

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Nebraska)	Application No. NUSF-26
Public Service Commission, on its)	
own motion, seeking to establish a)	ORDER APPROVING TELEHEALTH
long-term universal service)	PLAN
funding mechanism.)	
)	Entered: September 8, 2004

BY THE COMMISSION:

By Motion filed July 9, 2004, the Nebraska Hospital Association (NHA) seeks approval of its statewide telehealth plan. The Commission directed the NUSF Department, all NETCs and the NHA to work to develop a specific plan for support not to exceed \$900,000 per calendar year. Notice of this filing appeared in the Daily Record, Omaha, Nebraska on August 13, 2004. On August 12, 2004, Alltel, an intervenor in this proceeding, filed a statement of interest. The Commission held a hearing on this matter on September 1, 2004 in the Commission Hearing Room in Lincoln, Nebraska.

Mr. Brad Hedrick, Vice President of ALLTEL Wireline Services in Nebraska, testified first. He stated that Alltel favors the use of NUSF support to expand telehealth services in Nebraska. Mr. Hedrick stated further that Alltel supports the proposed funding method as an interim method only. Mr. Hedrick expressed concerns with regard to the second phase, particularly with respect to the point-to-point connections. He believes that the Commission should encourage the most efficient network configuration rather than using the point-to-point connection-based system the Federal Universal Service Fund mechanism currently supports. Alltel would like to see the Commission and the telehealth representatives encourage the Federal Communications Commission (FCC) to allow the federal fund to support more efficient and economical network designs. Upon questioning by Commissioner Landis, Mr. Hedrick stated that the Commission should move ahead with the proposed plan in the interim while this alternative is being studied.

Mr. Jeffrey Pursley, Director of the NUSF Department of the Commission, testified next. Mr. Pursley testified generally on the staff proposal, which was received into the record as Exhibit 3.

Mr. Roger Keetle, attorney and lobbyist for the Nebraska Hospital Association, testified that the NHA fully supported Mr. Pursley's recommendation contained in exhibit 3. Mr. Keetle further testified that the NHA was aware of the issues raised by Mr. Hedrick. His concern for the present time was maximizing federal support so that the NUSF was not burdened. Mr. Keetle testified that they believed the current plan accomplished that goal.

Mr. Dave Glover, a telehealth network representative, testified on the overall mission and design of the telehealth network. His power point presentation was offered and received into the record as exhibit 6. A map of the Nebraska hospitals and the proposed telehealth connections was contained in his presentation. He testified that the telehealth network would be used for education and training for individuals seeking to become licensed healthcare professionals, education for emergency service providers, community-based education and support groups, to provide an additional resource for emergency communications and education for homeland security purposes, and provide an avenue for the transmission of digital clinical information between providers.

O P I N I O N A N D F I N D I N G S

Upon consideration of the testimony and evidence presented at the September 1, 2004 hearing, the Commission is of the opinion and finds that the staff proposal as set forth in Exhibit 3 should be approved. Specifically, the Commission approves the telehealth plan for the hospitals as described in the hearing and as listed in Appendix A (staff spreadsheet) and B (map) to this Order. Support for this program is contingent upon funds being available for disbursement. If the necessary funds are available, NUSF department should be permitted to disburse funds to the eligible telecommunications providers in accordance with the approved staff proposal and take any steps necessary to ensure telehealth program support is being used only for its intended purpose. As such, the Commission directs the NUSF Department to set up procedures to include but not be limited to reporting and auditing use of the support, and should ensure compliance with the Commission approved plan. The Commission agrees with Mr. Pursley's recommendation and finds that the amounts approved are caps and the payments will be the actual discount provided by the telecommunications carrier or the cap whichever is less. The NUSF support can be provided even if federal universal service support is not obtained. To obtain the retroactive support, a telecommunications company should credit the rural hospital the indicated amount and then provide the relevant billing information to the NUSF Department as the basis for payment.

The ongoing support for the HUB links are limited to 6 T-1s less federal support while end-point links are limited to the 1 T-1, less federal support. Equipment costs are limited to Routers, Firewalls, Bridges and Scheduling as included in the NHA request. The Commission further finds connection charges should be supported on a one-time basis only; however, the connection charges can be carried over from year one until a hospital is able to connect to the network.

The hospitals will be required to report information as required by the Commission. This information should include, but

should not be limited to the following: usage statistics, both in terms of the network and the types of telehealth services provided; billing and USF support received; when entities are added to the network; and current configuration of the network. The hospitals should notify the NUSF Director promptly as sites are added to the network.

Eligible telecommunications providers should reflect the amount of NUSF support as a credit on the bills to the hospitals and then the relevant billing information should be provided to the NUSF Department as the basis for any support payments.

The NUSF Department will conduct an ongoing review of the reports filed and will determine whether any adjustments to the program or program support should be recommended to the Commission. If adjustments are recommended, notification will be provided to the Nebraska Hospital Association and any affected carriers. A Commission hearing may be held to consider any significant adjustments to the program support or network configuration.

The Commission further finds that ongoing review is needed to ensure that the telehealth program is operating efficiently and economically. We agree with the testimony of Mr. Hedrick that we should consider other network-based alternatives. Accordingly, the Commission may, in its discretion, open this matter to review other funding alternatives during phase two of the plan.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the disbursement of telehealth support be approved as provided herein.

IT IS FURTHER ORDERED that the hospitals will be required to report on the progress of the telehealth program as required by the Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 8th day of September 2004.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director