

Media Contact:

Katie Gorscak
katie.gorscak@fcc.gov

For Immediate Release

**GCI COMMUNICATION TO PAY \$40 MILLION TO SETTLE FCC
AND DOJ INVESTIGATIONS**

***Company Failed to Follow Rate Determination and Competitive Bidding Rules,
Agrees to Global Settlement***

WASHINGTON, May 11, 2023—The FCC’s Enforcement Bureau today announced that it has reached a settlement with GCI Communication Corp. to resolve its investigation into the company’s Rural Health Care Program practices, including rate determination and competitive bidding violations. To resolve this matter, GCI agreed to a settlement amount of over \$42 million that includes a repayment to the Universal Service Fund (USF) of more than \$26 million and a credit of \$16 million for withdrawal of applications and various appeals. GCI has also agreed to enhanced compliance measures in connection with its participation in the RHC Program.

GCI has also reached a settlement with the U.S. Department of Justice, which today announced its resolution of a parallel investigation for alleged violations of the False Claims Act. GCI has agreed to pay to the United States over \$40 million that shall be offset by GCI’s payment of over \$26 million to the USF.

The Rural Health Care Program provides financial support to eligible rural health care providers so that all health care providers—regardless of whether they are located in rural or urban areas—can implement the modern communications systems that are vital to 21st century medical care. The RHC Program is paid for through the Universal Service Fund.

“Compliance with the USF’s Rural Health Care Program rules is a critical component in making sure that medical providers have access to the types of communications equipment and services needed to enhance medical options and care in rural communities,” said FCC Enforcement Bureau Chief Loyaan Egal. “This global settlement reflects our strong partnership with the Department of Justice in protecting the USF, and we thank them for their efforts in this particular case.”

The Enforcement Bureau’s Fraud Division investigation found that GCI charged certain rural rates that were not in compliance with the rate-setting methods established by Commission rules during funding years 2015-2016. In instances where GCI’s rural rates did not accord with permitted methodologies, GCI did not seek and receive cost-based rate approval from the Commission as required by RHC Program rules.

In addition, GCI violated rules governing the competitive bidding process in connection with five contracts signed with health care providers in 2015 and 2016. The Commission’s requirement that RHC Program contracts be awarded through a competitive bidding process is fundamental to the program’s efforts to ensure fiscal responsibility and to limit waste, fraud,

and abuse of the Fund. The Commission has repeatedly made clear that compliance with its bidding rules is a prerequisite for receiving payments from the Fund and that those who violate these rules are not entitled to funding.

Lastly, during the Commission's investigation, GCI disclosed that the urban rate it had charged to certain health care providers was too low and that this resulted in excessive rural rate reimbursement amounts being requested and received by GCI from the USF. For these violations, in addition to a financial settlement, GCI will develop and implement a compliance plan to include a robust training program, compliance hotline, and reporting and audit requirements, among other provisions.

The settlement, formally known as a Consent Decree, is available at <https://docs.fcc.gov/public/attachments/DA-23-380A1.pdf>.

###

Media Relations: (202) 418-0500 / ASL: (844) 432-2275 / Twitter: @FCC / www.fcc.gov

This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).