On August 20, 2019, the Federal Communications Commission released a Report and Order reforming the rules for the Rural Health Care (RHC) Program to promote transparency and predictability, and further the efficient allocation of limited program resources. The Commission stated the adopted reforms would generally become effective, unless otherwise indicated, 30 days after publication of both the RHC Promoting Telehealth Report and Order and final rules in the Federal Register. The Commission separately indicated when particular reforms would apply in funding year 2020 versus funding year 2021, and provided an implementation schedule summary “to ease the burden on program applicants.” The Commission noted, however, that, to the extent reforms require review pursuant to the Paperwork Reduction Act (PRA) of 1995, such reforms would take effect immediately upon announcement in the Federal Register of Office of Management and Budget (OMB) approval.

The Federal Register publication occurred on October 11, 2019, resulting in an effective date of November 12, 2019. To provide further guidance to RHC Program participants, we provide the following implementation schedule for the newly adopted reforms:

Funding Year 2020 Competitive Bidding (January 1, 2020)

- Similar services evaluated based on advertised speeds 30% above or below the speed of the requested service. (Order at paras. 15-16)
• Revised and harmonized competitive bidding certifications. (Order at paras. 156, 157, 172, 200; 47 CFR § 54.622(e)(1)(i)-(ix))

**Opening of Funding Year 2020 Application Window (February 1, 2020)**

• Elimination of limitation on support for satellite services. (Order at paras. 92-97)

• All Healthcare Connect Fund consortia must comply with majority-rural requirement.\(^8\) (Order at paras. 147-49)

• Prohibition on directly or indirectly soliciting or accepting gifts. (Order at paras. 166-69; 47 CFR § 54.622(h)(1)-(4))

• Extension of Healthcare Connect Fund Program competitive bidding exemptions to the Telecommunications Program. (Order at paras. 163-65; 47 CFR § 54.622(i)(1)-(5))

• Revised and harmonized funding request certifications.\(^9\) (Order at paras. 156, 168, 170, 172, 200; 47 CFR § 54.623(a)(1)(i)-(x))

**Start of Funding Year 2020 (July 1, 2020)**

• Annual inflation adjustment of $150 million cap on multi-year commitments and upfront payments.\(^10\) (Order at paras. 138-140; 47 CFR § 54.619(a)(1)-(2))

• Prioritization of funding if demand exceeds the annual funding cap.\(^11\) (Order at paras. 107-143; 47 CFR § 54.621(b))

• Program-wide service delivery deadline. (Order at paras. 180-82; 47 CFR § 54.626(a))

• Program-wide invoice deadline. (Order at paras. 188-89; 47 CFR § 54.627(a))

• Revised and harmonized invoice certifications for applicants and service providers.\(^12\) (Order at paras. 168, 170, 172, 192-93, 200; 47 CFR § 54.627(c)(3), (d))

**FY 2021 Competitive Bidding (July 1, 2020)**

• Competitive bidding begins on July 1 prior to the start of the applicable funding year. (Order at paras. 173-75)

• Applicants must list the services for which they are seeking bids rather than what they need services to do.* (Order at paras. 154-55; 47 CFR § 54.622(d))

• Applicants must specify minimum requirements for weighted bid evaluation criteria, including whether they require service level guarantees.* (Order at para. 158; 47 CFR § 54.622(d))

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\(^8\) The majority rural requirement is located at 47 C.F.R. § 54.607(b) in the revised rules. The first year that the majority-rural requirement may be increased by 5% due to the need to prioritize funding will occur, if at all, for funding year 2021. See Order, 34 FCC Rcd at 7405, para. 150.

\(^9\) The additional certification requirement for Telecommunications Program applicants will be implemented for funding year 2021 applications. See 47 CFR § 54.623(a)(1)(xi).

\(^10\) The inflation adjustments will be announced within sixty days of the determination of the yearly Gross Domestic Product Chain-type Price Index (GDP-CPI) in the same Public Notice announcing the inflation adjustment for the overall RHC Program cap. See Order, 34 FCC Rcd at 7401, para. 139.

\(^11\) If required, prioritization of funding will occur after the close of the funding year 2020 application window.

\(^12\) The requirement that service providers in the Telecommunications Program certify that the rural rate on the invoice does not exceed the appropriate rural rate determined by the Administrator will be implemented for funding year 2021. See 47 CFR § 54.627(c)(3)(ii)(F).
• Applicants must specify any disqualification factors that may be used to remove bids from consideration. *(Order at para. 158; 47 CFR § 54.622(d))*

• Applicants must provide details of aggregate purchase arrangements with other entities. *(Order at para. 157; 47 CFR § 54.622(e)(2))*

• Applicants must submit declaration of third-party assistance with competitive bidding form. *(Order at paras. 158, 170; 47 CFR § 54.622(e)(4))*

• Reformed method of determining urban and rural rates by the Administrator, including publishing median urban and rural rates for eligible services in a publicly available database. *(Order at paras. 21-67, 76-91; 47 CFR § 54.604(a)-(b), 54.605(a)-(b))*

• New standard of review for seeking a waiver of median rural rate determined by the Administrator. *(Order at paras. 68-75; 47 CFR § 54.605(c))*

• Establish expanded consultant registration process. *(Order at paras. 170-71)*

**Opening of Funding Year 2021 Application Window**

• Requirement that USAC open an initial application filing window with an end date no later than 90 days prior to the start of the funding year. *(Order at paras. 176-79; 47 CFR § 54.621(a))*

• Elimination of distance-based support in the Telecommunications Program. *(Order at paras. 98-101)*

• Revised and harmonized program-wide documentation requirements for competitive bidding and funding requests. *(Order at paras. 156, 158, 172, 200; 47 CFR §§ 54.622(e)(3)-(5), 54.623(a)(3))*

**Start of Funding Year 2021 (July 1, 2021)**

• Service providers must submit declarations of third-party assistance with invoices. *(Order at para. 170)*

• Program-wide requirements for site and service substitutions and Service Provider Identification Number (SPIN) changes. *(Order at paras. 194-99; 47 CFR §§ 54.624, 54.625)*

• One-time 120-day extension of the program-wide invoice deadline. *(Order at paras. 190-91; 47 CFR § 54.627(b))*

• Ability to seek an extension of the program-wide service delivery deadline. *(Order at paras. 183-87; 47 CFR § 54.626(b))*

• Requirement that all Healthcare Connect Fund applicants submit an annual report. *(47 CFR § 54.618(b))*

* The *Order* anticipated that these reforms would be implemented in funding year 2020. More time is required to obtain PRA approval of the rule changes from OMB, however. These reforms will, therefore, go into effect for funding year 2021 as stated above.

For further information, please contact William Layton, Wireline Competition Bureau, Telecommunications Access Policy Division, at (202) 418-0868 or via e-mail at William.Layton@fcc.gov.

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