Universal Service Administrative Company

Changes to the Lifeline Program: NARUC Summer Meeting

July 23-26, 2016
Nashville, TN
• Inclusion of Broadband

• Changed Eligibility Programs

• National Verifier

• Questions and Next Steps

• Appendix – Additional Modernization Components

1Changes to the eligible programs are effective on the later of December 1, 2016 or 60 days after PRA approval
2016 Lifeline Modernization

Inclusion of broadband

Changed eligibility programs

Creation of National Eligibility Verifier
• Lifeline eligible consumers may choose to apply their $9.25 discount to broadband internet access services (BIAS) the later of 12/1 or 60 days after PRA approval.

• The discount cannot be applied to equipment.

• Providers of BIAS, as with today’s providers of Lifeline voice, are responsible for determining eligibility and conducting recertification until the National Verifier is implemented in their states.

\(^1\)Inclusion of broadband is effective on the later of December 1, 2016 or 60 days after PRA approval.
Implementation Considerations

• Update USAC audit procedures to include broadband services

• Talk to current and potential future providers to understand who will provide BIAS, and what the offerings will look like

• Talk to states about consumer protection

• Identify best channels to educate consumers on the broadband offerings

\(^1\)Inclusion of broadband is effective on the later of December 1, 2016 or 60 days after PRA approval
2016 Lifeline Modernization

- Inclusion of broadband
- Changed eligibility programs
- Creation of National Eligibility Verifier
## Changed Eligibility Programs

<table>
<thead>
<tr>
<th>Nature of Change</th>
<th>Criteria Affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained</td>
<td>SNAP, SSI, Medicaid, Federal Housing Assistance</td>
</tr>
<tr>
<td></td>
<td>Tribal Programs: Tribal TANF, Bureau of Indian Affairs General Assistance, Food Distribution Program on Indian Reservations, Head Start</td>
</tr>
<tr>
<td>Removed</td>
<td>NSLP, TANF, LIHEAP, state identified programs</td>
</tr>
<tr>
<td>Added</td>
<td>Veterans Pension and Survivors Benefit Programs</td>
</tr>
<tr>
<td>Changed</td>
<td>States may not increase the income threshold of 135% of federal poverty level, as they could previously</td>
</tr>
<tr>
<td></td>
<td>Income is now equal to IRS gross revenue</td>
</tr>
</tbody>
</table>

**New Subscribers:** Effective December 1, 2016 or 60 days after PRA approval  
**Existing subscribers:** Effective at next recertification beginning in 2017
Changed Eligibility Programs - Current State

Program Breakdown

- Medicaid 38%
- SNAP 38%
- State Administrator 12%
- Income 3%
- SSI 3%
- Other 6%

Program Breakdown:

- State Assistance 2.00%
- LIHEAP 1.20%
- TANF 1.20%
- Federal Housing 0.60%
- NSLP 0.30%
- FDPIR 0.10%
- BIAGA 0.05%
- Head Start 0.01%
- Tribal TANF 0.01%

Lifeline Household Participation Rate - 33%
Total Lifeline Subscribers 1Q16 - 12,676,022

Tribal Subscribers 1Q16 - 349,796
Changed Eligibility Programs

Implementation Considerations

• Understand and support impacts to existing state eligibility systems and processes by 12/1

• Provide helpful information and support to states and others who interact with Lifeline consumers on this transition

• Identify best channels to educate existing and potential Lifeline consumers on the changes

1Inclusion of broadband is effective on the later of December 1, 2016 or 60 days after PRA approval
2016 Lifeline Modernization

Inclusion of broadband

Changed eligibility programs

Creation of National Eligibility Verifier
Objectives:

• Increase program integrity
• Facilitate consumer choice
• Improve the enrollment process

Functions:

• Determine subscriber eligibility - *no longer by carriers*
• Populate the Lifeline Eligibility Database (LED) – *with any consumer deemed eligible*
• Default basis for determining support payments – *phase out of FCC Form 497*
The National Verifier

November 30, 2016
Draft National Verifier Plan

December 31, 2016

December 31, 2017
Deployed in at least 5 states

December 31, 2018
Deployed in at least 25 states

December 31, 2019
Deployed in all states and territories
Current State: Carrier

CARRIER
Verifies consumer eligibility, often with state assistance

CARRIER
Delivers discounted services on a monthly basis

CARRIER
Reimbursed by USAC for discounted services provided

Future State: National Verifier

NATIONAL VERIFIER
Verifies consumer eligibility, with state assistance

CONSUMER
Selects Lifeline carrier and begins receiving discounted service

CARRIER
Reimbursed by USAC for discounted services provided
Three Current Models of Verification

Through our discussion with states and carriers, today’s eligibility processes appear to fall into three general models.

**Carrier Run**
States where eligibility information is not available to carriers

- Carrier validates subscriber eligibility through document review

**State Database**
States that allow carriers to check against eligibility data*

- Carriers check databases and then make a determination*

**State Run**
States that have processes to verify eligibility for the carrier**

- Carriers have no role in verifying subscriber eligibility**

*Databases do not include programs the state does not administer.
**Processes may not be available to wireless carriers, and may not include verification of programs that aren’t state administered.

Program integrity is increased with greater state involvement
Through our discussion with states and carriers, state eligibility databases fall into a few general categories.

