
**Performance Audit of the Universal Service Fund,
Rural Healthcare, Telecommunications Program at Mt.
Rogers Community Services for
FY 2019 and FY 2020**

Report Number
23-AUD-02-02



February 28, 2024



OIG Highlights

What We Audited

The Office of Inspector General conducted a performance audit of Mount (Mt.) Rogers Community Services (CS), a Rural Healthcare (RHC) beneficiary. Our objective for this audit was to determine whether Mt. Rogers CS complied with Title 47 Code of Federal Regulations (C.F.R.) §54.601- §54.606 and §54.619-§54.633, for funding years (FY) 2019 and 2020. We reviewed internal controls applicable to the procedures tested to determine whether those controls were adequate and effective for safeguarding the RHC Program. Specifically, we reviewed internal controls related to:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

What We Found:

Mt. Rogers CS complied with RHC program laws, rules and regulations. Mt. Rogers CS complied with the program rules related to:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

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Background

The Rural Healthcare (RHC) Program provides funding to eligible healthcare providers (HCPs) for telecommunications and broadband services necessary for the provisions of healthcare. Eligible HCPs include: (1) post-secondary educational institutions offering healthcare instruction, teaching hospitals, and medical schools; (2) community health centers or health centers providing healthcare to migrants; (3) local health departments or agencies; (4) community mental health centers; (5) not-for-profit hospitals; (6) rural health clinics; (7) skilled nursing facilities (as defined in section 395i–3(a) of title 42 and (8) consortium of HCP consisting of one or more entities falling into the first seven categories. In addition, eligible HCPs must be non-profit or public. The goal of the program is to improve the quality of healthcare available to patients in rural communities by ensuring that eligible HCPs have access to telecommunications and broadband services.

Telecommunication Program

The Telecommunications (Telecom) Program, established in 1997, is an RHC Program that subsidizes the difference between urban and rural rates for telecommunications services. Under the Telecommunications Program, eligible rural HCPs can obtain rates on telecommunications services in rural areas that are reasonably comparable to rates charged for similar services in corresponding urban areas. USAC, Rural Healthcare Division (RHCD), is the fund administrator for the RHC Program.

Mt. Rogers CS

Mt. Rogers CS provides mental health, developmental disability, and substance use services. Mt. Rogers CS provides crisis management, counseling and psychiatry, prevention and wellness, and developmental disability services. They also provide transportation, residential, case management, job training services for the developmentally disabled and group home services for their patients. Mt. Rogers CS has numerous locations in Bland, Carroll, Grayson, Smyth, and Wythe Counties, as well as the City of Galax, all in rural southwestern Virginia. Mt. Rogers CS has been receiving RHC funding since 2015. Additional details on Mt. Rogers CS sites are provided in Appendix B of the report.

Objective, Scope, And Methodology

The objective of this audit is to determine whether Mt. Rogers CS complied with Title 47 Code of Federal Regulations (C.F.R.) §54.601-§54.606 and §54.619-§54.633. Additionally, we evaluated compliance with FCC rules and orders for rural healthcare providers relevant to our audit objective. Specifically, we determined compliance with:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

We reviewed an individual RHC Telecom Program beneficiary, Mt. Rogers CS, HCP #37943, within the state of Virginia. Specifically, we focused on funding years¹ (FY) 2019 and 2020. The RHC Program funding for the period covered by our audit was capped at \$593,782,000 in FY 2019 and \$604,759,306 in FY 2020. Mt. Rogers CS received RHC telecommunication committed funds, totaling \$824,159.04 in FY 2019 and \$699,185.52 in FY 2020. USAC disbursed the total committed funds to support Mt. Rogers CS telecommunications and broadband support that were identified by funding request numbers (FRN). USAC funded a total of 38 FRNs, 19 in FY 2019 and 19 in FY 2020. See Appendix B for the list of locations funded during FYs 2019 and 2020.

Table 1. Mt. Rogers CS (HCP# 37943) RHC Funding Requests and Invoices FY 2019-2020

Funding Year	Total Committed Amount	Total Number of FRNs	Total Number of Invoices	Total Authorized Disbursed Amount
2019	\$824,159.04	19	228	\$824,159.04
2020	\$699,185.52	19	229D	\$699,185.52

During this audit, the OIG audit team met with FCC, USAC, and Mt. Rogers CS personnel. Additionally, the audit team conducted a site visit to Mt. Rogers CS in Wytheville, Virginia to conduct walkthroughs with Mt. Rogers CS personnel and review documentation related to the beneficiary participation in the RHC program. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion.

Additional details on the audit objectives, scope and methodology are provided in Appendix A of this report.

¹ RHC program funding years are July 1 through June 30 of the respective year.

Audit Results

Mt. Rogers CS complied with RHC program laws, rules and regulations. Mt. Rogers CS complied with the program rules related to:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

Although Mt. Rogers CS complied with the RHC Program rules, we identified one “Other Matter” that did not rise to the level of a reportable finding.

Other Matter

Form 465 Did Not Include Details on Service Needs

During FY 2019 and FY 2020 FCC Forms 465 did not include a requirement to capture details describing the eligible HCP telecommunications and inter needs. According to 47 C.F.R. Section 54.603(b), to facilitate fair and open competitive bidding, USAC is required to post the details requested in the FCC Form 465 to its website. During FY 2019 and FY 2020 USAC RHCD accepted and posted FCC Form 465s that did not include service details. Box 29² is the designated place for HCPs to list request details such as bandwidth and how services will be used. USAC determined that HCPs were not including details for fair and open competitive bidding, so between FY 2018 through FY 2020, USAC discontinued Box 29 and instead required HCPs to include specific details, such as usage level and capacity in Block 5 of FCC Form 465.

