FCC Launches Healthcare Connect Fund

New funding is available for broadband networks that can transform rural health care. Will the program help get telemedicine stakeholders on the same page?

By W. James Mac Naughton, Esq.

In December 2012, the Federal Communications Commission created a Healthcare Connect Fund to expand health care providers' access to robust broadband networks. The new program, which builds on lessons learned from 50 pilot projects the FCC funded over the last few years, updates the existing Rural Health Care Program.

The fund will distribute $400 million a year to subsidize the delivery of telemedicine in the rural United States. The terms of the grant are straightforward: The recipient must be a rural health care provider (or a consortium that includes a majority of rural health care providers) and provide 35 percent of the funding. The money pays only for bandwidth and network equipment – "the highway but not the cars."

Truly providing better health care in the rural United States through telemedicine will require much more than simply writing grant proposals and checks for $400 million. Effective telemedicine requires the creation of effective telemedicine *networks*, which, in turn, means that all stakeholders – health care providers, device manufacturers, network vendors, broadband providers and, of course, patients – need to get more out of the network than each contributes, even with the subsidies provided by the Healthcare Connect Fund.

HERDING CATS

However, as anyone who has ever tried it knows, assembling an effective telemedicine network can quickly degenerate into an exercise in herding cats.

Telemedicine offers the ability to deliver health care services remotely over broadband connections. It has been around for many years. The ability of telemedicine to save time and money is self-evident. The technology is readily available and off the shelf. It makes so much sense that it should be as common and pervasive as mobile phones.

But it's not. Why? Because the stakeholders have different metrics for defining contributions and benefits. They live in fundamentally different economic worlds and operate under significantly different business models. They have not come together on a widespread and pervasive scale because their respective business models do not mesh (unless, of course, one of the stakeholders is so large that it can force the others into line.) The creation of an effective telemedicine network is therefore a matter of politics, not economics.

The broadband and network communities have long operated under traditional free enterprise principles to guide their business decisions. Free enterprise relies on the invisible hand described by the economist Adam Smith. Innumerable decisions by individual buyers and sellers create a market that prices resources efficiently and allocates capital rationally. (There are, of course, many government subsidies for broadband that skew the market, but

Courtesy of Adena Health System

Telemedicine networks enable doctors in rural hospitals to consult with specialists in large medical centers.

that is fodder for another article.) If a device, service or process saves $5 in quantifiable costs or adds $10 in quantifiable value, the invisible hand will guide the pricing, investment and marketing decisions that flow from that quantification.

If a telemedicine device, service or process can save $5 in costs or add $10 in value, why has the invisible hand not guided telemedicine into a widespread telemedicine network as pervasive as the mobile phone network? The answer is that people do not buy health care services in the same way they buy cellphones. "Price" means something very different when your appendix has burst than when your phone call is dropped. So the invisible hand that guides broadband and equipment stakeholders to the telemedicine network does not even nudge patients or health care providers.

THE INSTITUTIONAL HAND

Health care, including telemedicine, is governed by "institutional enterprise" in the form of insurance providers – that is, Medicare, Medicaid and private insurers. For a variety of reasons, the institutions that finance health care and thus control procurement of telemedicine services have not been able to effectively quantify the benefits of a telemedicine network to their business models. Indeed, they regard broadband infrastructure and services as "expenses" that, like all expenses, need to be cut.

As a consequence, the willingness of the institutional enterprise marketplace to finance telemedicine networks lags far behind the technology necessary to make the network function. Needless to say, the patients who would benefit most from a telemedicine network have the least amount of input in creating it.

How do you herd the cats? Anyone who has ever lived with cats knows the answer to that: Open up a can of cat food, and they all line up. Healthcare Connect has opened a can of cat food for telemedicine networks in the rural United States. It provides the impetus for stakeholders to line up and do the political work necessary to join forces and actually create those networks.

Broadband Communities was founded on the principle that broadband services create communities – networks in the grandest sense – that bring great value to those who participate in their creation and use. Over the next few months, this magazine will look closely at the telemedicine community with the goal of finding a template – or at least a common set of principles – by which the stakeholders in a telemedicine network can work together to leverage the opportunities created by the Healthcare Connect Fund. Stay tuned. ❖

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