



CIO Cheat Sheet

Overview: Federal Communications Commission

Involvement in Healthcare – December 2018

FCC Mission

Traditionally, the [Federal Communications Commission \(FCC\)](#), an independent U.S. government agency overseen by Congress, oversees interstate and international communications by radio, television, wire, satellite, and cable across the country. The FCC also enforces the regulations related to and often, provision of, broadband and telecommunications to citizens of the United States. However, the FCC's authority has grown to encompass many other responsibilities, some of which revolve around connecting patients to the care they need in a setting that is beneficial to them.

Move into Healthcare

The FCC was established through the Communications Act of 1934, which consolidated existing regulations that governed radio, television and phone into a new regulatory agency. It wasn't until the Telecommunications Act of 1996 that new subsidies that cover connectivity and established the FCC as we know it today were included. The basis for FCC investment in telehealth comes through the Universal Service Fund (USF), which is funded through a percentage of quarterly revenues from telecommunications companies. Based on this, the amount in the fund fluctuates constantly. Telecommunications companies then pass on this fee to consumers that shows up on bills as a contribution to the federal Universal Service Fund used for FCC subsidies.

The USF is divided into four support mechanisms: 1) high cost; 2) low income; 3) schools and libraries; and 4) rural health. All of the support mechanisms but high cost are administered by the [Universal Service Administrative Company \(USAC\)](#). The rural health support mechanism "allows rural health care providers to pay rates for telecommunications services similar to those of their urban counterparts," making telehealth services affordable and providing a stronger business case for entering smaller markets. Generally, the fund targets rural areas as they are the highest cost and lowest income. All the USF provides subsidies to facilitate general broadband and telecommunication connectivity via the four mechanisms – one of which is rural healthcare, detailed below.

Rural Health Care Program

The healthcare portion of the commission focuses specifically on the [Rural Health Care Program \(RHC\)](#) which, after [CHIME and others advocated for a funding boost](#), is now being leveled at \$571 million as opposed to the previous \$400 million. These programs are all directed toward funding rural connectivity. Rural areas are defined based on being "entirely outside of a [Core Based Statistical Area](#) or within a Core Based Statistical Area that does not have any Urban Area

with a population of 25,000 or greater.”¹ This program is divided into four sub-programs: A) The Healthcare Connect Fund; B), the Telecommunications Program; C) the Rural Health Care Pilot Program; and D) the newly added, Connected Care Pilot Program.

- A. The Healthcare Connect Fund is aimed at providing high-capacity broadband for eligible Health Care Providers (HCPs) that are considered rural or are non-rural but have more than 50 percent rural HCP sites. HCPs who are eligible and apply for these subsidized funds will receive a 65 percent discount on eligible expenses. The [fact sheet](#), [FAQs](#) and [overview](#) are all available on the RHC’s website.
- B. The Telecommunications Program has a relatively simple purpose in making sure that rural HCPs don’t pay more than their urban counterparts where the business case is much easier to justify. There are some guidelines for the funds to be distributed. The eligible rural HCP will be receiving funds “no higher than the highest tariffed or publicly available commercial rate for a similar service” when compared to the nearest city in the state with more than 50,000 people.
- C. The Rural Health Care Pilot Program was established in 2006 and is geared toward providing funding for state and regional broadband networks that help in the delivery of healthcare via telemedicine. The program can provide funding for up to 85 percent of costs associated with broadband network construction, among other things. There are currently 50 pilot programs across 38 states, but the program is now closed to new applicants.
- D. The new Connected Care Pilot Program was announced in July by Commissioner Brendan Carr and will be funded at \$100 million, separate from existing RHC funds. CHIME and AEHIA sent a joint [comment letter](#) to the FCC on this subject after they released a [notice of inquiry](#). The program, much like others at the FCC, will facilitate broadband connection to provide care to low-income patients outside a traditional brick-and-mortar setting. Commissioner Carr advocates that this program won’t just help more people reach adequate care but will reduce Medicare costs through reductions in hospital readmissions as well. Due to the recent nature of this program, there has yet to even be a notice of proposed rulemaking, the next step. We will keep you updated as this program progresses.

If you’d like to engage in this area or have any additional questions on the FCC’s involvement in healthcare, don’t hesitate to reach out to us at Policy@chimecentral.org.

¹ [47 CFR § 54.600](#) (b) and (c)