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**Report by the Public Utilities Commission
To the Utilities and Energy Committee
Concerning the Telecommunications Needs
of Federally Qualified Health Centers**

I. BACKGROUND

During the First Regular Session of the 122nd Legislature, the Joint Standing Committee on Utilities and Energy (Committee) considered LD 637, An Act to Allow Qualified Health Centers to Obtain Telecommunications Education Access Funding. The bill was subsequently carried over to the Second Regular Session. In response to a letter dated June 1, 2005, the Commission submitted a report to the Committee on December 19, 2005, that contained a number of recommendations, two of which were to conduct a needs assessment for the Federally Qualified Health Centers (FQHC or FQHCs) and to investigate how to more effectively obtain federal funds.

During the Second Regular Session of the 122nd Legislature, the Committee amended LD 637, changing the title, striking everything after the title and replacing it with the current language. The new title is “Resolve, To Address The Telecommunications Needs of Federally Qualified Health Centers,” (Resolve 2005, ch 141). By letter dated February 15, 2006, the Committee requested that the Commission procure the services of an independent consultant to conduct a needs assessment and to assist qualified centers in applying for funds from the federal Universal Service Fund under the Federal Communication Commission's Rural Health Care program. The Resolve requires that the Commission submit a report to the Committee by March 1, 2007, detailing the results of the needs assessment and the review of available federal funding assistance. This Report, with two attached reports from the consultant, responds to that directive. The first attachment is the Telecommunications Needs Assessment for Federally Qualified Health Centers in Maine. The second attachment is the Application Assistance Workplan, Federally Qualified Health Centers in Maine.

Commission staff members, with assistance from the Maine Primary Care Association (MPCA) ¹ and the Director of the Office of Rural Health and Primary Care, State Department of Health and Human Services, prepared a Request for Proposals (RFP) to obtain a contractor to conduct the telecommunications needs assessment and to prepare a work plan that will assist centers in applying for funding from the federal Universal Service Fund. Six companies responded to the RFP. Berry, Dunn, McNeil, & Parker (BDMP) was chosen to conduct the two-phase study. The first phase was the telecommunications needs assessment for the FQHCs and the second phase was an application assistance work plan for the federal funds.

¹ The MPCA is a membership organization that represents the interests of Federally Qualified Health Centers, which are defined in federal law. There are approximately 18 FQHCs in Maine with more than 40 sites of care delivery.

This Report and attachments reflect the information gathered by the consultant and suggests a course of action that the Committee might pursue if it believes that ratepayer or other public funds should be used to support FQHCs.

II. STUDY RESULTS

The attached BDMP studies are quite thorough and provide a number of detailed findings and recommendations. Below is a brief summary of the results of the BDMP studies.

A. Needs Assessment (First Attachment)

BDMP designed a telecommunications needs assessment questionnaire and made an initial presentation at the MPCA annual conference last November. All of Maine's FQHCs were assessed for this project. Thirteen participated in the needs assessment (phase one) and an additional nine participated in the application assistance plan (phase two). Many of the centers have multiple clinic sites. BDMP conducted interviews, follow-up calls regarding the questionnaire, and researched the needs of telemedicine, Electronic Medical Records (EMR) and Enterprise Practice Management (EPM).

The Executive Summary of the Needs Assessment report reads, in part, as follows:

We [BDMP] found that many of the FQHCs are having their needs met; however, these needs are currently modest. As FQHCs move towards greater use of electronic practice management and medical record systems, their telecommunication needs and requirements are increasing. An even greater driver of capacity will be increased use of telemedicine.

Based on our [BDMP] assessment, we have identified the following recommendations with respect to telecommunications for the FQHCs in Maine:

- Network infrastructure capability exists today to provide FQHCs with greater bandwidth connections.
- Telemedicine should be considered in addition to electronic practice management and medical records in planning for connectivity needs.
- A telecommunications product should have the following minimum attributes to support these needs: dedicated bandwidth, symmetrical data transmission connection, a service level agreement, redundant telecommunication services, and minimum bandwidth of 1.544 mbps.
- The application process for Universal Service Fund (USF) Health Care program funding should be completed as a consortium. The FCC is encouraging collaboration, and it may be beneficial for other eligible parties to also participate in this effort.

- The FQHCs could benefit from increased levels of collaboration and communication around information technology. A focused user group could be a beneficial mechanism to help achieve this.

