



## **U.S. Federal Universal Service Fund – Rural Healthcare Fund Developments Summer 2014**

### **Background**

In 2010, the Federal Communications Commission (FCC) initiated a systematic effort to reform the telecommunications subsidy program known as the Universal Service Fund (USF). The USF is comprised of four major program areas devoted to: subsidizing telecommunications infrastructure in high-cost areas; subsidizing telecommunications connectivity for low-income households; subsidizing telecommunications connectivity to U.S. schools and libraries; and subsidizing telecommunications connectivity for rural healthcare facilities.

The FCC's USF reform efforts all share a very broad goal of orienting the program to accommodate broadband and Internet advancements that have transformed the communications landscape in the United States over the past two decades.

As part of this reform, in 2012 the FCC adopted an Order creating the Healthcare Connect Fund (HCF). The HCF was the result of an earlier Pilot Program launched by the FCC in 2006 and completed in 2007, which funded 69 separate one-time funding awards to grantees for the deployment of broadband networks to connect health care facilities in rural and urban areas, 50 of which are still active. This includes a grant to the Alaska eHealth Network, which sought to "improve broadband performance to better facilitate health information exchange, electronic health records (EHS) performance, digital imaging solutions, and telemedicine."

The Alaska eHealth Network project's is described as "Comprised primarily of rural health care practitioners, the consortium will unify and increase the capacity of disparate health care networks throughout Alaska in order to connect with urban health centers and access services in the lower 48 states. Approximately 270 facilities will be connected."

### **Healthcare Connect Fund**

The Healthcare Connect Fund (along with the other elements of the USF Rural Health Care Program: the Telecommunications Program, the Internet Access Program, and the aforementioned Rural Health Care Pilot Program) seeks to modernize and expand USF support for broadband enabled health care service delivery.

The new program will provide up to \$400 million per year to qualified applicants, which include individual rural public or non-profit health care providers (HCPs), or consortia of eligible rural and non-rural public or non-profit health care providers, with an initial application for pilot project awardees that began in 2013, and an application window for new applicants that began on January 1, 2014.

HCP applicants are able to seek up to 3-year grants to fund broadband services, network equipment, and HCP-constructed and owned network facilities. Support for off-site data centers and off-site administrative offices is also allowed in the Healthcare Connect Fund.

Additionally, the Order creating the Healthcare Connect Fund also creates a Pilot Program intended to test how to support broadband support for skilled nursing facilities (SNFs), and phases out (as of June 30, 2014) the Rural Health Care Program's Internet Access Program.