

**STATEMENT OF
CHAIRMAN JULIUS GENACHOWSKI**

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

Earlier this year, I visited Barton Memorial Hospital, part of the path-breaking California Telehealth Network, to see first-hand how FCC Universal Service funding has improved health care for people in the area. At Barton, doctors and nurses are using broadband to enable remote examination through a live IP video feed and a relatively inexpensive telemedicine cart. Patients in rural El Dorado County are now being treated by specialists as far away as San Francisco, San Diego, Irvine, and Reno. And Barton has expanded its remote services to include cardiology, infectious disease, neurology and other specialties for which there are no specialists at Barton.

So patients who before had to travel many miles and many hours, or forgo diagnosis or care, can now have access to experts while staying in their home town.

This is transformational, and it's hardly the only example in our pilot program. In Florence, South Carolina, high-risk expectant mothers used to travel 168 miles to see a doctor. If the doctor drove there, he or she only had time to see each patient for 3 minutes. Now, unnecessary travel is eliminated and the doctor sees patients for an average of 30 minutes during each tele-consult. In Jefferson County, Iowa, patients used to have to wait 3 to 4 hours to have a radiology scan read. Now, it only takes half an hour. In North Carolina, the turnaround time for diagnosing communicable disease outbreaks has gone from 5 to 10 days, to 24 to 48 hours. These are cases where speed can be literally life-or-death.

And here's another important learning from our pilot program: telemedicine simultaneously drives down costs. In South Dakota, e-ICU services have saved eight hospitals over \$1.2 million in patient transfer costs over just 30 months. In upstate New York, a network of about 50 providers expect \$9 million in cost savings from providing cardiology, trauma, mental health, neurology and respiratory services over their broadband connections.

Broadband can revolutionize healthcare in our country, with powerful potential to improve quality of care for patients, while saving billions of dollars. But we'll only realize the full benefits of this incredible technical revolution if we get all our hospitals and clinics connected. The new Healthcare Connect program will expand the Commission's health care broadband initiative from pilot to program. It will allow thousands of new providers across the country to share in the benefits of connectivity and dramatically cut costs for both hospitals and USF. These are transformational changes that build on our major reforms across our universal service system.

For years, the FCC's primary healthcare program has made it much more difficult than it should be for hospitals serving rural patients to get high bandwidth connections of the kind that are needed for modern telemedicine. It does this in two ways: by limiting funding to telecommunications services, and by creating a complex discount formula that makes it hard for consortia to effectively bargain for the lowest cost service. So even where hospitals can get broadband connections under the program, they are often incredibly expensive, both for the hospital and for USF. Today's reform builds on the success of the Pilot program, and especially the model of state and regional health networks. Using this model, the new Healthcare Connect Fund will finally allow hospitals across the country to get broadband, while driving down costs.

In fact, based on the results in the Pilot program, we expect Healthcare Connect will bring thousands of new providers across the country into the program, and allow thousands of others to upgrade their connections. These providers offer lifesaving care to rural communities and small towns.

And Healthcare Connect could cut the costs of connections –for both providers and the Fund – in half. As we’ve done in reforming and modernizing all of our Universal Service programs, we’ve stayed true to our commitment to fiscal responsibility, maintaining the current overall program budget of \$400 million, while increasing the program’s impact within this limit.

Just as today’s reform builds on the success of the existing pilot program, today we launch a new \$50 million pilot to evaluate bringing skilled nursing facilities into the Healthcare Connect program. These facilities allow skilled nursing staff to treat, manage, observe, and evaluate patients, many of whom have been recently discharged from the hospital. Skilled nursing facilities stand to benefit tremendously from participation in healthcare networks: nurses say that having the broadband connection is a “godsend” and it’s like having the urban doctor “in the room” with them as they care for a patient.

And helping these nurses helps patients and saves money: patients can be discharged earlier from the hospital as they are recovering from injury or illness and get more focused care, closer to home. If they hit a bump on the road to recovery, they can be quickly evaluated for further care. So a patient who is recovering from open heart surgery in rural Virginia and develops an infection can have it diagnosed from afar. Or a resident in a facility in a small town in Kansas or Montana that develops a persistent cough can have chest X-rays sent to a doctor in a nearby hospital. And these consultations can save an ambulance trip or an emergency room visit, avoiding further complications.

We’re starting with a rigorous, competitive trial because including these providers in the programs does raise some tricky issues. This is a fiscally responsible, data driven way to proceed, and we move ahead on completely solid legal ground. But it’s vital that we do proceed so that we can harness the opportunities of broadband for health care as quickly as possible.

So yes, we’re leaning forward here – but that’s what it will take to ensure that the broadband revolution doesn’t bypass rural and low income Americans. It’s the right choice and I thank Commissioners Clyburn and Rosenworcel for their support.

Let me also briefly address the idea of a “contingency plan” in case we hit the \$400 million program cap. The staff’s careful analysis makes clear that we’re very unlikely to hit this cap within the next five years. But just in case, we’ve said we’ll complete a rulemaking on this issue next year, well before any need could possibly arise, or any of the parade of horrors some have speculated about could occur.

I want to thank the team of the Wireline Bureau for their excellent, data intensive review of the healthcare pilot, and their careful, creative work to translate that review into the permanent Healthcare Connect Fund. Working on this program is especially challenging because it requires the team to develop an expertise not just in broadband, but also in healthcare. Linda Oliver and her team did a fantastic job.

When we said in the Broadband Plan that we were going to tackle Universal Service reform not just for schools and libraries, or for low-income Americans, or rural Americans, or Healthcare Providers and their patients – but for all of these groups, there were few who thought this Commission could get it done. Working together, we have. I’m grateful to each of my colleagues - and a special thanks to Commissioners McDowell and Clyburn who have been through, and made substantial contributions to, each of the reforms. People all across America are the beneficiaries of this vital and collaborative work.

Our staff has been amazing. Zac Katz, the FCC’s Chief of Staff, has also been through each of the reforms, and this work reached a true level of excellence thanks to the two Bureau Chiefs, Sharon Gillett

and Julie Veach, and Michael Steffen in my office. I want to acknowledge one other person who deserves particular recognition for this achievement. The substantive and inspirational leader of this soup to nuts effort, scrutinizing and honing every sentence and every rule in all the orders, has been Carol Matthey. Today Carol completes the USF Grand Slam – a Steffi Graf level achievement. Carol, you are a model public servant, and the American people who ultimately benefit from our programs are better off for your service. Congratulations and thank you.