

# HEALTHCARE CONNECT FUND

## *FREQUENTLY ASKED QUESTIONS / SCENARIOS*

### BACKGROUND INFORMATION

#### 1. What is the Healthcare Connect Fund (HCF)?

The Healthcare Connect Fund (fund) provides support for high-capacity broadband connectivity to eligible health care providers (HCPs) and encourages the formation of state and regional broadband HCP networks. Under the program, eligible rural HCPs, and those non-rural HCPs that are members of a consortium that has a majority rural HCP sites, can receive a 65 percent discount from the fund on all eligible expenses. HCPs are required to contribute the remaining 35 percent to participate in the program. HCPs can use the Healthcare Connect Fund to purchase services and equipment, as well as construct their own broadband infrastructure where it is shown to be the most cost effective option.

#### 2. Does the Healthcare Connect Fund have a hotline where questions can be asked about potential qualification?

Yes. The Help Desk can be reached via telephone: 1-800-453-1546.

#### 3. What is MiCTA and what role does this organization play in the Healthcare Connect Fund program?

MiCTA was originally formed as the Michigan Collegiate Telecommunications Association in 1982. MiCTA is headquartered in Saginaw, MI and serves thousands of members nationwide. MiCTA focuses on providing quality products and services to its members at outstanding discounts. MiCTA's growth enables its members to access better volume pricing, additional purchasing programs and a growing number of highly desirable vendors. [Click here for eligible healthcare vendors.](#)

Member advantages include (but not limited to):

- Do not have to file a Form 461 (bid) – by FCC law members can use existing MiCTA E-Rate discount MSAs (contracts).
- All MiCTA contracts are “Evergreen” (multi-year) as recognized by the FCC/USAC.

MiCTA membership is limited to public sector and non-profit entities, such as:

- Healthcare
- Higher Education
- K-12
- Libraries
- State, county and municipal governments
- Non-profit, religious and charitable organizations

**4. How do I join MiCTA and how much does it cost annually?**

Interested parties can join MiCTA by clicking the following link: [JOIN MiCTA](#).

Through the application process, please note that you are a new healthcare member. You will receive an email confirmation once complete. Please save the membership confirmation for HCF filing.

Each new member will receive one year of MiCTA membership for free. After year one, the HCP will be responsible for a nominal fee to keep membership active. The fee structure is based on full-time employees (FTEs): 300+ FTEs will be responsible for a \$200 annual fee; less than 300 FTEs will be responsible for a \$100 annual fee.

**5. What are eligible sources of funding that an HCP may use for its 35 percent contribution requirement?**

An HCP's 35 percent contribution requirement can come from any eligible source. Eligible sources include the applicant or eligible HCP participants; state grants, funding, or appropriations; federal funding, grants, loans, or appropriations; Tribal government funding; and other grant funding, including private grants. Other sources of funding outside of this list are not eligible sources of funding. Examples of ineligible sources include (but are not limited to) in-kind or implied contributions; a local exchange carrier (LEC) or other telecom carrier, utility, contractor, consultant, vendor, or other services provider; other universal service funding; and for-profit entities.

## HEALTHCARE PROVIDER ELIGIBILITY

### 6. What HCPs are eligible to receive support under the Healthcare Connect Fund?

Public and not-for-profit health care providers are eligible to receive support under the Healthcare Connect Fund. “Health care provider” is defined by statute as hospitals (less than 400 beds), rural health clinics, local health departments, community health centers or health centers providing health care to migrant workers and post-secondary educational institutions offering health care instruction, teaching hospitals, and medical schools.

### 7. How can an HCP find out if it is an eligible entity?

For purposes of the FCC’s rural health care programs, an eligible HCP must be located in an FCC-approved rural location to be considered “rural.” Individual HCPs can determine whether they are located in a rural area through a look-up tool on USAC’s website: <http://www.usac.org/rhc/telecommunications/tools/Rural/search/search.asp>

USAC will use the FCC Form 460 to determine whether a site is eligible to receive support through the Healthcare Connect Fund. All sites, whether considered eligible or ineligible HCPs, must file a Form 460, even if they were previously determined to be eligible under the Telecommunications, Internet Access, or Pilot programs.

