

HB2616 OUSF Telemedicine Line Potential Cost Savings

The need for bandwidth has increased and changed from experimental to essential for daily health care business. There was a sharp increase in the demand for Oklahoma Universal Service Funds (OUSF) in 2011. A Telemedicine Advisory Group (TMAG) was asked to review the OUSF fund to answers. Findings and actions related to the telecommunication carriers (Carrier), Healthcare providers (Healthcare) and actions by the Public Utilities Division (PUD) has saved \$15 Million to date. **HB2616 can save an additional \$17 million.**

The Right Bandwidth:

HB2616 helps time applications with federal funding so that the healthcare entity knows before the funding year

1. Facilities will be able to budget for the next fiscal year and
2. Facility can self-limit what bandwidth they will request.

Reduced bandwidth and administrative savings of **\$1.5 Million**

Federal Funds First:

HB2616 will mandate all facilities that can get federal funding make an earnest effort to file and follow-through with federal fund application.

1. Lowest Cost Bid Processes used per Federal guidelines
2. Use of Federal funds not State funds.

Estimated OUSF request savings of **\$15 Million.**

Limit Filing Time:

HB2616 limits the time the carrier has to file for services and submission will be in the same year as the line lease costs.

- 1.** Timely application assuring application and telemedicine line leases are in the same fiscal year.
- 2.** Includes the health care provider as an active part of the application to help assure application is timely and providers will know what the subsidy will be.

Estimated yearly savings of PUD Administration of **\$500K**

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Example:

In 1997, Dr. Jones who worked at Hospital A learned that he could provide health care to Mr. Smith in a small rural town. Hospital A had just leased a dedicated T-1 line. Dr. Jones purchased a piece of equipment that he could use to talk to Mr. Smith and even see Mr. Smith so that Mr. Smith could explain his medical program and show the Dr. his symptoms. The connection between Dr. Jones and Mr. Smith, however was very slow, so the picture on Dr. Jones' screen was sometimes jumbled and took a long time to show up on Dr. Jones' screen. *The cost of the T1 connection was \$3,000 per month and paid 100% by the state fund.*

In 2005, with the help of funding from the Oklahoma Universal Services fund, Dr. Jones' hospital was able to afford bonded T-1s and they purchased new equipment that could make a better picture for Dr. Jones so he could provide health care to Mr. Smith who still lived in the rural town. With the new, faster, connection Dr. Jones could not only talk to Mr. Smith, he could also see Mr. Smith's facial features and know he was in pain, stressed, or worried. Dr. Jones could zoom in on his camera and even see the smallest cut on Mr. Smith's arm or determine what type of rash he had on his leg. *The cost of the bonded T-1s was \$5,000 per month and 100% of the cost was paid for by the state OUSF fund.*

In 2010, Hospital A received a grant to buy the very latest in telemedicine equipment and they used funding from OUSF to upgrade their connectivity to 100 Mbps service. With the latest equipment and high bandwidth connection, Dr. Sparks, a neurologist, could not only see and talk to Mr. Smith, but the connection was so good, they could also send images of the brain. This allowed Dr. Sparks to actively care for Mr. Smith's neighbor who had a stroke. The new technology allowed him to actively practice medicine and save Mr. Smith's neighbor's life! *The cost of the 100 Mbps service was \$8,000 per month and 100% of the cost was paid for by the state OUSF fund.*

In 2015, Hospital A needed to increase their bandwidth to 1 Gbps but they also needed to use online technology available only through the Internet. The new "cloud technology" would allow Dr. Jones to see and hear his patients anywhere Dr. Jones went. Hospital A gave Dr. Jones an Apple iPad and he could connect to Hospital A's network from anywhere he was and still provide health care to Mr. Smith. Hospital A found out they could participate in the new FCC program that would pay for 65% of the cost of the 1 Gbps connection and they would only have to ask the state OUSF fund to pay 35%. This would save lots of money for the state while at the same time enabling the hospital to afford the fastest and most reliable network available so that Dr. Jones could practice medicine from anywhere at any time. *The cost of the 1 Gbps connection was \$5,000 per month. HOWEVER \$3,250 was paid for by the federal (FCC) fund and only \$1,750 per month was paid for by the state fund.*