

**Remarks of FCC Chairman Kevin J. Martin
Imagining the Digital Healthcare Future in the Rural West
Montana State University – Bozeman
Burns Technology Center
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(As Prepared for Delivery)

Thank you for inviting me here to Bozeman to participate in this conference on rural healthcare issues. I am very pleased to be here today to talk about the Commission's role in facilitating the delivery of healthcare services. The intersection of telecommunications and healthcare is not always readily apparent. And, the challenges that those in rural areas face in obtaining access to healthcare services are not always well understood. This is why this conference today is so important. It focuses much-needed attention on rural issues and the potential of new technologies to revolutionize the current healthcare system throughout the United States.

I am going to begin my remarks by discussing the importance of broadband infrastructure and its role in facilitating access to healthcare services. I will focus specifically on some of the actions that the Commission has taken to foster greater broadband deployment. Finally, I will spend a few minutes describing the Commission's role in administering the rural healthcare universal service program and some possible initiatives we are considering to better utilize that program.

Since becoming Chairman about 16 months ago, I have made broadband deployment the Commission's top priority. The President has called for universal and affordable access to broadband for every American by the end of next year. And, the Commission is working hard to achieve that goal. Now, some may ask - why is universal broadband deployment so important? Broadband technology is a key driver of economic growth. The ability to share increasing amounts of information, at greater and greater speeds, increases productivity, facilitates interstate commerce, and helps drive innovation. But perhaps most important, broadband has the potential to affect almost every aspect of our lives. It is changing the way people work, and from where, how we communicate with each other, how we educate our children, and entertain ourselves. And – of most relevance for our discussion today – it is increasingly changing the way healthcare is delivered and received.

Broadband infrastructure is particularly critical to those living in rural areas where access to medical services can be limited. I grew up in a rural area in North Carolina. My address was Rural Route 3 and my mother still lives on the same gravel road where I grew up. So, I am particularly sensitive to the importance of people living in more isolated and rural areas being able to easily communicate and have access to the same types of services as those who live in urban areas. And, I can appreciate the tremendous capability of broadband to improve peoples' quality of life in rural America.

I saw this first hand when I visited the Telemedicine Center of East Carolina University and during several visits to health care clinics in remote areas of Alaska. During one of my visits, I witnessed a doctor checking a patient's ear infection from hundreds of miles away by using a broadband connection. Telemedicine programs such as this one and others around the nation enable patients to receive medical care in a wide variety of areas, including dermatology, psychiatry, cardiology, pediatrics, and radiology, without even leaving their home. In Alaska, they even use telemedicine for dentistry. This may not seem like a big deal to those of us who need only drive a couple miles to visit our local doctor or dentist. But, it can mean everything to those patients who don't have that luxury or who don't have access to healthcare at all.

The tremendous applications that broadband facilities are capable of unleashing, particularly in the world of healthcare, are growing every day. Just last week, Business Week published an article that described a new, life-saving technology being used in Virginia. This technology combines software, video feeds over broadband, and real-time patient information to let intensive care doctors and nurses monitor critically ill patients at 6 different hospitals, spread 60 miles apart, 24 hours a day and seven days a week.

Using this technology, a single medical professional is able to administer services to over a hundred patients – many more than he or she could ordinarily treat at one time. And, the constant monitoring by medical experts serves to cut skyrocketing medical costs by shortening the average hospital stay and reducing the need for additional tests and treatments. This type of remote patient monitoring would not be possible without the use of broadband. The Business Week article observed that this technology is “solid evidence that telemedicine, full of promise for years, is finally becoming real.”

Of course, one of the most successful telemedicine programs in the country is located here in Montana. I am talking about the Eastern Montana Telemedicine Network (EMTN). This network has been showcased as a rural health care program success story by the Commission's universal service fund. As many of you know, the EMTN is a consortium of not-for-profit medical and mental health facilities linking health care providers and their patients throughout Montana and Wyoming. This network has connected over 125 videoconferencing systems throughout the world. You will undoubtedly be hearing more about the EMTN from its Director, Thelma McClosky-Armstrong, later today but I wanted to highlight the tremendous work that this organization is doing to promote telemedicine services at the local, state, national, and international levels.

These examples demonstrate how broadband has created new opportunities for diagnosing, treating, and monitoring patients remotely. This is particularly true in rural areas of the country that may lack the breadth of medical expertise available in urban areas. Telemedicine and telehealth applications, among other things, allow patients to access critically needed medical specialists using videoconferencing technologies. Continued broadband deployment is one of the keys to strengthening the healthcare system. By using broadband facilities, healthcare providers are able to vastly improve access to quality medical services. Moreover, next-generation broadband networks that

are being deployed to residences will additionally bring these remote diagnostic and monitoring capabilities into peoples' homes – thereby reducing costs and increasing quality.

