E-RATE AND RURAL HEALTH CARE PROGRAMS

PROGRAM FUNDAMENTALS

E-RATE PRINCIPLES

- **Access for Schools and Libraries:** Congress mandated, in 1996 Telecommunications Act, that the FCC enhance access to broadband and telecom services in elementary and secondary schools and libraries

E-RATE PRINCIPLES

Regulatory Overview

- Eligible schools and libraries (as well as consortia of eligible schools and libraries) may apply for USF discounts on the following services:

  - *Category One*: Services that support connectivity to schools and libraries (including special construction)

  - *Category Two*: Services that support connectivity within schools and libraries (aka internal connections)

- Annual Funding Cap: $4.15 billion, adjusted annually for inflation

- Timeline: Commitments are made by funding year, which runs from July 1 through the following June 30

E-RATE DISCOUNTS

- **Range:** 20 percent to 90 percent of the costs of eligible services

- **Levels:** Dependent on poverty level, the urban/rural status of the school district, and on the category of service requested

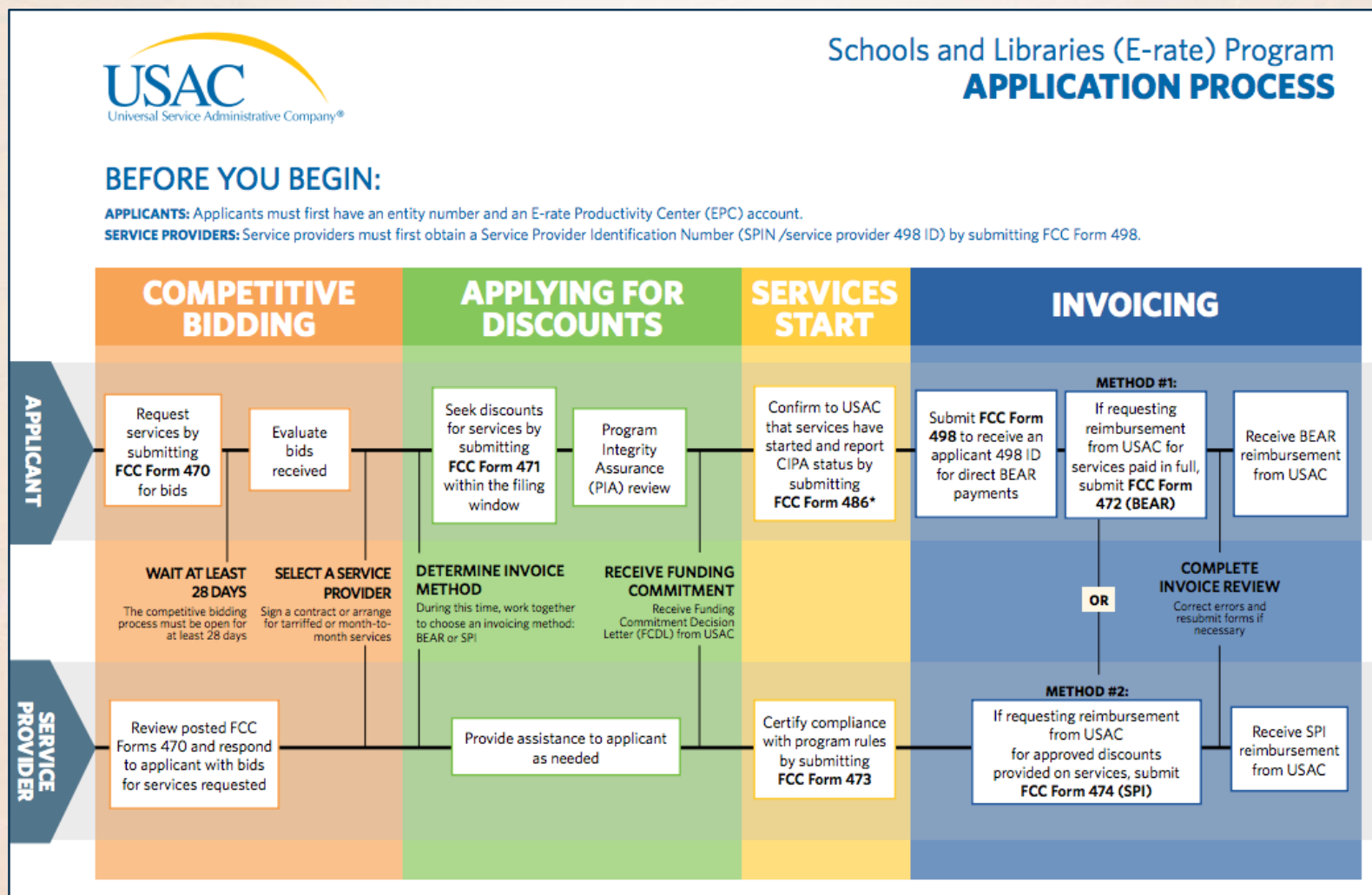| Percent of Students Eligible for NSLP	Category One Discount Rate		Category Two Discount Rate	
	Urban	Rural	Urban	Rural
Less than 1%	20%	25%	20%	25%
1% - 19%	40%	50%	40%	50%
20% - 34%	50%	60%	50%	60%
35% - 49%	60%	70%	60%	70%
50% - 74%	80%	80%	80%	80%
75% - 100%	90%	90%	85%	85%

