

## Audio Transcript

Headline: Millions of Dollars in Federal Broadband Funds Fail To Reach Rural Health Providers

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### TEXT:

Critics of the Federal Communications Commission say the agency is holding up millions of dollars intended for rural health care. This is a special report for iHealthBeat, a daily news service from the California HealthCare Foundation. I'm Deirdre Kennedy.

Since 1997, telecommunications companies have been required by law to collect "universal access fees" from their customers. Those fees go to subsidize broadband access for schools, libraries, clinics and hospitals in underserved communities.

FCC is in charge of distributing up to \$400 million of that fund each year for rural health care. But Mark Goldstein of the Government Accountability Office says so far, the commission has handed out just a fraction of that.

***(Goldstein): "Over the entire period of the program, the 12 years that the program has been in place, they've been able to disburse only about \$327 million in total -- which is less than any single year cap -- which they're allowed \$400 million."***

Last November, GAO issued a critical report on FCC's management of the program, saying the commission suffered from performance weaknesses that threatened to jeopardize rural health care reforms. The report cited three major problems:

***(Goldstein): "FCC never conducted an assessment of the telecommunications needs of the rural health care providers before they put the program in place. FCC poorly planned and communicated during the design and the implementation of the program, which caused delays and difficulties for the program getting off the ground. And then third, FCC didn't develop specific performance goals for the program, and the performance measures they used were ineffective."***

The American Telemedicine Association recently added its voice to the criticism. In a terse letter to FCC -- ATA CEO Jonathan Linkous said the commission had "no apparent plans to address the GAO's report or issue revised rules for its program."

***(Linkous): "The commission came up with a [notice of] proposed rule-making over a year ago to try to clean up a lot of the mess they made. And the rule making, we responded to by endorsing some of it and also making a series of suggestions to improve it in other areas. So that's the frustrating part of it is there's a potential to really change this and to put it on the right track. But it's been over a year."***

Carol Matthey, deputy bureau chief of FCC's Wireline Competition Bureau, says it's not unusual for a large federal agency to spend more than a year assessing comments before issuing final rules. But she disputes claims that the commission has hundreds of millions of dollars in its coffers.

***(Matthey): "The \$400 million is somewhat of a red herring. That is the amount that the commission established as a funding cap back in 1997, that amount of money is not collected and sitting in the bank waiting to be spent every year. The commission has to go through the rule-making process in order to make the policy changes and only then would that money be collected through the Universal Service Fund from consumers."***

However, GAO found universal service funds used for other FCC broadband programs were collected in a Treasury Department account and that those funds had overages each year. Ultimately, the checks go out to the telecom companies themselves, not the health care providers.

Dale Alverson -- recent past president of ATA -- thinks it should be a grant program.

As medical director for the Center for Telehealth and Cybermedicine at the University of New Mexico, he wrote an application for FCC to fund a statewide health network.

***(Alverson): "It is one of the most complex, challenging, and cumbersome processes in which I've ever been involved. This was to have been a three-year program, we're now into a second year extension. So it's become a five-year program and why? Because they couldn't get the money out the door, effectively to all the eligible stakeholders."***

FCC hasn't responded directly to either ATA or GAO. But FCC officials say they are currently reviewing proposals and holding ongoing talks with various stakeholders and other federal agencies, including HHS.

So far, the commission has no date to release its final rules.

This has been a special report for *iHealthBeat*, a daily news service from the California HealthCare Foundation. If you have feedback or other issues you'd like to have addressed, please email us at [CHL.org](mailto:CHL.org). I'm Deirdre Kennedy. Thanks for listening.