PUBLIC NOTICE

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

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

DA 16-979
Released: August 26, 2016

WIRELINE COMPETITION BUREAU PROVIDES A FILING WINDOW PERIOD SCHEDULE FOR FUNDING REQUESTS UNDER THE TELECOMMUNICATIONS PROGRAM AND THE HEALTHCARE CONNECT FUND

WC Docket No. 02-60

We hereby provide a filing window period schedule for funding requests for the Federal Communications Commission’s (Commission) Rural Health Care (RHC) Program, which facilitates healthcare delivery in rural America. Recognizing the growing interest in the RHC program, we also remind the public of the Commission’s existing rules for situations when requested RHC Program funding begins to near, or exceeds, the RHC Program’s $400 million cap.

Background on the RHC Program. In the Telecommunications Act of 1996 (1996 Act), Congress recognized the value of providing rural health care providers (HCPs) with “an affordable rate for the services necessary for the provision of telemedicine and instruction relating to such services.” Based on this legislative mandate, in 1997, the Commission established the RHC Program. The Commission also adopted rules permitting the establishment of filing window periods to enable the distribution of limited RHC funds in a manner that was both equitable and administratively manageable. From 1997 onward, the Commission has sought to make the benefits of the RHC Program accessible to as many rural HCPs as possible, facilitating the provision of essential healthcare services to families and individuals living and working in rural and remote parts of the country.

---

1 The RHC Program currently includes the Telecommunications Program, which provides support for telecommunications services, and the Healthcare Connect Fund (HCF) Program, which provides support for broadband connectivity.
2 See 47 CFR § 54.675(f).
As noted above, the RHC Program operates with an annual cap of $400 million for eligible HCPs,8 of which up to $150 million per funding year is available to support upfront payments and multi-year commitments under the HCF Program.9 In 1998, the first funding year for the RHC Program, $3.375 million was disbursed.10 Since that time, demand for support under the RHC Program has grown steadily and requests for support in funding year 2015, which ended on June 30, 2016, were at a historic high of $377.64 million.11

With these funds, the RHC Program has supported and facilitated many vital healthcare services. At a time when rural Americans make up nearly 25 percent of the nation’s population, but only 10 percent of the nation’s physicians practice in rural America,12 the growth in the RHC Program translates into greater access to medical care across the country.

Current Implementation of the “First-Come, First-Served” Rule After Initial Filing Window Period. The RHC Program funding year begins on July 1 of each calendar year.13 Prior to the beginning of each funding year, USAC implements an initial funding request filing window period that treats all HCPs filing within this filing window period as if their applications were simultaneously received.14 After the end of that filing window period, USAC continues to accept funding requests on a rolling basis until the end of the funding year (June 30 of the following calendar year) and, following its review of the requests, makes funding commitments to eligible participants for eligible services on a “first-come, first-served” basis.15

8 47 CFR § 54.675(a). The $400 million annual cap applies to funding commitments. See Universal Service First Report and Order at 9143-44, paras. 710-713.
9 See Healthcare Connect Fund Order at 16764-65, para. 190; 47 CFR § 54.675(a).
13 See 47 CFR § 54.675(b).
15 See Telecommunications Program FY 2015 Filing Calendar; HCF Program FY 2015 Filing Calendar; FCC Form 462 Instructions at 2; FCC Form 466 Instructions at 1; 47 CFR § 54.675(c)(1). In addition, every month throughout (continued….)
Under the Commission’s rules, if requests submitted during an established filing window period exceed the RHC Program’s $400 million cap, USAC must apply a pro-rata reduction in support to all those requests received during the filing window period. Likewise, funding requests filed after the initial filing window period (but prior to the earlier of the end of the funding year, or the date on which the $400 million cap is reached) are handled on a “first-come, first-served” basis. Because RHC Program demand has never reached the cap, USAC has not had to pro-rate support for requests received during the single filing window period, and it has accepted funding requests for the Telecommunications and Health Care Connect Fund Programs until the last day of the funding year.

