



Federal Communications Commission
Washington, D.C. 20554

February 15, 2011

DA 11-262

Mr. Scott Barash
Acting Chief Executive Officer
Universal Service Administrative Company
2000 L Street, NW
Washington, DC 20036

Dear Mr. Barash,

With this letter, we direct the Universal Service Administrative Company (USAC) to take steps to implement the recommendations in the Government Accountability Office Report entitled *Telecommunications: FCC's Performance Management Weaknesses Could Jeopardize Proposed Reforms of the Rural Health Care Program*.¹ We specifically direct USAC to develop an evaluation plan for the Rural Health Care Pilot Program as described in more detail below.

In its report, the GAO recommends that the Commission develop and execute a sound performance evaluation plan for the current program, and develop sound evaluation plans as part of the design of any new programs before implementation.² The GAO identified as key features for an evaluation plan having well-defined, clear, and measurable objectives; measures that are directly linked to specific program objectives; criteria or standards for determining program performance; a clearly articulated methodology and a strategy for comparing results with other efforts; a clear plan that details the type and source of data necessary to evaluate the program, methods for data collection, and the timing and frequency of data collection; a detailed data-analysis plan to track the program's performance and evaluate its final results; and a detailed plan to ensure that data collection, entry, and storage are reliable and error-free.³

In 2006, the Commission initiated the Rural Health Care Pilot Program (Pilot Program) "to examine how the rural health care [RHC] funding mechanism can be used to enhance public and nonprofit health care providers' access to advanced telecommunications and information services."⁴ The Commission noted that "[u]pon completion of the Pilot Program, the Commission intends to issue a report detailing the results of the Pilot Program and the status of the RHC support mechanism generally, and to recommend any changes necessary to improve [the] existing RHC support mechanism."⁵ Currently, participants in the Pilot Program have until June 30, 2011, to seek funding, and five years from receiving their first funding commitment in which to complete their projects. Pilot Program participants

¹ United States General Accounting Office, *FCC's Performance Management Weaknesses Could Jeopardize Proposed Reforms of the Rural Health Care Program* (GAO-11-27, Nov. 2010, released Dec. 17, 2010) (GAO Report).

² GAO Report at 56.

³ GAO Report at 53-54.

⁴ *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order, 21 FCC Rcd 11111, para. 1 (2006) (*2006 Pilot Program Order*).

⁵ *2006 Pilot Program Order*, 21 FCC Rcd at 11113, para. 9.

file quarterly reports regarding their project status, which will be used as a source for evaluating the program.⁶

We direct USAC to work with staff of the Wireline Competition Bureau to develop an evaluation plan for the Pilot Program, consistent with GAO's recommendations. Such efforts may include the use of an independent consultant subject to FCC oversight and approval, and should consider the input from relevant stakeholders, such as the U.S. Department of Health and Human Services. USAC and Bureau staff efforts should determine the sufficiency of the quarterly reporting requirements for Pilot Program participants. For example, USAC and Bureau staff should determine whether Pilot Program participants are providing sufficiently detailed and complete disclosure in their quarterly reports. USAC and Bureau staff may also consider whether there are improvements to information that should be collected from Pilot Program participants as would benefit future program reforms. The evaluation plan should consider various alternatives to obtain input from Pilot Program participants regarding lessons learned from the Pilot Program.

We also direct USAC to work with WCB staff to develop similar evaluation plans for any new Rural Health Care program(s) the Commission implements. All evaluation plans or other materials developed by USAC shall be subject to FCC review and approval before adoption.

We recognize and appreciate USAC's efforts to date concerning the Rural Health Care Program. As GAO recommends, implementation of an evaluation plan as outlined above will increase confidence in the results of the Pilot Program and facilitate decision making about broader application of the Pilot Program results toward future program reforms. If you have any questions or wish to discuss these issues further, please do not hesitate to contact me.

Sincerely,

Sharon E. Gillett
Chief, Wireline Competition Bureau

⁶ *Rural Health Care Support Mechanism*, WC Docket No. 02-60, Order, 22 FCC Rcd 20360, 20423, para. 26 (2007).