E-RATE APPLICATIONS

Competitive Bidding:

An eligible school or library identifies the services it needs and submits a request for competitive bids to USAC. USAC notifies providers of the bidding opportunity by posting the request on its website.

Application for Funding:

After reviewing bids, and selecting the most cost-effective offering, the school or library may submit a funding request to USAC during the applicable funding year's filing window. USAC issues a funding commitment pursuant to its review of the request.

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E-RATE APPLICATIONS

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RURAL HEALTH CARE (RHC) PROGRAM OVERVIEW

- **Creation:** In the 1996 Telecommunications Act, Congress mandated that the FCC enhance access to broadband and telecommunications services for eligible public or nonprofit rural health care providers (HCPs).

- **Two Programs:** (1) the Telecommunications (Telecom) Program; and (2) the Healthcare Connect Fund (HCF) Program.

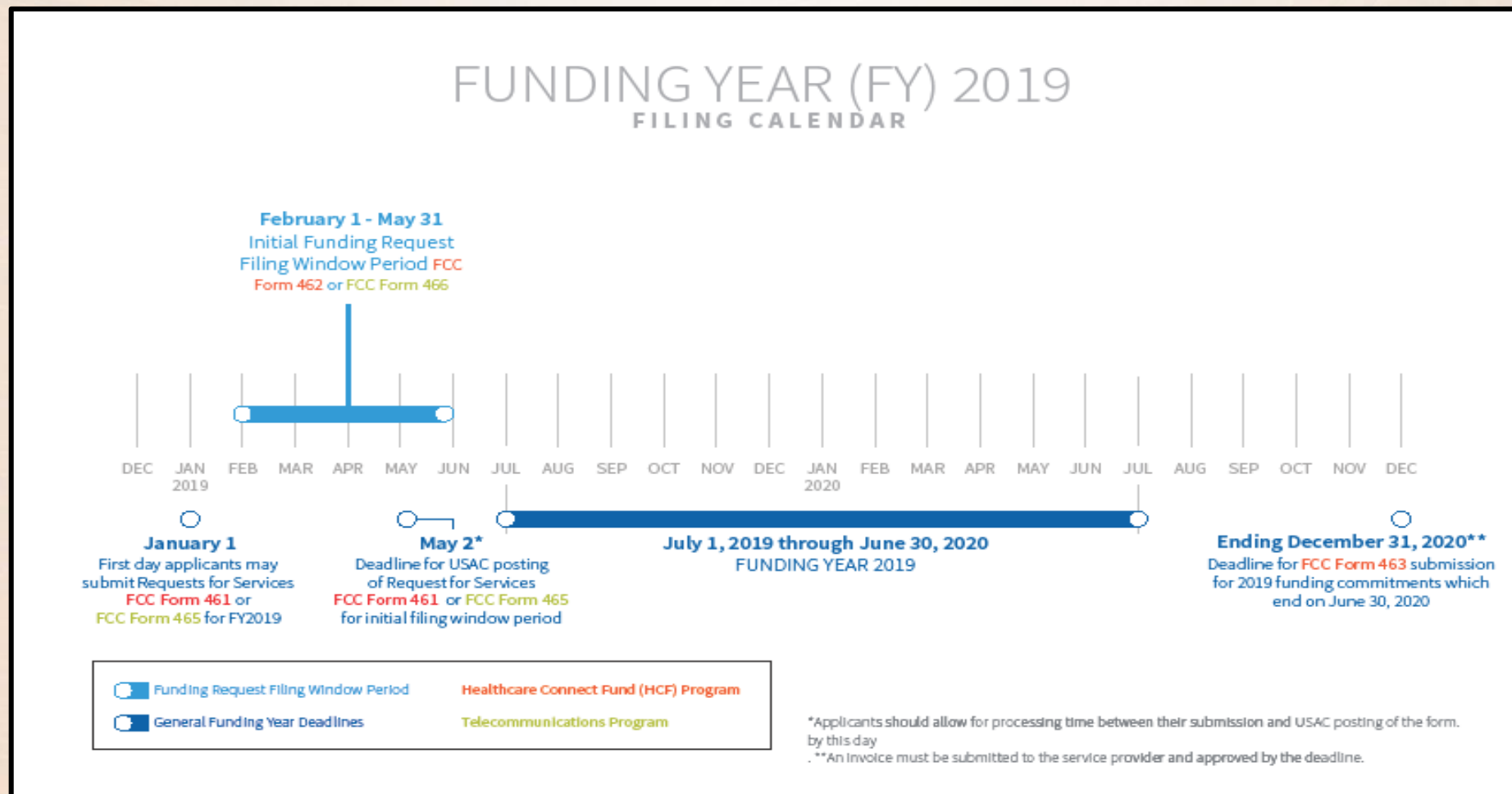| Telecom Program	HCF Program
o Provides support for telecommunications services based on the difference between the urban and rural rates charged for the service as determined by program rules.	o Provides flat 65% discount on eligible charges for broadband connectivity and broadband networks.
o HCPs only pay the urban rate.	o HCP consortia applicants permitted.
o Carriers receive the difference between the urban and rural rates from the Fund.	o Support available for both eligible broadband services and HCP-owned infrastructure.
o Must participate as an individual HCP.	o Eligible non-rural HCPs may participate if in a majority-rural consortia (more than 50% of the sites are rural).
o May only apply for single-year funding.	o Connections to off-site administrative offices and data centers are eligible for support.
	o May apply for multi-year funding commitments.