Unfortunately, although the need for broadband infrastructure in rural areas is particularly acute, it is typically in these areas where deployment may be least pervasive. The Commission is working hard to remedy this situation. Indeed, section 706 of the Telecommunications Act of 1996 requires the Commission to encourage the deployment of advanced telecommunications capabilities to all Americans. Senator Burns certainly had it right in 1996 when he foresaw the tremendous impact that the advanced telecommunications capabilities referenced in section 706 would have on the nation. Given the power of broadband to enrich peoples' lives, we must make certain that no American, especially those living in rural areas, is left out of this technological revolution.

How can we accomplish this challenge? Well, I believe that the most important thing the Commission can do is put in place a regulatory framework that encourages and facilitates communications infrastructure investment. So, for example, we need to remove legacy rules from new investment and make sure that our regulations are fair and do not favor one company's investment in technology over another. We need to make sure that we have created a level playing field to allow different network technologies to compete fairly with one another. For example, the Commission changed its rules to ensure that telephone companies had an incentive to deploy new network infrastructure, such as fiber, without having to share those facilities with competitors at discounted rates.

And, just last summer, the Commission declared that broadband Internet access services provided by telephone companies would not be subject to legacy telephone regulations like tariffs and price controls. Both of these actions served to place telephone companies deploying new services on the same footing as cable operators that are deploying similar services. These are the most important steps the Commission can take to facilitate broadband deployment -- remove legacy economic regulation from new investment and establish a regulatory level playing field to encourage competition in the marketplace. Market forces have been much more effective in driving innovation and infrastructure investment than regulation. And, that is why removing regulatory hurdles to providing new broadband services has been, and will remain, one of my top priorities.

We have begun to see some success as a result of the Commission's policies in this area. We've seen dramatic increases, for example, in the number of consumers who are subscribing to broadband or high-speed Internet access services. According to a recent Pew study, home broadband adoption is growing rapidly. I became Chairman in March of 2005. One year later, broadband adoption reportedly increased by 40% - twice the growth rate of the year before. And, according to this same study, the price of broadband service has dropped in the past two years. Perhaps most important for today's discussion, the growth in rural areas was just as brisk – approximately 39% - although overall penetration rates in rural areas still lags behind urban areas. This is good news for consumers and good news for the country. Continued broadband deployment and

infrastructure investment is vital to this country's economic growth as well as the health of its citizens.

Although we have seen some progress, I recognize that there is much more work to be done. The Commission will continue to work hard to create an environment where investment can flourish.

Finally, I want to spend a few minutes talking about the universal service fund and its role in fostering access to health care services in rural areas. It may not be widely known, but the Commission also administers a rural healthcare program that provides discounts to rural health care providers.

In the Telecommunications Act of 1996, Congress specifically sought to provide rural health care providers "an affordable rate for the services necessary for the provision of telemedicine and instruction relating to such services." The Commission was thereby charged with enhancing access to advanced telecommunications and information services for health care providers. In 1997, we implemented this directive by adopting a rural health care support mechanism supported by monies collected through the universal service fund.

This rural health care program provides reduced rates to rural health care providers for their telecommunications and Internet services. The goal is to ensure that they pay no more for their telecommunications needs in the provision of health care services than their urban counterparts. With respect to Internet access services, the Commission's rules provide support for 25% of a health care provider's monthly cost of Internet access. To be eligible a health care provider must be public or non-profit and be located in a rural area as defined by the Commission.

We currently have an open proceeding with respect to this funding program. This proceeding asks, among other things, whether the 25% discount off the cost of monthly Internet access is sufficient. We also ask how we can support the infrastructure development needed to improve public and not-for-profit health care providers' access to advanced telecommunications and information services.

Although this rural health care support program has been in place for nearly 10 years, it has been greatly underutilized. To give you sense of how underutilized it is, of the \$400 million dollars per year that is authorized for funding this program, only a little over \$36 million was actually disbursed in the last funding year. This represents less than one percent of total universal service spending. Although the state of Alaska has historically received by far the most funding, Montana ranks seventh in the country in terms of fund disbursement.

To the extent that you have ideas on ways in which the Commission can encourage greater use of the rural health care mechanism, I welcome your thoughts. It is an important program and we are interested in taking whatever actions possible to see that the money is used in the most effective manner as contemplated by Congress.

For the Commission's part, we are exploring additional ways that we can bring broadband connectivity to rural health care providers. For example, we are looking into

how we can encourage public/private partnerships such as the telemedicine programs I mentioned in Montana and North Carolina. In such partnerships, private enterprise is responsible for constructing and maintaining a broadband health care network allowing the health care providers to provide telemedicine and telehealth services.

In conclusion, we need to get every healthcare facility in the nation connected to each other. By using broadband connectivity, healthcare services and applications can be provided any where, any place, any time. And, broadband connectivity among healthcare providers would likely go a long way towards meeting the President's goal of implementing electronic medical records nationwide. To make such connectivity a reality, we need to find a way to facilitate the construction of dedicated broadband facilities that connect multiple rural and non-rural public and not-for-profit healthcare providers within a state or region -- as well as connect such state-wide or regional healthcare networks to a dedicated nationwide backbone. The Commission is committed to taking whatever steps possible to foster a network that brings 21st century medicine to every corner of the nation.

Thank you again for inviting me to participate in your conference. I would be happy to take a few questions.