November 1, 2017

The Honorable Greg Walden
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Walden and Ranking Member Pallone:

The undersigned organizations hereby ask you to support adequate funding and process reforms for the Federal Communications Commission's (FCC's) Rural Health Care (RHC) program. The RHC program provides valuable financial support to enable health care clinics, hospitals, skilled nursing facilities (SNFs) and other non-profit health care providers to obtain high-quality broadband connections in rural markets. Through these broadband connections, health providers across the nation can provide rural and remote patients valuable telehealth services equivalent to the medical services available in urban markets.

Unfortunately, the RHC program is now facing an unprecedented crisis that is limiting its effectiveness. Applications for RHC funding exceeded the funding cap for both FY 2016 and FY 2017.[1] The shortage of funding resulted in pro rata reductions in support to many rural telehealth networks in FY 2016, and these reductions in support caused rate increases for many health care providers.[2] These rate increases forced many health providers to cancel or downgrade needed broadband connections, curtail hours or services, reduce staff, or otherwise degrade the quality and availability of rural health care services. Further, several telehealth networks have halted their plans to expand into rural markets as a result of the uncertainty about future RHC funding.

Rural America is facing an enormous challenge when it comes to health care. Over eighty rural hospitals have closed since 2010, and there is a severe shortage of doctors in rural areas, both of which raise the cost of providing medical care in rural communities.[3] The United States spends

[1] A document released on July 24, 2017 shows that the "gross demand" for funding in FY 2016 (two filing windows) was $556,248,551 and the "gross demand" for FY 2017 (one filing window) was $567,276,742. See, http://www.usac.org/_res/documents/about/pdf/bod/materials/2017-07-24-rhc-briefing-book.pdf. (pp. 22 and 30).

[2] Some applicants for FY 2016 funding suffered a 7.5% reduction in funding because the demand for funds exceeded the $400 M cap. The FCC has not yet announced the amount of funding reductions for FY 2017. See, http://www.usac.org/rhc/funding-information/default.aspx.

[3] See, http://www.cnn.com/2017/06/30/health/rural-hospitals-medicaid-cuts-health-care/index.html.

more on health care than any other Organization for Economic Cooperation and Development (OECD) nation, both in absolute terms and as a percentage of gross domestic product (GDP).

With adequate broadband networks, telemedicine has the potential to fill this need at lower cost than traditional medicine. For instance, telehealth networks can be used to provide immediate emergency evaluation of patients through videoconferencing that was not available 10 years ago, saving the cost and patient stresses of hours of ambulance or medevac transport to an urban hospital.[4] Telemedicine also enables remote patient monitoring at home[5] or in electronic intensive care unit ("eICU") facilities that can save lives and deliver care more quickly.[6] Telehealth networks also allow doctors to see more patients, creating a win-win for both doctors and patients.

Investing in high-speed rural telehealth networks can also generate additional economic activity that benefits the entire rural community. Telehealth networks that deploy fiber optic services to rural communities can be a springboard for additional business activity and economic growth. According to one study, telemedicine services contribute between $20,000 and $1.3M annually to local economies, with an average of $522,000.[7]

Unfortunately, many of these remote and rural health clinics do not have the broadband capabilities that they need. The costs of providing broadband service in rural America, especially in remote or frontier areas, are significantly higher than in non-rural areas, which increases the need for full funding for healthcare facilities in those regions.

According to another study, 59% of non-metro health clinics have less than a 10 Mbps connection, even though a health provider typically needs a 50 Mbps or 100 Mbps connection to engage in quality telemedicine.[8] The growth of electronic medical records has also put a strain

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[4] For instance, the Palmetto State Providers Network, located in South Carolina, reports that it has saved $18 million dollars in Medicaid costs over 18 months as a result of its tele-psychiatry program. See, https://apps.fcc.gov/edocs_public/attachmatch/DA-12-1332A1_Rcd.pdf. p. 9389.

