

**STATEMENT OF  
COMMISSIONER MICHAEL O'RIELLY**

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

At its core, this order provides additional funding for the universal service Rural Health Care Program, a laudable program currently facing financial difficulties. I have seen the benefits of telemedicine firsthand and understand its importance, especially to the health and safety of Americans in remote parts of the country, such as Alaska. Given the circumstances, I extend my support to the item.

I view it, however, as a first step in a much-needed process to revamp the program to ensure that it is operated in a predictable, sustainable, and accountable manner. Due to inattentiveness on the part of prior Commissions, the program grew rapidly with no reasonable measures in place to ensure that the funding was well targeted or would be prioritized rationally when demand exceeded available funding – an outcome I predicted years ago and urged the previous Chairman to address. Moreover, insufficient oversight of the program and the Universal Service Administrative Company (USAC) has led to confusion and lengthy funding delays, creating unpredictability for communications providers, healthcare participants, and rural communities that have benefitted from the program. Therefore, while this order may temporarily resolve a current funding shortfall, there is much more to do to put the program on long-term solid footing, including implementing appropriate changes to USAC. I appreciate that Chairman Pai is willing to tackle such fundamental reforms to the program.

Generally, this order highlights the need for an overall cap on the universal service fund (USF). I have heard the argument that, as long as each program is capped, there is no need for an overarching spending limit across the four USF programs. However, as each program has reached its budget, the Commission has historically increased each one, as we do today, without much consideration given to total spending and its impact on the consumers and businesses who pay extra fees on their phone bills to support it. That is not acceptable. Instead, the Commission must set a topline figure that represents the combined amount we are willing to take from hardworking Americans and we must manage all four programs within that dollar amount. Under this framework, the Commission would still have the ability to increase funding for a particular program, if necessary. But, doing so would require the agency to expressly consider the costs and benefits of its actions and find appropriate offsets, if needed, to stay within that overall limit. I thank the Chairman for agreeing to work with me on this important issue.

On a side note, it is past time that the Commission work with other federal government departments and agencies to determine how our rather narrow telemedicine program works within the larger health care system. Currently, telecommunications consumers are paying higher rates than necessary in order to fund our Rural Health Care Program and this has a positive impact on overall health care costs. To put it succinctly, if our program were to end tomorrow, total U.S. health care expenditures would increase by some factor, likely many multiples compared to the program's investment. Unfortunately, we are not credited, nor do consumers experience, any of the benefit enjoyed by other health care agencies. I intend to discuss this point further in the future to ensure greater coordination and cohesion regarding this dynamic.

I vote to approve.