



**CALIFORNIA
HOSPITAL
ASSOCIATION**

*Providing Leadership in
Health Policy and Advocacy*

May 4, 2018

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

SUBJECT: Rural Health Care Program

Dear Ms. Dortch:

On behalf of our nearly 400 member hospitals and health systems, the California Hospital Association (CHA) is writing to express our concern about the unexpected and significant funding cuts for Rural Health Care (RHC) Program participants, announced in March by the Universal Service Administrative Company (USAC), the program administrator. This unprecedented action will harm California's most vulnerable rural hospitals and health clinics. **We urge the Federal Communications Commission (FCC) to fully fund qualified applicants under the RHC program for federal fiscal year (FFY) 2017 and to take steps to permanently adjust the cap to prevent similar funding cuts in the future.**

CHA appreciates the role the FCC has played in expanding broadband access to rural health care providers since the inception of the Rural Health Care Program in 1997. We [supported](#) the commission's continued commitment to the program, as evidenced by its recent Notice of Proposed Rulemaking (NPRM) and Order that sought input on how best to ensure adequate funding given growing demand for the program. In the NPRM, the FCC proposed annually adjusting the current \$400 million RHC program cap for inflation, including a "catch up" increase for FFY 2017 to account for inflation since the program began. As the commission stated, if it had adjusted the \$400 million cap annually for inflation since 1997, the RHC program cap would have been approximately \$571 million for FFY 2017.

The FCC has yet to conclude its rulemaking on this issue. However, despite the ongoing rulemaking, USAC announced FFY 2017 reductions of 15 percent for individual participants and 25 percent for consortia participants. **In California, 24 rural hospitals received no advance notice that they would be subject to a reduction — from 65 percent to 48 percent of the monthly cost — in the FCC Healthcare Connect Fund discount, retroactive to last July.** According to the USAC announcement, it received \$521 million in eligible requests — an amount significantly in excess of the static \$400 million cap, but well below the inflation-adjusted level of \$571 million.

As stated in our [comments](#) on the NRPM, CHA strongly supports the FCC's proposals to increase the RHC caps to account for inflation and its vote to waive the program's cap on a one-time basis for FFY 2017. Reversing the large and unexpected cuts to the program's FFY 2017 funding and putting the program on a path to provide sufficient and predictable funding in the future would be consistent with the commission's earlier commitments to meeting the broadband connectivity needs of rural health care providers and thereby improving the lives of rural Americans.

If you have any questions or wish to discuss further, please contact me at akeefe@calhospital.org or (202) 488-4688, or Megan Howard, senior policy analyst, at mhoward@calhospital.org or (202) 488-3742.

Sincerely,

/s/

Alyssa Keefe

Vice President Federal Regulatory Affairs