However, we found that the information captured in Block 5 did not include all of the details needed for fair and open competitive bidding. Specifically, the updated Block 5 did not capture bandwidth needs, which assist with fair and open competition. In order to ensure that all potential bidders have access to the same information, all details on service needs should be included on the FCC Form 465.

Not submitting and posting adequate details compromises fair and open competition because all bidders do not have access to the same information.

This condition relates to FY 2019 and 2020. Since then FCC has issued *Promoting Telehealth in Rural America*, WC Docket No. 17-310, Report and Order released August 20, 2019, requiring

² FCC Form 465, Box 29 states, “Please describe the eligible health care provider’s telecommunications and/or internet needs, so that providers may bid to provide services. The description should describe whether video or store and forward consultations will be used, whether large image files or X-rays will be transmitted, the quality of connection needed, or other relevant considerations.”

HCP to submit details – including bandwidth – about the specific services they desire. As of FY 2021, RHCD requires HCP to submit details – including bandwidth – about the specific services they desire on the FCC Form 465 in Block 5.

Since the condition identified has been addressed with the order issued in FY 2021, FCC OIG is not issuing a finding or recommendation.

APPENDIX A: Objective, Scope, and Methodology

The objective of this performance audit is to determine whether Mt. Rogers CS complied with Title 47 C.F.R. §54.601- §54.606 and §54.619-§54.633. Additionally, we evaluated compliance with FCC rules and orders for rural HCP relevant to our audit objective. Specifically, we determined compliance with:

- eligibility of site and entity requirements;
- competitive bidding requirements;
- eligibility of service and equipment;
- rate calculations;
- requests for funding; and
- invoicing.

The scope of our audit included funding years 2019 and 2020 RHC, Telecom Program. We performed our fieldwork at Mt. Rogers CS in Wytheville, VA and the surrounding areas and at the FCC Headquarters in Washington, DC.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our audit results and conclusions.

To accomplish our audit objectives, we performed audit procedures, as deemed appropriate, including the following:

- Reviewed federal laws, regulations, and guidance applicable to the RHC program.
- Requested and reviewed policies and procedures developed and implemented for the RHC Program, Telecom Program application eligibility review process.
- Requested the universe of documentation related to the FY 2019 and 2020 FRNs.
- Reviewed submitted FCC Forms 465, “Description of Services Requested & Certification Form” and FCC Form 466, “Funding Request & Certification Form” for accuracy of services requested agrees with the funding year requests.
- Reviewed invoices associated with all FRNs for funding years 2019 and 2020 for the Mt. Rogers CS location.
- Conducted a site visit at Mt. Rogers CS to conduct interviews and review onsite documentation and to verify eligibility of sites that received RHC program funding.
- Conducted meetings with FCC and USAC management to gain an understanding of the program operations and identify key controls in place, related to the Telecom Program.

APPENDIX B: Mt. Rogers CS FY 2019 and 2020

RHC Funded Sites

Carroll Center
Twin County Industrial and Developmental Center (IDC)
Tremough Center Community Extended Care
E.W. Cline Jr. Building
PACT Team
PATH Crisis Stabilization Unit
Smyth Crisis Care Center
Riverchase (Smyth Youth and Family Services)
Fernwood Center
Wythe House
Evergreen
Wythe Bland IDC
Rhea B. Lawrence Recovery Center
Carroll House
Friendship House
Smyth IDC
Grayson Youth & Family Services
Galax Youth and Family Prevention Services

APPENDIX C: Glossary Of Terms

Applicant – The entity applying for universal service support. In the Schools and Libraries Program the entity is a school, library, consortium, or other eligible entity that files program forms.

Beneficiary - The entity receiving universal service support. For the Rural Healthcare Program, this entity would be a rural hospital or clinic, mental health facility, consortium or other eligible entity that files for program support.

Code of Federal Regulations (C.F.R.) – The Code of Federal Regulations (C.F.R.) is the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government. The RHC rules are contained within the C.F.R..

FCC Form 465, “Description of Services” – This form is completed by the beneficiary and submitted to USAC to request services related to the RHC Program. The form is also posted to USAC’s website for competitive bidding.

FCC Form 466, “Funding Request and Certifications Form” – This form is used by the HCP to submit a request for funding.

Funding Request Number (FRN) - Number assigned to each request for funding made by applicants.

Funding Year (FY) – The calendar year for which funding takes place for the RHC Program. The Funding Year occurs from July 1 to June 30 the following year.

Healthcare Provider (HCP) – Any Post-secondary educational institution offering healthcare instruction, including a teaching hospital or medical school; community health center or health center providing healthcare to migrants; local health department or agency; community mental health center; not-for-profit hospital; rural health clinic; skilled nursing facility or a consortium of healthcare providers consisting of one or more entities.

Rural Healthcare (RHC) Program – The RHC Program that provides funding to eligible HCP for telecommunications and broadband services necessary for the provisions of healthcare in rural areas.

Universal Service Administration Company (USAC) – The administrator of the universal service support fund programs, to include the RHC Program.



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