BDMP also notes that because of the under utilization of federal rural health care funds, the FCC has recently created a new Pilot Project for the rural healthcare program that could be a very important funding source for innovation in Maine. It is specifically focused on assisting health care providers in creating regional broadband networks and possibly connecting to Internet2 (the high speed academic internet access network). The main reason for this development is to increase the use of telehealth and telemedicine services in rural areas.

Among other things, telehealth applications, including telemedicine, allow patients to access critically needed medical specialists in a variety of practices, including cardiology, pediatrics, and radiology, without leaving their homes or communities. Use of these technologies can reduce hospital stays and the costs of medical care, as well as facilitate transmission of emergency medical records among doctors and health care facilities.²

The Pilot Project will fund up to 85% of the cost to construct and operate state or regional broadband networks and for services provided over the network. The remaining 15% of costs must be provided by the applicant in cash (not in-kind services). The Pilot Project is not a traditional grant and should be seen by potential applicants as an open-ended opportunity to develop a business plan approach to procuring funding from the FCC. The application window for the Pilot Project has not yet opened, but preliminary planning and coordination should begin immediately.

B. Application Assistance Work Plan (Second Attachment)

BDMP researched the requirements of obtaining federal funding from the Rural Health Care (RHC) program that is administered by the Universal Service Administrative Company (USAC) and is funded by the federal Universal Service Fund. BDMP prepared a thorough and detailed work plan that envisions the use of a coordinated consortium approach to the application process that should maximize the amount of federal funds received in Maine (similar to the method used for the Maine School and Library Network).

BDMP also provided a cost estimate for implementing the work plan. That estimate is \$1,200 to \$2,500 per location, depending on a number of variables such as: number of participating sites; level of assistance each site may require; number of additional applicants; changes to the RHC program; and the expected existence of the FCC Pilot Program.

² FCC News Release, September 26, 2006, at <http://www.usac.org/res/documents/rhc/pdf/FCC-Adopts-Pilot-RHC-Program-DOC-267605A1.pdf>

BDMP identified the five major components of the USAC application process addressed by the proposed work plan. The work plan provides a guide through the application process and contains a detailed 21-step method for obtaining federal funding. The work plan also anticipates what BDMP calls an "Application Process Manager" to coordinate and oversee the application submission process. Utilizing the findings from the needs assessment, the work plan anticipates a coordinated approach to the application process. This type of coordinated approach has been applied successfully by other states. Research identified that, where efforts were made to better utilize this funding resource, a dedicated application coordinator improved the state's ability to secure support.

III. RECOMMENDATIONS

A. Needs Assessment (First Attachment)

The Commission believes that BDMP's findings and recommendations regarding telecommunications needs will be a valuable resource in planning for the future, not only from a practical perspective in deciding how to better deliver health care services in rural Maine, but in completing the applications necessary for additional funding, especially for the FCC Pilot Program. We recommend that this report and attachments be provided to the legislative committee with oversight over rural health care issues and to the Governor's Office.

B. Application Assistance Work Plan (Second Attachment)

As discussed above, federal dollars are available for Maine's FQHCs, although underutilized. We recommend that FQHCs be required to apply for the maximum amount of federal funding available using BDMP's recommended work plan and that participating FQHCs be required to take whatever steps are necessary to ensure that all available federal funds are used so as to limit the amount of any State contribution. The new FCC Pilot Program should be a priority.

In the second attachment BDMP recommends that an Application Process Manager coordinate and oversee the federal application process. We agree and feel that the manager is critical to the success of the application process and should be part of a lead agency familiar with the needs of the Maine's rural health care providers. The manager could also coordinate the operation of the advanced health care telecommunications network to maximize funding sources and opportunities. The application period for the next funding year expires June 31, 2007. There is still time, therefore, to prepare an application using BDMP's recommendations and process.

The February 15th letter from the Committee also states an expectation that any federal funds received would be used to reimburse the state USF for any state USF funds received by FQHCs. It is our understanding that that would not be a reimbursable "expense," according to federal USF guidelines.

Whether Federally Qualified Health Centers should receive financial assistance from the ratepayer-supported Maine Universal Service Fund (or from any other source) for deployment of high-speed data transfer technologies is a policy question to be addressed by the Legislature.

Also, there are other initiatives in the state that concern technology and bandwidth availability that could be coordinated with efforts to benefit FQHCs, such as: the Maine School and Library Network (MSLN), ConnectME Authority, and the FCC Pilot Program for rural health care centers.