The proceeding this Notice initiates shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules.¹⁵ Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must: (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed through the electronic comment filing system available for that proceeding, and must be filed in their native format (*e.g.*, .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules.

For further information, please contact Steve Rowings, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-7400 or TTY (202) 418-0484.

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¹⁵ 47 C.F.R. §§ 1.1200 *et seq.*

ATTACHMENT

Initial Regulatory Flexibility Analysis

1. Pursuant to the Regulatory Flexibility Act (“RFA”)¹, the Commission has prepared this Initial Regulatory Flexibility Analysis (“IRFA”) of the possible significant economic impact on small entities by the policies and rules proposed in this Public Notice. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed on or before the dates indicated on the first page of this Public Notice. The Commission will send a copy of the Public Notice, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.² In addition, the Public Notice and IRFA (or summaries thereof) will be published in the Federal Register.³

A. Need for, and Objectives of, the Public Notice:

2. On December 12, 2012, the Commission adopted rules that reformed its system of universal service support mechanisms for health care providers (HCPs) and created the Healthcare Connect Fund (HCF).⁴ Among other rules, the Commission adopted a requirement that consortium lead entities in HCF submit annual reports to provide the Commission with the ability to measure progress toward the performance goals the Commission identified for HCF.⁵ These goals include: (1) increased access to broadband for HCPs; (2) development and deployment of broadband health care networks; and (3) reduced burden on the Universal Service Fund by ensuring the cost-effectiveness of the program.⁶

3. This Public Notice is a part of the Commission’s ongoing effort to implement and improve the reforms adopted in the *HCF Order*. In it, we propose to collect needed data in a way that will: (1) allow the Commission to evaluate the efficacy of HCF in meeting the three performance goals identified in the *HCF Order*; and (2) minimize the burden on consortium lead entities, many of which may be small entities within the meaning of the RFA.

B. Legal Basis:

4. This Public Notice is authorized under sections 1, 2, 4(i), and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 152, 154(i), 254,⁷ and section 54.647 of the Commission’s rules, 47 C.F.R. § 54.647.⁸

¹ 5 U.S.C. § 603. The RFA, 5 U.S.C. §§ 601-612 has been amended by the Contract With America Advancement Act of 1996, Public Law No. 104-121, 110 Stat. 847 (1996) (“CWAAA”). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (“SBREFA”).

² 5 U.S.C. § 603(a).

³ *Id.*

⁴ See *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678 (2012) (*HCF Order*).

⁵ See 47 C.F.R. § 54.647; see also *HCF Order*, 27 FCC Rcd at 16695, para. 31.

⁶ *HCF Order*, 27 FCC Rcd at 16695, para. 31.

⁷ 47 U.S.C. §§ 151, 152, 154(i), 254.

⁸ 47 C.F.R. § 54.647.

C. Description and Estimate of the Number of Small Entities To Which Rules Will Apply:

5. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted.⁹ The RFA generally defines the term “small entity” as having the same meaning as the terms “small business,” “small organization,” and “small governmental jurisdiction.”¹⁰ In addition, the term “small business” has the same meaning as the term “small business concern” under the Small Business Act.¹¹ A small business concern is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established by the SBA.¹² Nationwide, there are a total of approximately 29.6 million small businesses, according to the SBA.¹³ A “small organization” is generally “any not-for-profit enterprise which is independently owned and operated and is not dominant in its field.”¹⁴ Nationwide, as of 2002, there were approximately 1.6 million small organizations.¹⁵ The term “small governmental jurisdiction” is defined generally as “governments of cities, towns, townships, villages, school districts, or special districts, with a population of less than fifty thousand.”¹⁶ Census Bureau data for 2002 indicate that there were 87,525 local governmental jurisdictions in the United States.¹⁷ We estimate that, of this total, 84,377 entities were “small governmental jurisdictions.”¹⁸ Thus, we estimate that most governmental jurisdictions are small.

6. Small entities potentially affected by the proposals herein include eligible rural non-profit and public HCPs.¹⁹

a. Rural Health Care Providers

7. Section 254(h)(7)(B) of the Act defines the term “health care provider” and sets forth seven categories of health care providers eligible to receive universal service support.²⁰ In addition, non-

⁹ 5 U.S.C. § 603(b)(3).

