

**STATEMENT OF  
COMMISSIONER ROBERT M. McDOWELL  
APPROVING IN PART, CONCURRING IN PART, DISSENTING IN PART**

*Re: Rural Health Care Support Mechanism, WC Docket No. 02-60, Report and Order*

While the rural health care program is the smallest of the four Universal Service Fund (USF) programs, its size certainly does not diminish its value. The program has enabled the health care community to improve and expand services offered to patients in the most remote parts of our country.

I travelled to Alaska during my first few weeks as an FCC commissioner. I flew to the far ends of the Alaskan frontier to learn more about the health and communications challenges facing Alaska Natives and the telecommunications carriers that endeavor to serve them. I saw how medical images from the most remote corners of Alaska were transmitted to specialists in Anchorage. I learned how using telehealth technology can actually save money because, in many instances, having that technology close at hand means the patient can avoid flying hundreds of miles to a hospital. And, at other times, the patient may not be able to fly at all due to “white outs” or other extreme weather conditions.

Regarding Alaska, I am encouraged that these reforms do not undermine the current Rural Health Care Telecommunications Program which has proven to have been a success story and a critical component of health care service in that part of the country. In fact, this order specifically recognizes the importance of that particular program for places like Alaska.

Unfortunately, not all parts of rural America have been able to benefit from the current rural health care program as successfully as in Alaska. As such, I support the Commission’s reform efforts today which originated from lessons learned after the Commission’s tireless analysis of the FCC’s pilot program that I supported several years ago. For example, we are embracing the valuable benefits that can flow from health care providers working together to create consortia which can spark a virtuous cycle of investment and opportunity. Our action today will promote efficiencies in the system and ensure that taxpayers’ funds are being used wisely. Additionally, it is fiscally responsible for the Commission to require a thirty-five percent contribution from participants. These comprehensive reform efforts will hopefully encourage participation throughout rural America.

I have, however, raised concerns that the new program only requires that a “majority” of consortia members be rural. While some rural health care participants may benefit by using the experts and specialists that non-rural participants can offer as members of a consortia, simply requiring a “majority” of the members to be rural is insufficient. The intended focus of this USF program should be for *rural* America, that is, parts of the country that typically are far from hospitals. Although I had hoped for a higher minimum threshold, I appreciate the fact that the order includes language that the Commission expects that the percentage of participants will be on average higher than 51 percent and, if not, the Commission commits to commencing a proceeding to reevaluate the percentage.

Additionally, I am pleased that the Commission maintains the \$400 million annual spending cap, but I am not convinced that the annual demand will stay below the cap in the foreseeable future, as projected in this order. As such it would have been more prudent for the Commission to include in this order a contingency plan to allocate priorities if the program does approach the spending cap. Due to these concerns, I concur in part.

Finally, without questioning the importance and value of skilled nursing facilities, I respectfully dissent from the portion of the order that establishes a pilot program to include these facilities as eligible entities. It is not fiscally prudent for the Commission to launch a new pilot program without first waiting to see how our overall reforms will affect the demand for the program. Furthermore, I am disappointed that the Commission's record does not indicate whether ongoing support of skilled nursing facilities could be accomplished in a manner that is "technically feasible and economically reasonable,"<sup>1</sup> as the statute requires. We certainly shouldn't be laying the foundation for inflating the program before assessing the effect of the other reforms we adopt today.

In sum, I appreciate the Chairman's leadership on guiding these reforms through the process. And, I thank the dedicated staff in the Wireline Competition Bureau who have spent countless hours analyzing the successes and failures of the prior rural health care program and pilot in an effort to assemble reforms that are designed to enhance health care in rural America in a way that will be fiscally responsible and administratively feasible. I look forward to continue working with my colleagues on these issues as this order is implemented.

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<sup>1</sup> 47 U.S.C. § 254(h)(2)(A).