### 8. Can non-rural HCPs receive Healthcare Connect Fund support?

Yes. Non-rural HCPs can receive support from the program, as long as they apply as part of a consortium that has a majority rural HCP sites and are otherwise considered eligible. However, non-rural hospital sites with 400 or more licensed beds may receive no more than \$30,000 per year in support for recurring charges and no more than \$70,000 in support for non-recurring charges every five years, exclusive of any costs shared by the network.

### 9. What does it mean for a consortium to be considered “majority rural”?

A consortium is considered to be “majority rural” if more than 50 percent of the eligible HCP sites participating in the consortium are rural within the Commission’s rural health care definition of rural. A consortium applicant must be majority rural within three years of obtaining its first funding commitment.

### 10. What is the Form 460?

The Form 460 is the first step HCPs must take to participate in the Healthcare Connect Fund. All HCP sites, including those participating in consortia, must obtain an eligibility determination via the Form 460 to participate in the Healthcare Connect

Fund. If participating in a consortium, an HCP may opt to allow the consortium to file a Form 460 on its behalf to determine its eligibility. In addition, the Form 460 is used to register ineligible HCP sites, off-site data centers, and off-site administrative offices. The Form 460 is also used to notify USAC when information for a site or consortium has changed.

- A consortium applicant must file a Form 460 identifying all of the sites on its network. This includes eligible sites, ineligible sites, off-site data centers and off-site administrative offices. A consortium applicant may also file a Form 460 on behalf of any site on its network to determine that site’s eligibility, at the option of the HCP (see paragraph above). Consortium applicants must keep their Form 460s current to reflect their current membership.
- An individual applicant must file a Form 460 for itself and a separate Form 460 for each associated off-site administrative office or data center.

## EXPENSES & EQUIPMENT ELIGIBILITY

### 11. What expenses will Healthcare Connect Fund support?

The below chart summarizes the expenses supported under the Healthcare Connect Fund, for both individual and consortium applicants.

#### Eligible Services and Equipment

	INDIVIDUAL Applicants	CONSORTIUM Applicants
<b>Eligible Services</b>	✓	✓
<b>Reasonable &amp; Customary Installation Charges</b>  (≤\$5,000 undiscounted cost)	✓	✓
<b>Lit Fiber Lease</b>	✓	✓
<b>Dark Fiber</b>		
• <i>Recurring charges (lease of fiber and/or lighting equipment, recurring maintenance charges)</i>	✓	✓

<ul style="list-style-type: none"> <li>• <i>Upfront payments for IRUs, leases, equipment</i></li> </ul>	No	✓
<b>Connections to Research &amp; Education Networks</b>	✓	✓
<b>HCP Connections Between Off-Site Data Centers &amp; Administrative Offices</b>	✓	✓
<b>Upfront Charges for Deployment of New or Upgraded Facilities</b>	No	✓
<b>HCP-Constructed and Owned Facilities</b>	No	✓
<b>Eligible Equipment</b>		
<ul style="list-style-type: none"> <li>• <i>Equipment necessary to make broadband service functional</i></li> </ul>	✓	✓
<ul style="list-style-type: none"> <li>• <i>Equipment necessary to manage, control, or maintain broadband service or dedicated health care broadband network</i></li> </ul>	No	✓

**12. Are costs related to network design eligible for support?**

Yes. Expenses related to network design, engineering, operations, installation, and construction of the network are eligible for support under the Healthcare Connect Fund.

### **13. What types of equipment are eligible in Healthcare Connect?**

Network equipment necessary to make broadband services functional is eligible for support in the Healthcare Connect Fund, as long as the equipment is used in connection with broadband services funded through the Healthcare Connect Fund.

- Applicants applying as individual HCPs (not as a part of a consortium) can receive funding for end-user equipment only.
- Consortium applicants and their participating HCPs can request funding for both end-user equipment and for equipment necessary to operate and manage the dedicated broadband health care network.