Multiple Filing Window Periods. In light of RHC Program growth and the potential for funding year 2016 demand to exceed the $400 million cap before the end of the funding year on June 30, 2017, we direct USAC to follow the filing window period schedule described below, based on the Commission’s current rules for RHC Program support. Establishing this schedule and affording USAC the discretion to establish multiple filing window periods going forward furthers the Commission’s goals of supporting healthcare delivery in as many parts of rural America as possible.

While this approach does not affect the $400 million cap, it provides a greater opportunity for HCPs filing within a filing window period to get some support, rather than none at all, even at the point where demand exceeds the cap. By establishing multiple filing window periods, we also provide a mechanism for USAC to more efficiently administer the program and process requests while providing an incentive for applicants to timely submit their applications for support. Absent such filing window periods, all RHC funding requests would be subject to the “first-come, first-served” rule and, should the $400 million cap be met, subsequently filed HCP requests would be cut off from RHC Program funding. Such a flash cut may be particularly difficult for those RHC participants who have relied on RHC Program funds for many years. Thus, we set forth the filing window period schedule below to facilitate the distribution of future funding in an equitable and administratively manageable manner.

Funding Year 2016 Filing Window Period Schedule. For funding year 2016, USAC’s initial filing window period opened on March 1, 2016, and closed on June 1, 2016. Participants requested $35.5 million in support during that time period. From June 1, 2016 through today, the RHC Program has operated on a “first-come, first-served basis” per the Commission’s rules.

(Continued from previous page)

the funding year, USAC publishes the current level of funding requests and commitments so participants are able to determine the amount of funding left under the program cap. See USAC, Rural Health Care Program, Healthcare Connect Fund, Funding Information, http://www.usac.org/rhc/healthcare-connect/funding-information/default.aspx (last visited Aug. 26, 2016); USAC, Rural Health Care Program, Telecommunications Program, Funding Information, http://www.usac.org/rhc/telecommunications/funding-information/default.aspx (last visited Aug. 26, 2016); Healthcare Connect Fund Order at 16795-96, para. 275.

16 See 47 CFR § 54.675(f).
17 See 47 CFR §§ 54.675(c),(f).
18 See 47 U.S.C. § 254(h)(2)(A), (h)(1)(A); Third Report and Order at 22488-89, para. 6 (delegating authority to the Wireline Competition Bureau, formerly the Common Carrier Bureau, to interpret the Commission’s rules as necessary to ensure that support for services provided to rural health care providers operates to further the Commission’s universal service goals).
19 The initial funding request filing window period for funding year 2016 was from March 1, 2016 through June 1, 2016. USAC, Rural Health Care Program, Trainings and Outreach, Newsletter, RHC Circuit – First Quarter 2016, http://www.usac.org/rhc/telecommunications/outreach/newsletters/2016/q1.aspx (last visited Aug. 24, 2016) (FY 2016 Filing Calendar).
20 See 47 CFR § 54.675(c)(1).
Moving forward for funding year 2016, we direct USAC to open a second filing window period starting on September 1, 2016 through November 30, 2016. From December 1, 2016 through January 31, 2017, USAC will not accept funding request forms (i.e., applicants will be prevented from submitting FCC Forms 462 and 466), but will continue to accept all other forms. USAC will also continue to process all application forms, including funding request forms filed during or before the second filing window period. USAC will estimate demand and, prior to the close of the second filing window period, determine whether to open an additional filing window period.

Based on historic demand trends, we currently anticipate that USAC will be able to open this third filing window period. Thus, assuming demand does not exceed the cap during the second filing window period, we direct USAC to open a third filing window period from February 1, 2017 through April 30, 2017. For the remainder of funding year 2016, USAC will determine, based on demand and available funding, whether to open additional filing window periods and the duration of such filing window periods. To the extent that USAC opens additional filing window periods, it shall provide notice and include either in that notice or soon thereafter the amount of remaining available funding.

<table>
<thead>
<tr>
<th>Funding Year 2016 Filing Window Period Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filing Window Period</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>3</td>
</tr>
</tbody>
</table>

Subsequent filing window periods may be opened at USAC’s discretion.