RHC PROGRAM FUNDING & HCP ELIGIBILITY

Annual Funding Cap: $594 million (as-of FY19) adjusted annually for inflation.

Funding Year: July 1 through June 30.

Participant Eligibility: Three components –

1. Status: (1) Not for Profit or (2) Public.

2. Must be one of seven HCP Types: (a) post-secondary institution offering health care instruction; (b) community health center or health center providing health care to migrants; (c) local health department or agency; (d) community mental health center; (e) not-for-profit hospital; (f) rural health clinic; (g) skilled nursing facility; and (h) consortium of health care providers consisting of one or more eligible entities falling in to the seven categories listed above.

3. Rural: Rurality is determined based on location outside or within Core Based Statistical Areas identified by the Census Bureau.

   • *HCF Program*: Non-rural HCP applicants may apply as part of a majority-rural consortium.
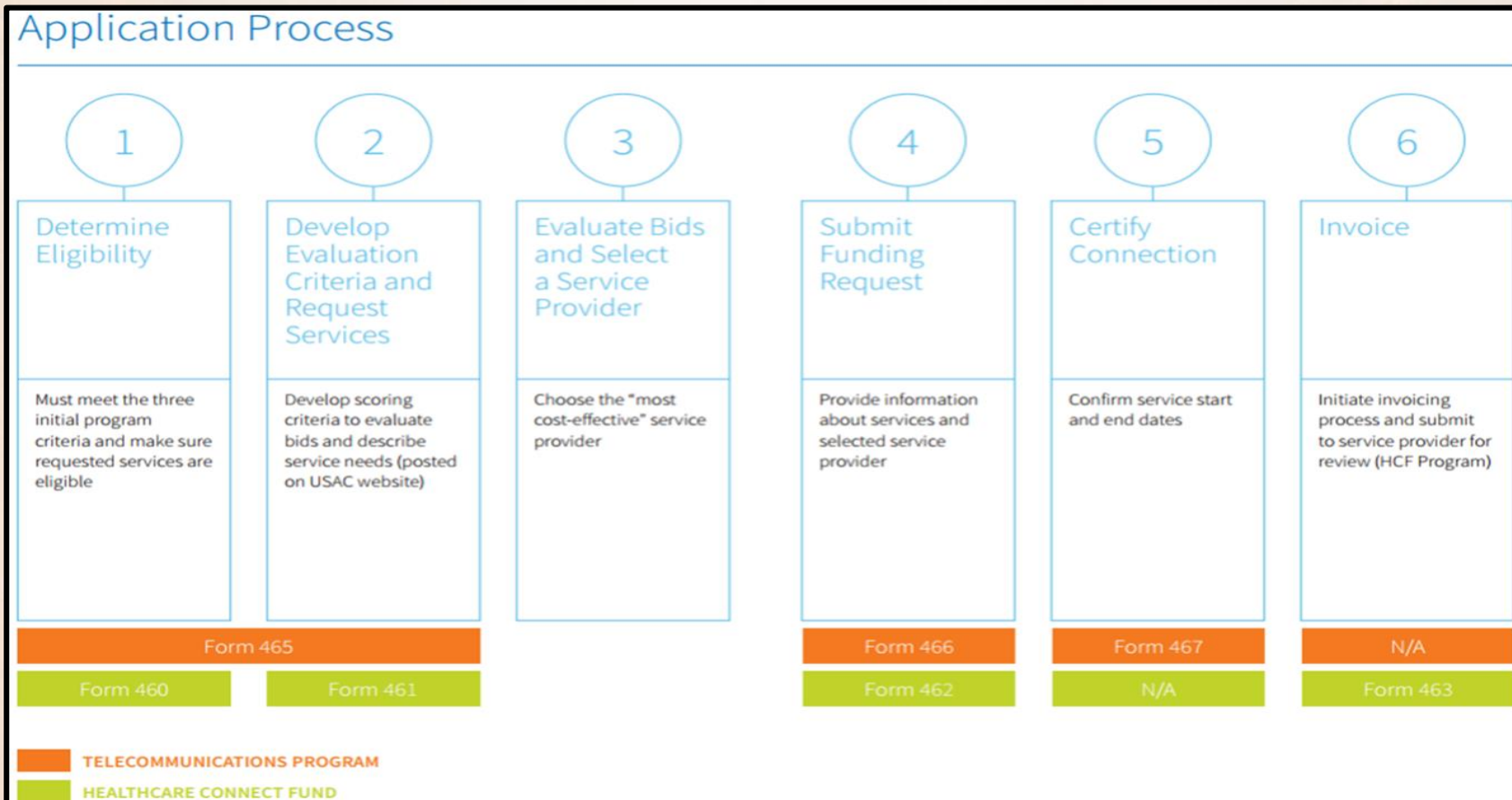
RHC PROGRAM APPLICATION TIMELINE

FUNDING YEAR (FY) 2019
FILING CALENDAR

February 1 - May 31
Initial Funding Request
Filing Window Period FCC
Form 462 or FCC Form 466

DEC | JAN 2019 | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN 2020 | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC

January 1
First day applicants may
submit Requests for Services
FCC Form 461 or
FCC Form 465 for FY2019

May 2*
Deadline for USAC posting
of Request for Services
FCC Form 461 or FCC Form 465
for initial filing window period

July 1, 2019 through June 30, 2020
FUNDING YEAR 2019

Ending December 31, 2020**
Deadline for FCC Form 463 submission
for 2019 funding commitments which
end on June 30, 2020

Funding Request Filing Window Period   Healthcare Connect Fund (HCF) Program

General Funding Year Deadlines   Telecommunications Program

*Applicants should allow for processing time between their submission and USAC posting of the form.
