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

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

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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

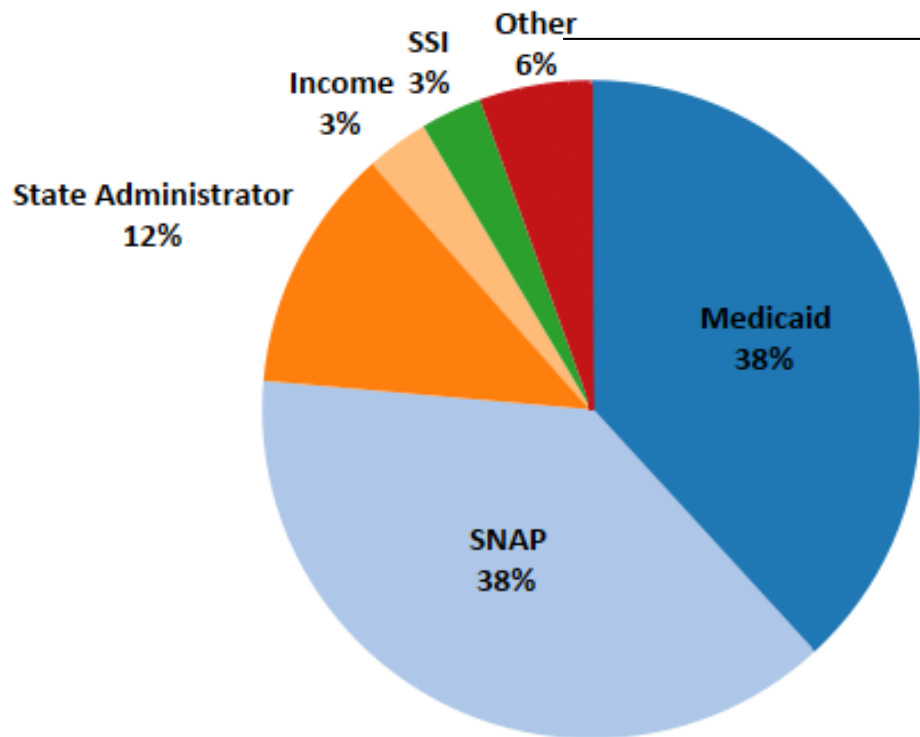[1]Inclusion of broadband is effective on the later of December 1, 2016 or 60 days after PRA approval

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Inclusion of broadband

Changed eligibility programs

Creation of National Eligibility Verifier

Changed Eligibility Programs

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

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

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

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

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

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

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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, 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
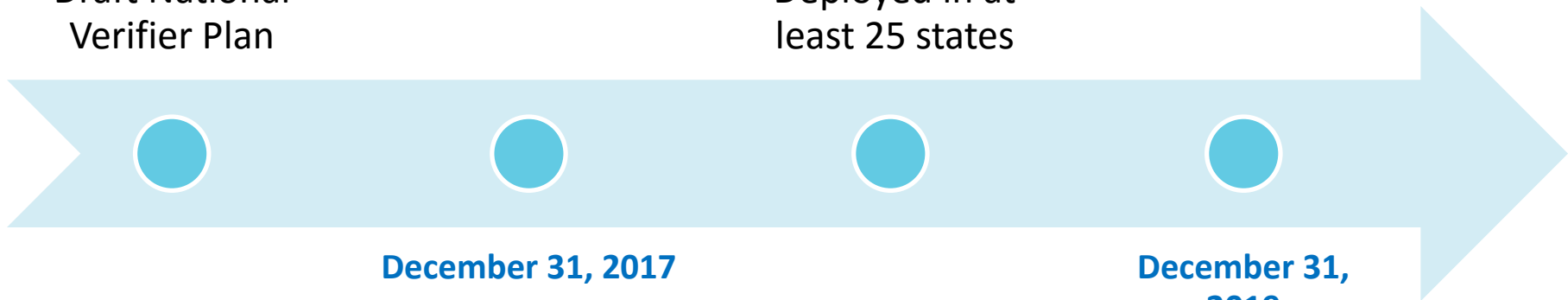
Current State: Carrier

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	**State Database**	**State Run**
States where eligibility information is not available to carriers	States that allow carriers to check against eligibility data*	States that have processes to verify eligibility for the carrier**
Carrier validates subscriber eligibility through document review	Carriers check databases and then make a determination*	Carriers have no role in verifying subscriber eligibility**

Program integrity is increased with greater state involvement →

*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.

Through our discussion with states and carriers, state eligibility databases fall into a few general categories.