Equipment that is not directly associated with broadband services (such as computers, end user wireless devices, smartphones, tablets, and video/audio/web conferencing equipment or services) is not eligible for support through the Healthcare Connect Fund. Equipment support is not available for organizations that are not dedicated to healthcare. Bridges and multi-point-control units that are necessary for video and Web conferencing also are not eligible for support.

## **COMPETITIVE BIDDING (CAN BE BYPASSED VIA MiCTA)**

### **14. What is the Form 461?**

The FCC Form 461 is the way by which applicants can seek bids for supported services. The purpose of the Form 461 and supporting documentation is to provide sufficient information about the requested services to enable an effective competitive bidding process, and to provide the Universal Service Administrative Company (USAC) with the required certifications and other information necessary to prevent waste, fraud, and abuse. Applicants using a request for proposal (RFP) to solicit bids must still file a Form 461.

### **15. When must an applicant submit a formal Request for Proposal (RFP)?**

Applicants must file an RFP with their Form 461 if they are (1) applicants who are required to issue an RFP under applicable state, Tribal, or local procurement rules or regulations; (2) consortium applicants that seek more than \$100,000 in program support in a funding year; or (3) consortium applicants that seek support for infrastructure (*i.e.*, HCP-owned facilities) as well as services. Any applicant who utilizes an RFP in conjunction with their competitive bidding process must submit a copy of the RFP to USAC for posting and must immediately provide USAC with any subsequent changes to the RFP.

### **16. If the HCP is a member of MiCTA and they would like to buy from an eligible vendor, is a Form 461 submission required?**

No. The HCP will not be required to file a Form 461 - by FCC law members can use existing MiCTA discount MSAs.

## FUNDING COMMITMENTS & CAPS

### 17. What is a Form 462?

The Form 462 is the form with which an applicant submits a funding request to USAC after the competitive bidding process is complete. The Form 462 should identify the service(s), rates, service provider(s) or vendor(s), and date(s) of the service provider (vendor) selection. Both individual applicants and consortium applicants should submit a separate form for each service provider or vendor, and that form should list the relevant information for all service(s) or circuit(s) for which the applicant is seeking support at the time. Consortium applicants should include the relevant information for all consortium members, including the service(s) or circuit(s) for which each member is seeking support at the time.

### 18. Are applicants guaranteed a certain amount of funding through the Healthcare Connect Fund?

No. Funding requests for all applicants are processed on a first-come, first-served basis, unless USAC has established a filing window, in which case all applications received within the window will be deemed to have been filed at the same time. The Commission has stated that it does not anticipate that it will reach the \$400 million funding cap for all rural health care programs in the foreseeable future. However, because funding is not guaranteed, an applicant may choose to include in any contract it makes with a vendor a provision governing the effectiveness of the agreement if the applicant does not receive a funding commitment from USAC.

### 19. Can an applicant receive support for a 36-month contract for eligible services if it covers a time period that spans more than three funding years?

No. Applicants in the Healthcare Connect Fund can only receive a multi-year funding commitment that covers a period of up to three funding years. Accordingly, any months outside of the three funding years would not be covered by the commitment.

For example, if an applicant requested a 36-month funding commitment for services starting on July 1, 2014, USAC could issue a 36-month funding commitment that would expire on June 30, 2017, and the applicant would receive a commitment for the full 36 month period. However, if an applicant requested a 36-month funding commitment for services that started on January 1, 2014, USAC could issue only a commitment for services for the remaining six months of funding year 2013, and all of funding years 2014 and 2015. Although the applicant's contract would also cover six months of funding year 2016, it would not be covered by the multi-year funding commitment. Accordingly, the commitment would end on June 30, 2016.

**20. Does the Healthcare Connect Fund provide support for non-recurring installation charges for broadband services?**

Yes. The Healthcare Connect Fund provides support for reasonable and customary installation charges for broadband services up to an undiscounted rate of \$5,000 (*i.e.*, up to \$3,250 in support). Any HCPs that are subject to non-recurring installation charges in excess of \$5,000 may seek upfront support for eligible services and equipment if those charges independently qualify as eligible expenses (*e.g.*, upfront charges for service provider deployment of facilities, costs for HCP-constructed and owned infrastructure, network equipment, etc.).

