

A Congressional Check-up on the Rural Health Care Program

June 2019

What is the Rural Health Care Program?

Created by Congress in the Telecommunications Act of 1996, **the Rural Health Care (RHC) program provides discounted telecom and broadband services to healthcare providers, enabling them to bring world-class medical care to rural areas.** As a part of the Universal Service Fund program overseen by the Federal Communications Commission, the RHC program is administered by the Universal Service Administrative Company (USAC). In 1997, the FCC adopted an arbitrary program funding cap of \$400 million. Since that time, the scope of RHC support has expanded in several ways - and so has the need for funding:

- FCC expanded the types of equipment and services that are eligible
- Advances in telehealth have improved the availability and quality of patient care.
- Demand for remote delivery of services has grown.
- Health Insurance Portability and Accountability Act mandates have expanded cloud-based storage and retrieval of electronic health records.
- Congress amended the statutory language to make skilled nursing facilities eligible for RHC funds.

Rural Health Care in Peril

Problems with the administration of the RHC program began to emerge in 2015. The application process was difficult, and demand for the program started to increase dramatically. The SHLB Coalition filled a petition for rulemaking to improve the operation of the RHC program in December of 2015, **but the FCC has not resolved many of the issues identified in that petition.**

- FY2016: Overall demand for funding exceeded the \$400 million cap for the first time. The FCC cut back funding for applicants by 7.5 percent to stay below the cap.
- FY2017: Overall demand for funding exceeded the \$400 million cap again. The FCC proposed to reduce applicant funding by 15 - 25 percent.
- May 2018: 31 Senators wrote to the FCC seeking an increase in funding.
- June 2018: The FCC increased the cap to \$571 million (indexed for inflation) in June 2018 to temporarily avoid any further cutbacks in funding.
- May 2019: Demand for FY2018 funding for up-front expenses and multi-year contracts exceeded the \$150 million sub-cap. The FCC issued an Order in May to temporarily address the problem.

*In the past two funding years, USAC and the FCC took over 10 months to reach decisions on most funding applications - compared to 3 months in previous years. **These funding delays hit the smallest, most remote, and most in-need clinics the hardest, as they cannot afford to pay the full bill while waiting for USAC to make a decision.***

The Problem

- Because of administrative missteps, lack of transparency, and insufficient funding, many healthcare providers have been forced to **reduce or eliminate their telemedicine programs**.
- Many healthcare providers have dropped out of the RHC program entirely, **jeopardizing the lives of underserved patients** in rural and frontier areas of the country.
- FCC Chairman Pai has pledged to complete a rulemaking proceeding on the RHC program by June 30, 2019

The Bottom Line

Healthcare delivery has changed dramatically since the inception of the RHC program. The expansion of telehealth, the increased use of electronic health records, and the widespread closing of rural hospitals make the RHC program more important than ever. Unfortunately, the FCC and USAC have not kept up with the growth in telemedicine demand and the change in the authorizing legislation.

The RHC program needs much more funding to achieve its purpose of improving rural health care. The FCC has the authority to increase the amount of funding for this program, as such funding does not go through congressional appropriations. But Congress can help.

Congress should encourage the FCC to complete the pending rulemaking proceeding, provide sufficient funding to meet the goals of the program, and make the application process more efficient and transparent for applicants. These improvements are important for ensuring that rural Americans can receive the high-quality telemedicine services that Congress promised when it created the RHC program in 1996.

How Congress Can Help

Senator Ron Wyden will send a letter to FCC Chairman Ajit Pai asking him to resolve the open issues in the RHC program. We encourage you to add your name to the letter, and join him in this call to action.

Call Chairman Pai and his fellow Commissioners to let them know you're concerned about the status of the RHC Program and the toll it's taking on your constituents.

Get in touch:

Chairman Ajit Pai: (202) 418-1000 | Commissioner Mike O'Rielly: (202) 418-2300
Commissioner Brendan Carr: (202) 418-2200 | Commissioner Jessica Rosenworcel: (202) 418-2400
Commissioner Geoffrey Starks: (202) 418-2500

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