There are several reasons for implementing the filing window period schedule described above for funding year 2016, which includes a time period where no funding request forms will be accepted. First, recent legislation has modified section 254 of the 1996 Act to add a new eligible entity (skilled nursing facilities or SNFs) to the list of health care providers who may receive funding under the RHC Program. In addition to extending the current requirements of the RHC Program forms, the current RHC Program forms must now also be revised to account for the addition of the SNFs to the RHC Program in compliance with the Paperwork Reduction Act requirements. These revised forms will be available on USAC’s portal starting on January 1, 2017. Establishing a new filing window period from February 1, 2017 to April 30, 2017 will thus give the SNFs an opportunity to participate in the RHC Program for funding year 2016 should they choose to do so. Second, in addition to accommodating the SNFs, establishing a time period during which no funding request forms can be filed will help everyone involved in the RHC application process to adjust to this new approach of multiple filing window periods. For those RHC Program participants who are accustomed to filing later in the funding year, an opportunity to organize their paperwork and meet the timeframe of the third filing window period will be helpful. Finally, a time period when no funding request forms are accepted will also give USAC an opportunity to assess whether any changes need to be made to the system before opening the third filing window period to better serve the needs of RHC Program participants.

---


23 See 47 CFR § 54.642 (competitive bidding requirements and exemptions).
**Funding Year 2017 and Beyond Filing Window Period Schedule.** For funding year 2017 and beyond, we permit USAC to establish multiple filing window periods. The first filing window period will open on February 1, 2017, and close on April 30, 2017 prior to the beginning of the funding year. USAC will determine the timing, duration, and administrative requirements associated with all subsequent filing window periods for funding year 2017 and beyond.

<table>
<thead>
<tr>
<th>Filing Window Period</th>
<th>Filing Window Period Open Date</th>
<th>Filing Window Period Close Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2/1/2017</td>
<td>4/30/2017</td>
</tr>
</tbody>
</table>

Subsequent filing window periods may be opened at USAC’s discretion.

USAC shall provide notice about subsequent filing window periods for funding year 2017, based on its assessment of the total funding requested in a given filing window period and the amount of available funding still remaining.

**Pro-Rata Process.** For each discrete filing window period, if the total demand exceeds the total remaining funding available for the funding year, USAC shall, in accordance with the Commission’s rules: (1) divide the total funds available for the funding year by the total amount of support requested during that filing window period to produce a pro-rata factor; (2) multiply the pro-rata factor by the total amount of support requested by each applicant that has filed during the specific filing window period; (3) and commit funds to each eligible applicant that has filed during the specific filing window period consistent with this calculation. For example, if at the close of a filing window period $125 million has been requested and there is $100 million remaining in RHC Program support, USAC will calculate the pro-rata factor by dividing $100 million by $125 million to produce a factor of four-fifths (.8). USAC will then multiply the total dollar amount requested by each applicant that filed during the specific filing window period by .8 and commit such reduced dollar amount to each applicant.

Given our determination to apply the filing window period schedule described above going forward, we emphasize the importance of ensuring that all RHC Program forms are complete at the time of submission and that applicants not delay their submissions. We ask that applicants pay particular attention to their funding request forms (i.e., FCC Forms 462 and 466) and ensure these are submitted with all supporting documentation, during a filing window period.

For additional information, contact Radhika Karmarkar (Radhika.Karmarkar@fcc.gov) of the Wireline Competition Bureau, Telecommunications Access Policy Division, at (202) 418-7400.

– FCC –

---

24 See 47 CFR § 54.675(c)(2).
26 RHC Fifth Order on Reconsideration and Fourth Report and Order at 14941, para. 41.
27 Id. Any funding declined by an applicant is included in the total available funding for any consecutive subsequent filing window period.
28 See Rural Health Care Support Mechanism, WC Docket No. 02-60, Order, 30 FCC Rcd 230, 231, para. 3 (WCB 2015) (finding that allowing applicants to submit supporting documentation after the funding year or inadequate supporting documentation compromises the efficiency and effectiveness of the RHC Program).