**21. What is the \$400 million cap?**

The Commission has capped the total amount of support that can be provided each funding year for all rural health care programs, including the Telecommunications Program, Internet Access Program (until June 30, 2014) and the Healthcare Connect Fund at \$400 million.

**22. What is the \$150 million cap on payments for upfront charges and multi-year commitments in the Healthcare Connect Fund?**

The Commission has capped total commitments for upfront charges and multi-year funding commitments as part of the Healthcare Connect Fund at \$150 million annually. Upfront payments are all expenses related to HCP-owned infrastructure, carrier infrastructure upgrades, pre-paid leases, and IRUs. Consortium applicants may receive support for upfront charges, as long as (1) the upfront payment is used for services that provide a bandwidth of at least 1.5 Mbps (symmetrical) and (2) the upfront payment is part of a multi-year contract. Individual applicants are not eligible to receive support for upfront charges, except for installation charges.

A multi-year funding commitment is any funding commitment that extends beyond a single funding year. Eligible entities may receive support for multi-year funding commitments for period of time that covers up to three funding years.

## **INVOICING**

**23. What is the Form 463?**

The Form 463 is form with which the applicant submits the invoice to USAC that serves as the request for the disbursement of funding from the Healthcare Connect Fund for the services, equipment, and/or facilities set forth in an applicant's funding commitment letter.

#### 24. When must invoices for multi-year funding commitments be submitted to USAC?

Invoices must be submitted to USAC within six months after the last day covered by the funding commitment. For example, if a consortium receives a multi-year funding commitment for services that ends on May 30, 2016, the applicant must submit its invoice to USAC by November 30, 2016 (six months from the end of the funding commitment). The funding commitment letter issued by USAC will provide the six-month invoicing deadline.

## VENDORS

#### 25. Is a Service Provider Identification Number (SPIN) required for participation in the Healthcare Connect Fund?

Yes. It is highly recommended that each vendor apply and receive a SPIN.

#### 26. How does a vendor obtain a Service Provider Identification Number (SPIN)?

- Review the [USAC Form 498 instructions](#).
- Complete the [USAC Form 498](#).
  - Please direct any questions about completing this form to USAC via:
    - ✓ Internet: <http://www.usac.org/sp/tools/forms.aspx>
    - ✓ E-mail: [CustomerSupport@usac.org](mailto:CustomerSupport@usac.org)
    - ✓ Telephone: 888-641-8722
- Mail a copy of the USAC Form 498 to:
  - USAC Customer Operations, Forms Processing
  - Attn: FCC Form 498
  - 2000 L Street, N.W. Suite 200
  - Washington, DC 20036
- The officer of your company will receive an email notification of whether USAC accepts or denies your Form 498 (may take up to several weeks)
  - If accepted, the email notification will provide you next steps.
  - If denied, make the changes required by USAC as dictated in your email notification. Resubmit your Form 498.

## 27. Will vendors need to file a new Form 498 to participate in the Healthcare Connect Fund?

Only service providers that have not already been assigned a service provider identification number (SPIN) by USAC will need to complete and submit a Form 498. Service providers who elect the direct reimbursement option under the revised offset rule may also make the election on Form 498. Form 498 will be revised in accordance with the new requirements of the Healthcare Connect Fund.

## HEALTHCARE CONNECT FUND FORM RECAP

### Form 460 – Eligibility and Registration Form

- Site information
- Contact information
- Eligibility information
- Certification and signatures

### Form 461 – Request for Services Form

- Initiates the competitive bidding process (*NOT REQUIRED BY MICTA HCP MEMBERS*)

### Form 462 – Funding Request Form

- Information necessary to evaluate an applicant's funding request
- Must be submitted before end of the funding year (June 30)
- Applicants can seek a multi-year funding commitment
- Applicants can file for multiple services on a single form

### Form 463 – Invoice and Request for Disbursement Form

- Serves as request to USAC for disbursement of funding from the HCF (consortium) for equipment and services
- Filing Form 463 is a joint process between applicant and vendor/service provider
- Must be filed within six months after the end date of the funding commitment