

**STATEMENT OF
COMMISSIONER BRENDAN CARR**

Re: *Promoting Telehealth in Rural America*, WC Docket No. 17-310.

At the FCC, we are focusing a lot of our efforts on closing the digital divide. One area where that divide is particularly stark is healthcare. Americans living in rural communities are falling behind when it comes to the availability of high-quality care. It is difficult to impossible to find specialists in many rural communities, and even basic care is often out of reach, as we see rural hospitals closing by the dozen across the country.

The FCC's Rural Health Care program can help make a difference. This program uses money that consumers pay into the Universal Service Fund to subsidize the costs of broadband and other connectivity that consumers in rural communities need for telemedicine and other advanced healthcare services.

But unfortunately, this program is not living up to its potential. Our rules and the incentives they create are not serving the best interests of rural healthcare providers, the communities that depend on them, or the consumers that pay into the Universal Service Fund.

At a time when the program is more important than ever to a growing number of rural communities, it has been heading in the wrong direction. In what is known as the telecom portion of the program, we've been spending more money to serve fewer and fewer healthcare institutions. Over the last three years, for example, the number of participants in the program dropped by 36% while requests for funding grew by more than 67%. This means that limited program dollars are starting to concentrate in a small number of healthcare providers that are receiving increasingly large subsidies. Indeed, in 2016, just 5% of the participating healthcare providers received more than half of the available support.

In addition to concentrating USF support in fewer communities, the program's trend lines are unsustainable for another reason. It does not encourage or incentivize prudent spending. The 5% of providers that now receive the lion's share of support are getting discounts of over 99% on their services. And the effective program discount has risen from 72% in 2011 to 95% last year. It is no surprise, then, that demand exceeded the program's budget for the first time in 2016 and that we are expecting to see the same outcome in 2017.

So I am glad that the Commission is launching this proceeding to review the program. It is important that our rules incentivize the wise and prudent spending of program funds, while ensuring that more Americans, regardless of where they live, have access to advanced telehealth services. As part of this inquiry, I am pleased that we are now seeking comment on whether to adopt speed or other service benchmarks to ensure that supported services can in fact be used to bring telehealth offerings to rural communities. With this and the range of other questions we tee up, I am confident that we can craft rules that will promote efficient purchasing decisions.

In the interim, I support our decision to provide some immediate relief to healthcare providers that could otherwise face unexpected costs if the program exceeds its budget cap again this year. By waiving our rules, we allow service providers to voluntarily reduce their rates, which can help ensure that rural communities continue to receive service.

Thanks to the staff of the Wireline Competition Bureau for your work on this item. It has my support and I look forward to reviewing the record as it develops.