[5] The Personal Connected Health Alliance's Continua Design Guidelines were used to enable interoperable remote patient monitoring for cardiac events in Japan after the 2009 Tsunami and demonstrated significantly improved outcomes. Tracking, publications and results can be found at: https://urldefense.proofpoint.com/v2/url?u=http-3A__www.pchalliance.org_search_site_dcap&d=DwMGaQ&c=5oszCido4egZ9x-32Pvn-g&r=Aw56wXKZACbjTdG5l1RVzMLxN_CZWNEGRxLXig3D-go&m=3xUFyEjdhWJskKG-GN5Am5uuptkqm_PoSBAlCkubaQk&s=l4rHFUzoc7SS4YaGldf9c1bwxK3Asmr5NTLB8fyVuvs&e=

[6] In South Dakota, the Heartland Unified Broadband Network (HUBNet) estimates that hospitals in its network have saved $1.2 million in transfer expenses over a 30-month period, following the implementation of electronic Intensive Care Unit (e-ICU) services. *Id*.

[7] Whitacre, Brian E., "Estimating the Economic Impact of Telemedicine in a Rural Community." https://ideas.repec.org/a/ags/arerjl/117770.html.

[8] http://www.dailyyonder.com/rural-healthcare-falls-further-behind-in-broadband-speeds/2016/03/15/12049/.

on health providers' broadband requirements. One telehealth provider suggests that the average broadband capacity needed by rural health clinics has grown from 7 Mbps to 317 Mbps since 2013.[9] The adoption of electronic medical records, which were strongly incentivized under Title IV of the American Recovery and Reinvestment Act, Pub. L. 111-5, 42 U.S.C. § 1395w-4(o), is the largest driver of this need for more bandwidth.

In 1997, the FCC capped the RHC program at $400M per year. Twenty years later, this cap is woefully inadequate. The cap has not been adjusted either for inflation or to reflect massive changes in the healthcare and broadband marketplaces that have occurred since 1997. Not only have bandwidth needs increased, as discussed above, but the scope of the program has expanded. Just last year, Congress, recognizing the growing importance of the RHC program, wisely chose to add skilled nursing facilities as eligible entities to the program. Unfortunately, the FCC has not increased RHC funding to keep up with the need for improved rural health care.

In addition, certain process reforms to the RHC application are urgently needed. The FCC and USAC (which administers the program) have been working diligently to improve the application process. Nonetheless, it can be difficult for small rural providers to apply for and receive funding. Furthermore, the program would benefit from greater transparency. Even though the applicants must submit a substantial amount of data to justify their request for funding, aggregated data is generally not made publicly available.

The FCC has authority to increase the amount of funding dedicated to this important program, to improve the process of applying and to improve the transparency of the information. The RHC program is the smallest of the four programs in the Universal Service Fund, which totals about $9B per year. Increasing the RHC funding cap from $400M to $800M per year would have a huge impact on the availability of affordable broadband services for rural health providers and patients, but will have only a minimal impact on the overall size of the Universal Service Fund.

Our organizations represent health care providers and telehealth networks spanning the entire U.S. We believe that increasing the available funding for the RHC program is one of the most important steps that Congress and the FCC can take to improve quality of life in rural America. For these reasons, we respectfully ask you to urge the FCC to increase funding for the RHC program for the next fiscal year 2018 and beyond so that the FCC can fully fund meritorious applications, to lower the burdensome application barriers that make the program difficult for rural providers to access, and to make program data more transparent.

If you have questions or for further follow-up, please feel free to contact John Windhausen, Executive Director of the Schools, Health & Libraries Broadband (SHLB) Coalition at

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[9] Remarks of Tim Koxlien, CEO, Telequality Communications, Sept. 13, 2017, at "Bridging the Gap: Connecting Rural Communities to Care" available at http://www.americantelemed.org/policy-page/telehealth-capitol-connection.

jwindhausen@shlb.org or by phone at (202) 256-9616, or Gary Capistrant, Chief Policy Officer, American Telemedicine Association, at gcapistrant@americantelemed.org or by phone at (202) 223-1294.

Sincerely,

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cc: Members, U.S. House Energy and Commerce Committee