¹⁰ 5 U.S.C. § 601(6).

¹¹ 5 U.S.C. § 601(3) (incorporating by reference the definition of “small business concern” in 15 U.S.C. § 632). Pursuant to the RFA, the statutory definition of a small business applies “unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register.” 5 U.S.C. § 601(3).

¹² Small Business Act, 15 U.S.C. § 632.

¹³ See SBA, Office of Advocacy, “Frequently Asked Questions,” <http://web.sba.gov/faqs/faqindex.cfm?areaID=24> (revised Sept. 2009).

¹⁴ 5 U.S.C. § 601(4).

¹⁵ Independent Sector, *The New Nonprofit Almanac & Desk Reference* (2002).

¹⁶ 5 U.S.C. § 601(5).

¹⁷ U.S. Census Bureau, *Statistical Abstract of the United States: 2006*, Section 8, page 272, Table 415.

¹⁸ We assume that the villages, school districts, and special districts are small, and total 48,558. See U.S. Census Bureau, *Statistical Abstract of the United States: 2006*, section 8, page 273, Table 417. For 2002, Census Bureau data indicate that the total number of county, municipal, and township governments nationwide was 38,967, of which 35,819 were small. *Id.*

¹⁹ 47 C.F.R. §§ 54.600.

²⁰ See 47 U.S.C. § 254(h)(7)(B).

profit entities that act as “health care providers” on a part-time basis are eligible to receive prorated support and we have no ability to quantify how many potential eligible applicants fall into this category.

8. As noted earlier, non-profit businesses and small governmental units are considered “small entities” within the RFA. In addition, we note that census categories and associated generic SBA small business size categories provide the following descriptions of small entities. The broad category of Ambulatory Health Care Services consists of further categories and the following SBA small business size standards. The categories of small business providers with annual receipts of \$7 million or less consists of: Offices of Dentists; Offices of Chiropractors; Offices of Optometrists; Offices of Mental Health Practitioners (except Physicians); Offices of Physical, Occupational and Speech Therapists and Audiologists; Offices of Podiatrists; Offices of All Other Miscellaneous Health Practitioners; and Ambulance Services.²¹ The category of such providers with \$10 million or less in annual receipts consists of: Offices of Physicians (except Mental Health Specialists); Family Planning Centers; Outpatient Mental Health and Substance Abuse Centers; Health Maintenance Organization Medical Centers; Freestanding Ambulatory Surgical and Emergency Centers; All Other Outpatient Care Centers, Blood and Organ Banks; and All Other Miscellaneous Ambulatory Health Care Services.²² The category of such providers with \$13.5 million or less in annual receipts consists of: Medical Laboratories; Diagnostic Imaging Centers; and Home Health Care Services.²³ The category of Ambulatory Health Care Services providers with \$34.5 million or less in annual receipts consists of Kidney Dialysis Centers.²⁴ For all of these Ambulatory Health Care Service Providers, census data indicate that there are a combined total of 368,143 firms that operated for all of 2002.²⁵ Of these, 356,829 had receipts for that year of less than \$5 million.²⁶ In addition, an additional 6,498 firms had annual receipts of \$5 million to \$9.99 million; and additional 3,337 firms had receipts of \$10 million to \$24.99 million; and an additional 865 had receipts of \$25 million to \$49.99 million.²⁷ We therefore estimate that virtually all Ambulatory Health Care Services providers are small, given SBA’s size categories. We note, however, that our rules affect non-profit and public healthcare providers, and many of the providers noted above would not be considered “public” or “non-profit.” In addition, we have no data specifying the numbers of these health care providers that are rural and meet other criteria of the Act.

