

Nebraska State Telehealth Fund Program (NUSF-57)

Overview

I. Background

In 2006, the Commission approved support for telehealth services to the Nebraska Statewide Telehealth Network and provided support as a secondary source to complement federal funding received through the Rural Health Care (RHC) Program administered federally by the Universal Service Administrative Company (USAC).

In 2012, the federal RHC program was expanded to include a new Healthcare Connect Fund (HCF) which provided a flat 65 percent discount for the cost of eligible broadband services and facilities. Further modifications were made to the federal RHC program in 2019.

On February 19, 2020 the Nebraska Public Service Commission (Commission) opened docket NUSF-57 Progression Order No.6 to consider modifications to the Nebraska Telehealth program due to changes in the federal program and changes that have occurred in the hospital network structures in Nebraska since the creation of the HCF.

On January 5, 2021 the Commission entered an order in NUSF-57 adopting a new telehealth funding program structure. The order can be found at: <https://www.nebraska.gov/psc/orders/telecom/2021-01-05%20NUSF-57%20PO%206%20Order.pdf>

II. Federal Rural Health Care Program Overview

This high-level overview is not intended to be a substitute for the FCC or USAC rules, form instructions or other official guidance materials.

The Federal Communications Commission (FCC) Rural Health Care program provides support to health care providers (HCPs) for delivery of telehealth services to rural areas through increased connectivity. The Rural Health care program funds voice and data services through its Telecommunications program using a rural/urban rate differential and through its Healthcare Connect Fund (HCF) funds broadband services and other network equipment by providing a flat 65 percent discount on eligible expenses.

Under the federal HCF program health care providers can apply for funding as an individual applicant or as part of a consortium of hospitals. If applying as a consortium the FCC has set certain rules as to the percentage of member hospitals in the consortium that are rural versus urban.

The FCC has adopted rules under both Rural Health care programs that include eligibility of sites, expenses eligible for support and rules surrounding requests for services and evaluation of bids for selection of services. The FCC Rural Health Care programs are administered by the Universal Service Administrative Company (USAC).

III. Nebraska State Telehealth Fund Program (NUSF-57) Overview

The Nebraska Public Service Commission has allocated an annual amount of \$1.5 million from the Nebraska Universal Service Fund for the state Telehealth Fund Program. The Nebraska state telehealth support program will provide supplemental and secondary funding to health care providers receiving federal support. State funding for telehealth will be focused on HCPs or consortia receiving support under the HCF.

Under the federal HCF, costs are paid at a rate of 65 percent of eligible costs with the remaining 35 percent to be contributed by the HCP or consortium. The Commission will provide funding toward that portion remaining after federal funding and provide up to a maximum of 25 percent of total eligible costs. The maximum amount of support that would be paid is 25 percent of total eligible costs for monthly recurring and non-recurring costs. For consortium applications that may have been built and structured with a self-sustaining revenue component to the network, the Commission will consider funding these projects if there is a gap between revenues and their required 35 percent contribution.

Applicants with federal multi-year federal funding commitments already underway may apply for State Telehealth Program support. The Commission will consider support for these requests consistent with how it would treat single year requests where the maximum amount of support would equal 25 percent of total eligible costs for monthly recurring and

non-recurring costs. Each funding request should not span more than one funding year, and the maximum length of invoicing and reimbursement requests allowed by the Commission will not be greater than one year. The Commission will require applicants to provide further details in the application regarding the existing match source. To the extent that an applicant already has an external match source in place, the NUSF Telehealth Program support should be considered secondary to the existing match source.

For consortium applicants that collect membership fees that go toward the 35 percent HCP contribution requirement by USAC, if approved for support available under this program membership fees shall be adjusted so that membership fees used toward the 35 percent HCP contribution when combined with federal and state funding sources do not exceed 100 percent of total eligible costs. For example, if a consortium receives 65 percent of the total network cost from federal funding and is approved for 25 percent of the total network cost in state funding, then only up to the remaining 10 percent can be collected from consortium members through membership fees. In the event where adjustments cannot be made in advance, the Commission will require that amounts be refunded to member hospitals or may reduce state support approved.

The Commission may provide additional funding to HCPs that may not have received the full amount of expected federal support based on federal requests reaching the support cap only if there is funding that remains available from the state funding cap after all awards have been provisioned following the initial state filing window. In these instances, the Commission will open a second filing window. However, additional state funding will not be considered for federal filing errors, or due to an HCP, consortium or service provider missing deadlines for invoicing USAC for federal reimbursement.