<table>
<thead>
<tr>
<th>API</th>
<th>Web Look-up</th>
<th>Upload File</th>
<th>Batch</th>
</tr>
</thead>
<tbody>
<tr>
<td>The state database communicates with carrier system to automatically perform real time look-ups (without human interaction) that are based on a set of predetermined systematic processes.</td>
<td>The state database allows a user to enter information about an applicant into a web portal and then receive a result indicating participation in Lifeline eligible programs. While some of these databases are free to use, some require a fee. Fees can vary by usage.</td>
<td>The state provides a proactive file on a scheduled basis that includes all Lifeline eligible consumers in the state. The user can check applicants against that file. The frequency of updates to the file varies.</td>
<td>The state receives batch requests for eligibility look-ups and returns results to the carrier at a later time. The turnaround time or batch size limits vary from state to state.</td>
</tr>
</tbody>
</table>
National Verifier Myths
The National Verifier will take away state eligibility processes

The National Verifier will take away carrier eligibility processes, but preserve and work with the states
The National Verifier will collect and store information from state databases in a master eligibility database.

The National Verifier seeks a “Yes/No” result to verify what it has been told about a consumer’s eligibility.
States with systems or processes are required to verify federally administered programs for carriers.

The National Verifier is working with federal administrators to identify eligibility checking opportunities.
States are required to work with the National Verifier, and incur the costs to do so.

States are not required to do anything by this Order, however, the National Verifier aims to work with states to achieve high integrity processes.
National Verifier Myths

What other concerns or assumptions exist?

Let’s discuss and make this a high integrity, consumer friendly process!
What Might the National Verifier Look Like?

Working in Partnership with States

• The National Verifier is anticipated to interact both directly with consumers (verify then shop), or through carriers (verify while shopping), based on the consumer’s preference.

• States have already invested in eligibility processes and systems.

• In many cases, the state has its own Lifeline program that relies on accurate eligibility verification as well.

• USAC aims to work with the states to get to the best solution – one size does not fit all.

• How can we ensure an accurate and timely eligibility result that both the state and the federal Lifeline programs can rely upon?
What Might the National Verifier Look Like?

State Run Model

- The National Verifier might request a report of consumers and associated carriers when state confirmation is performed, for LED population.

- The National Verifier might inquire about eligibility on a consumer’s behalf, storing the result in LED for a future carrier to claim them as a customer.

- The National Verifier might work with the state to allow an automatic Yes/No lookup against the state’s database, with notification back to the state when a consumer was claimed by a carrier.

- The National Verifier will pursue automated opportunities to verify federally administered program participation.
What Might the National Verifier Look Like?

State Database Model

- The National Verifier might replace the carrier in interacting with the database as it exists today

- The National Verifier might work with the state to further automate the lookup, perhaps through an API

- The National Verifier will pursue automated opportunities to verify federally administered program participation

- The National Verifier will otherwise conduct document review where necessary
What Might the National Verifier Look Like?

**Carrier Run Model**

- The National Verifier might work with the state to identify opportunities to verify against state data for eligibility in an automated fashion.
- The National Verifier will pursue automated opportunities to verify federally administered program participation.
- The National Verifier will otherwise conduct document review where necessary.
Questions?
Thank You!

• Please contact LifelineProgram@usac.org if you have additional questions about the Lifeline Program.

• To sign up for emails about the Lifeline Program including news, updates, and events:
  – Go to www.usac.org and click “subscribe” in the upper-right corner.
Appendix
# Minimum Service Standards & Voice Phase Out

## Service Description Voice-Only Phase Out

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
<th>Voice-Only Phase Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed voice</td>
<td>• No minimum service standard</td>
<td>• Current - $9.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 12/1/19 - $7.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 12/1/20 - $5.25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 12/1/21 - $0.00</td>
</tr>
<tr>
<td>Mobile voice</td>
<td>• 12/1/16 – 500 minutes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 12/1/17 – 750 minutes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 12/1/18 – 1,000 minutes and beyond</td>
<td></td>
</tr>
<tr>
<td>Fixed broadband</td>
<td>• 12/1/16 – 10/1 Mbps download/upload, 150 GB/mo</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Adjusted annually thereafter</td>
<td></td>
</tr>
<tr>
<td>Mobile broadband</td>
<td>• 12/1/16 – 500 MB/mo, 3G speeds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 12/1/17 – 1 GB/mo, 3G speeds (subject to review)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• 12/1/18 – 2 GB/mo, 3G speeds (subject to review)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Adjusted annually thereafter</td>
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</tbody>
</table>

Those providing devices must also ensure they are Wi-Fi enabled, and mobile broadband providers offering devices must include a certain percentage of hotspot-enabled devices.
Port Freeze

**Date of Enrollment:** Subscriber applies benefit to Lifeline service

**Cannot Transfer Lifeline Benefit to New Provider for:**
- Voice: At Least **60 Days**
- BIAS: At Least **12 Months**

**After Port Freeze:**
Subscriber may transfer Lifeline Benefit at any time

**Exceptions**
1. Subscriber moves their residential address
2. The provider ceases operations or otherwise fails to provide service
3. Provider has imposed late fees for non-payment greater than or equal to the monthly end-user charge for the supported service
4. Provider is found to be in violation of the Commission’s rules during the 12 month period and the subscriber is impacted by such violation

Port freezes are effective on the later of December 1, 2016 or 60 days after PRA approval
Rolling Recertification

2016 Recertification Process
- Conducted in accordance with current Lifeline practices
- Based on February 2016 FCC Form 497 subscribers
- Based on existing eligibility programs
- Completed by December 31, 2016

2017 Recertification Process
- Subscribers will be recertified based on new eligibility programs
- Subscribers will be recertified on their enrollment anniversary dates beginning July 1, 2017