by this day
. **An invoice must be submitted to the service provider and approved by the deadline.

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Application Process

1	2	3	4	5	6
Determine Eligibility	Develop Evaluation Criteria and Request Services	Evaluate Bids and Select a Service Provider	Submit Funding Request	Certify Connection	Invoice
Must meet the three initial program criteria and make sure requested services are eligible	Develop scoring criteria to evaluate bids and describe service needs (posted on USAC website)	Choose the "most cost-effective" service provider	Provide information about services and selected service provider	Confirm service start and end dates	Initiate invoicing process and submit to service provider for review (HCF Program)
Form 465			Form 466	Form 467	N/A
Form 460	Form 461		Form 462	N/A	Form 463

TELECOMMUNICATIONS PROGRAM
HEALTHCARE CONNECT FUND

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RHC PROGRAM REFORM ORDER

In August 2019, the Commission adopted an order that reforms the RHC Program to increase transparency, predictability and efficiency. The rules adopted by the Order:

- Target and prioritize funding to rural areas in the most need of health care services.

- Simplify urban and rural rate determinations by, among other things, directing the USF Administrator to create urban and rural rate databases.

- Reform competitive bidding in the RHC Program making it more productive for HCPs to identify and select cost-effective service offerings in their rural areas.

- Streamline the application process and align procedures between the E-rate and RHC Programs to ease the burden on participants.

- Strengthen safeguards against waste, fraud and abuse in the RHC Program.

- Read Here: https://www.fcc.gov/document/fcc-strengthens-rural-health-care-program-0

E-RATE AND RURAL HEALTH CARE

Questions

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