A. Eligibility Criteria:

All projects eligible for federal support under the Healthcare Connect Fund (HCF) will also be eligible for state support. Both monthly recurring and non-recurring costs will be considered as eligible for funding on the state level so long as they are a cost category deemed an eligible service or equipment on the federal level.

The Nebraska state telehealth funding program will largely mirror the federal program regarding site eligibility. To be eligible to receive federal funding, sites must be a public or nonprofit entity and be one of the following types of facilities: (a) Not-for profit hospital, (b) rural health clinic, (c) community health or community mental health center, (d) a local health department, (e) skilled nursing facility, or (f) a consortium with sites as noted above.

For consortium applications, the Commission will follow the majority rural threshold of participation requirement that is in place on the federal level, which for FY2021 is that more than 50 percent of the sites within the consortium must be rural HCPs in order for the consortium to be eligible for funding.

Funding will be focused on participating HCPs located within the state of Nebraska. In the event that a consortium applicant includes member HCPs with eligible sites that are located outside of Nebraska, funding for the consortium would be prorated based solely on the funding provided to participating HCPs with sites located in Nebraska, utilizing calculations of federal funding by individual HCPs within the consortium to calculate the state proration amounts for funding.

B. Granting Process:

1. The Nebraska State Telehealth filing window will align with the RHC program filing window. The start of the state application filing window will follow the federal RHC filing window start date. The end the filing window for state applications will always end 15 business days after the close of the federal RHC filing window to allow applicants additional time to complete the state application forms. In the event the federal filing window is extended, the state filing window will be automatically extended to 15 business days after the close of the extended federal filing window.
2. An application and instructions for completing the application will be posted on the Commission website.
3. After an HCP or consortium selects a service provider through the USAC bidding process and submits the Form 462 to USAC, the HCP or consortium would complete the application for state funding.
4. Applicants will be required to use the prescribed application form. The application must be filed along with a copy of the federal form 462, the network cost sheet (if applicable), and other relevant supporting documentation.

5. Completed and signed applications, with all necessary attachments should be sent via e-mail to psc.nusf@nebraska.gov
6. All applications filed within the funding window will receive equal consideration for support.
7. When the HCP or consortium receives the funding commitment letter from USAC, a copy is to be provided to the Commission to issue a state support schedule.
8. A copy of the state support schedule will be provided to the participating HCP or consortium and the service provider(s).

C. Reimbursement Process:

1. Support from the Nebraska Universal Service Fund must be provided through payment to a Nebraska eligible telecommunications carrier (NETC). A service provider receiving the funding must be certificated with the Commission for purposes of receiving state telehealth funding.
2. For network facilities that are health care provider owned and operated, the consortium would need an agreement in place with a service provider that has been certificated in Nebraska for purposes of receiving state telehealth funding.
3. When the HCP or consortium receives the invoice from the service provider(s) and the process for filing and approval of the Form 463 is complete, a copy of the Form 463 and service provider invoice should be provided to the Nebraska Commission to issue a final state support schedule.
4. Once the state support credits have been placed onto the HCP or Consortium's account, a copy of the invoice showing the credits should be provided to the Commission to request payment of the support amounts to the service provider.
5. In cases where the state support amount credit creates a credit balance on an HCP or Consortium's account, the service provider would be required to agree to allow the HCP or Consortium to either utilize the credit for future service or issue a refund check at the HCP or Consortium's request.
6. For funding requests involving only single year recurring costs, once approved for state funding and issued a state support schedule, the deadline for invoicing should be three months following the USAC invoicing deadline shown on the funding commitment letter.
7. For funding requests involving multi-year funding commitments, invoicing should occur no less than once every 12 months and should not include costs for services that span over a 12-month period. The final request for reimbursement is to be received within six months of the end date of the three-year funding commitment.

D. Reporting

All recipients of state support will be required to submit reports to the Commission on an annual basis. The reports are due by September 30 of each year, for the preceding funding year. The Commission will communicate reporting requirements to all recipients of funding after awards are final for FY2021. For consortiums, the Commission will accept the annual reports filed with USAC to meet this requirement. Failure to file an annual report may result in ineligibility for State Telehealth program support in future years.