9. The broad category of Hospitals consists of the following categories, with an SBA small business size standard of annual receipts of \$34.5 million or less: General Medical and Surgical Hospitals, Psychiatric and Substance Abuse Hospitals; and Specialty (Except Psychiatric and Substance Abuse) Hospitals.²⁸ For these health care providers, census data indicate that there is a combined total of 3,800 firms that operated for all of 2002, of which 1,651 had revenues of less than \$25 million, and an

²¹ 13 C.F.R. § 121.201, North American Industry Classification System (NAICS) Codes 621210, 621310, 621320, 621330, 621340, 621391, 621399, 621910.

²² 13 C.F.R. § 121.201, NAICS Codes 621111, 621112, 621410, 621420, 621491, 621493, 621498, 621991, 621999.

²³ 13 C.F.R. § 121.201, NAICS Codes 621511, 621512, 621610.

²⁴ 13 C.F.R. § 121.201, NAICS Code 621492.

²⁵ U.S. Census Bureau, 2002 Economic Census, Subject Series: Health Care and Social Assistance, “Establishment and Firm Size (Including Legal Form of Organization,” Table 4, NAICS code 621 (issued Nov. 2005) (*2002 Health Care Data*).

²⁶ *Id.*

²⁷ *Id.*

²⁸ 13 C.F.R. § 121.201, NAICS Codes 622110, 622210, 622310.

additional 627 firms had annual receipts of \$25 million to \$49.99 million.²⁹ We therefore estimate that most Hospitals are small, given SBA's size categories. In addition, we have no data specifying the numbers of these health care providers that are rural and meet other criteria of the Act.

10. The broad category of Social Assistance consists, *inter alia*, of the category of Emergency and Other Relief Services, with a small business size standard of annual receipts of \$7 million or less.³⁰ For these health care providers, census data indicate that there were a total of 55 firms that operated for all of 2002.³¹ All of these firms had annual receipts of below \$1 million.³² We therefore estimate that all such firms are small, given SBA's size standard. In addition, we have no data specifying the numbers of these health care providers that are rural and meet other criteria of the Act.

D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities

11. The reporting requirements proposed in this Public Notice could have an impact on small entities. However, even though the proposals may impose some financial burden on smaller entities, the Commission believes these requirements are necessary to ensure that progress toward the stated goals of HCF can be measured.

12. The Public Notice seeks comment on the data collection process for the consortium annual reports that will allow the Commission to measure progress in increasing HCP access to broadband, fostering the development and deployment of health care broadband networks, and ensuring the cost-effectiveness of HCF.

E. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered

13. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its approach, which may include the following four alternatives, among others: (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.³³

14. In this Public Notice, we make a number of proposals that may have an economic impact on small entities that participate in the universal service support mechanism for HCPs. Specifically, as addressed above, we seek comment on collecting data to measure the Commission's goals that HCF identified: (1) increase access to high-speed broadband for eligible HCPs; (2) foster the development and deployment of health care broadband networks; and (3) reduce the burden on the Universal Service Fund by ensuring the cost-effectiveness of the program. If adopted, these proposals will provide the Commission with much-needed data to assess the efficacy of HCF in achieving these goals and to inform any potential future reforms to the program.

²⁹ 2002 Health Care Data.

³⁰ 13 C.F.R. § 121.201, NAICS Code 624230.

³¹ 2002 Health Care Data, NAICS Code 624230.

³² *Id.*

³³ 5 U.S.C. § 603.

15. In seeking to minimize the burdens imposed on small entities where doing so does not compromise the goals of the universal service mechanism, we have invited comment on how these proposals might be made less burdensome for small entities. We again invite commenters to discuss the benefits of such changes on small entities and whether these benefits are outweighed by resulting costs to rural HCPs that might also be small entities. We anticipate that the record will reflect whether the overall benefits of the proposed annual report contents would outweigh any burden on small entities and suggest ways in which the Commission could further lessen the overall burdens on small entities. We encourage small entities to comment.

16. To minimize the economic impact on consortium lead entities, we propose to collect the annual reports through the Universal Service Administrative Company's "My Portal" web interface, with which all consortium applicants are familiar. Filling out and submitting these reports online will significantly reduce the amount of time and resources needed for consortium lead entities to comply with the annual reporting requirements of section 54.647 of the Commission's rules.

F. Federal Rules that May Duplicate, or Conflict with Proposed Rules:

None.