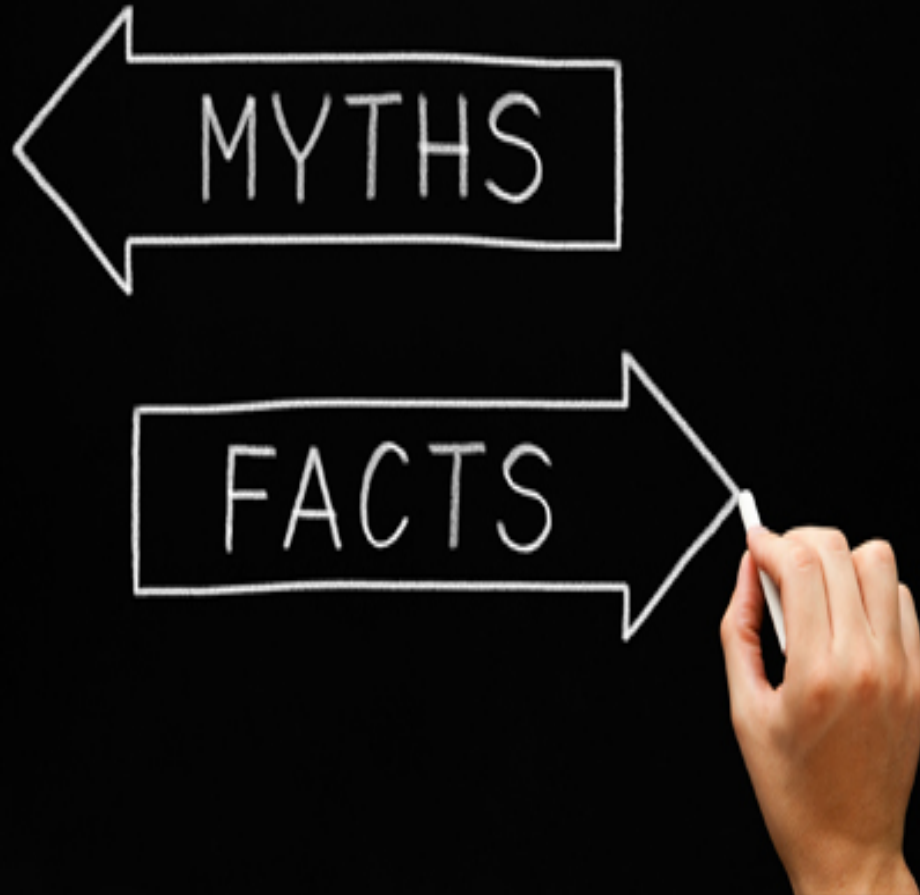| API	Web Look-up	Upload File	Batch
The state database communicates with carrier system to automatically perform real time look-ups (without human interaction) that are based on a set of pre-determined systematic processes.	The state database allows a user to enter information about an applicant into 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.	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.	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.

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

National Verifier Myths

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

What other concerns or assumptions exist?

Let's discuss and make this a high integrity, consumer friendly process!

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?

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

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

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
Fixed voice	• No minimum service standard	• Current - $9.25 • 12/1/19 - $7.25 • 12/1/20 - $5.25 • 12/1/21 - $0.00
Mobile voice	• 12/1/16 – 500 minutes • 12/1/17 – 750 minutes • 12/1/18 – 1,000 minutes and beyond	
Fixed broadband	• 12/1/16 – 10/1 Mbps download/upload, 150 GB/mo • Adjusted annually thereafter	
Mobile broadband	• 12/1/16 – 500 MB/mo, 3G speeds • 12/1/17 – 1 GB/mo, 3G speeds (subject to review) • 12/1/18 – 2 GB/mo, 3G speeds (subject to review) • Adjusted annually thereafter	

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.

Date of Enrollment:
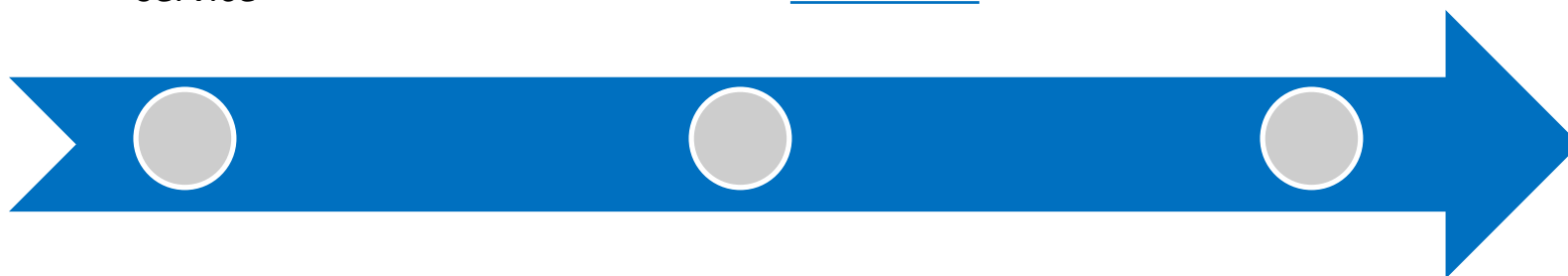Subscriber applies benefit to Lifeline service

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**