



OFFICE OF
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

February 17, 2011

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Lieberman:

On December 17, 2010, the Government Accountability Office (GAO) released a Report entitled *Telecommunications: FCC's Performance Management Weaknesses Could Jeopardize Proposed Reforms of the Rural Health Care Program* (GAO 11-27). In the Report, the GAO recommends that the Commission take the following Executive Actions to improve its performance management of the Rural Health Care Universal Service program:

- Conduct an assessment of the current telecommunications needs of rural health care providers.
- Consult with USAC, other federal agencies that serve rural health care providers (or with expertise related to telemedicine), and associations representing rural health care providers to incorporate their knowledge and experience into improving current and future programs.
- Develop effective goals, and performance measures linked to those goals, for all current and future programs.
- Develop and execute a sound performance evaluation plan for the current programs, and develop sound evaluation plans as part of the design of any new programs before implementation begins.
- For any new program, ensure that FCC's request for applications to the program clearly (1) articulates all criteria for participating in the program and any weighting of that criteria, (2) details the program's rules and procedures, (3) outlines the program's performance goals and measures, and (4) explains how participants' progress will be evaluated.

The Commission has reviewed the findings of the GAO Report carefully and agrees with its recommendations for Executive Action. I am pleased to report that the Commission already has implemented measures addressing these recommendations. Indeed, as Commission staff indicated to the GAO during its examination, the Commission is aware of these issues and had plans in motion to improve management of the Rural Health Care Program. Many of the

Commission's initiatives responsive to the recommendations in the GAO Report were described in the initial comments prepared by FCC Wireline Competition Bureau Chief Sharon E. Gillett (included as Appendix III in the final GAO Report).

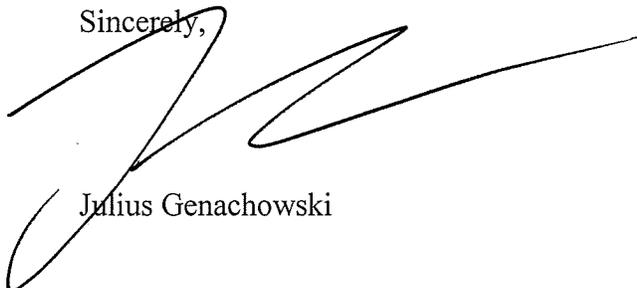
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The Commission also has an ongoing process for gathering supplemental information from stakeholders to assist in improving the program. In particular, Commission staff has met with representatives from broadband service providers, government agencies, rural health care providers, Pilot Program participants, and trade organizations. During the fall of 2010, for instance, Commission staff met with representatives from several Health and Human Services organizations to discuss HHS comments on the pending *NPRM*. Additionally, Commission staff has held meetings with USAC staff to discuss forms and procedures related to any program reform arising from the *NPRM*.

The Commission intends to address program goals and performance measures as part of the rulemaking process initiated by the *NPRM*. In response to the GAO's recommendations regarding performance evaluations plans, the Commission also has instructed USAC to work with Commission staff to prepare an evaluation plan for the current Rural Health Care Pilot Program, as well as laying the foundation for evaluation plans for any program reform that may be adopted in the future.

I am committed to fact-based, data-driven policymaking and to continual evaluation and assessment of the effectiveness of the Commission's programs aimed at benefiting the American public. The Commission will continue to move forward on the issues and recommendations set forth by the GAO in its Report. I appreciate the GAO's examination of the Commission's Rural Health Care Program and look forward to working with the GAO and Congress on this and other matters in the future.

Sincerely,

A handwritten signature in black ink, appearing to read 'Julius Genachowski', written over a horizontal line.

Julius Genachowski

Enclosure

cc: The Honorable John D. Rockefeller IV
The Honorable Henry A. Waxman
The Honorable Greg Walden
The Honorable John D. Dingell
The Honorable Joe Barton
The Honorable Michael Burgess



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FEDERAL COMMUNICATIONS COMMISSION
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February 17, 2011

The Honorable Susan M. Collins
Ranking Member
Committee on Homeland Security and Governmental Affairs
United States Senate
340 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Collins:

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I am committed to fact-based, data-driven policymaking and to continual evaluation and assessment of the effectiveness of the Commission's programs aimed at benefiting the American public. The Commission will continue to move forward on the issues and recommendations set forth by the GAO in its Report. I appreciate the GAO's examination of the Commission's Rural Health Care Program and look forward to working with the GAO and Congress on this and other matters in the future.

Sincerely,



Julius Genachowski

Enclosure

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The Honorable John D. Dingell
The Honorable Joe Barton
The Honorable Michael Burgess



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

February 17, 2011

OFFICE OF
THE CHAIRMAN

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
B-350A Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Issa:

On December 17, 2010, the Government Accountability Office (GAO) released a Report entitled *Telecommunications: FCC's Performance Management Weaknesses Could Jeopardize Proposed Reforms of the Rural Health Care Program* (GAO 11-27). In the Report, the GAO recommends that the Commission take the following Executive Actions to improve its performance management of the Rural Health Care Universal Service program:

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Sincerely,



Julius Genachowski

Enclosure

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The Honorable Henry A. Waxman
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The Honorable John D. Dingell
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The Honorable Michael Burgess



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

February 17, 2011

OFFICE OF
THE CHAIRMAN

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
U.S. House of Representatives
512 Ford House Office Building
Washington, D.C. 20515

Dear Congressman Cummings:

On December 17, 2010, the Government Accountability Office (GAO) released a Report entitled *Telecommunications: FCC's Performance Management Weaknesses Could Jeopardize Proposed Reforms of the Rural Health Care Program* (GAO 11-27). In the Report, the GAO recommends that the Commission take the following Executive Actions to improve its performance management of the Rural Health Care Universal Service program:

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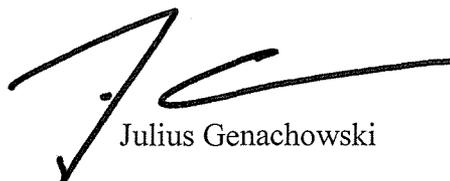
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Sincerely,



Julius Genachowski

Enclosure

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The Honorable Henry A. Waxman
The Honorable Greg Walden
The Honorable John D. Dingell
The Honorable Joe Barton
The Honorable Michael Burgess



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,

A handwritten signature in blue ink that reads "Sharon E. Gillett". The signature is fluid and cursive, with a long horizontal stroke at the end.

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).