November 4, 2015

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 11-42 Lifeline and Link Up Reform and Modernization
NOTICE OF EX PARTE PRESENTATION

Dear Ms. Dortch:

On November 4, 2015, Javier Rosado, Senior Vice President, Alternative Businesses, TracFone Wireless, Inc. ("TracFone"), Mark Rubin, Senior Executive, Government Relations, TracFone, Shawn Chang of Wiley Rein, and undersigned counsel on behalf of TracFone met with several members of the Commission’s staff. Those attending from the Commission staff included Gigi Sohn, Counselor to Chairman Tom Wheeler, Stephanie Weiner, Senior Legal Advisor to the Chairman, Vernon Ross and Rebecca Weinstein, both interns in the Chairman’s office, and Eric Feigenbaum, Director of Outreach Strategy, Office of Media Relations. In addition, the following members of the Wireline Competition Bureau Telecommunications Access Policy Division attended: Ryan Palmer, Chief, Jay Schwarz, Deputy Chief, Jodie Griffin, and Charles Eberle, both Attorney Advisors.

During the meeting, we discussed various issues before the Commission in the above-captioned Lifeline reform rulemaking proceeding. Specific issues discussed included the following:

- TracFone’s proposal to make broadband available to Lifeline households by requiring Lifeline providers to offer at no charge to qualified consumers Wi-Fi-enabled smartphones;

- TracFone’s support for a third party eligibility verifier;

- The reasons why implementation of a direct benefit transfer ("voucher") system for Lifeline would discourage Lifeline participation, unduly burden consumers, and would not prevent program fraud;

- Why Lifeline eligibility should not be limited to a single qualifying program such as the Supplemental Nutrition Assistance Program ("SNAP");

- Why proposals to require minimum quantities of voice telephony usage for wireless Lifeline services would eliminate no charge Lifeline services which have proven popular with millions of low-income households, would make Lifeline unaffordable to many
currently-enrolled low-income households, would drive providers from the market, and
would reduce consumer choice;

• The Commission can and should prevent program fraud by implementing two important reforms:
  o Prohibiting incentive-based compensation for third party marketing agents
    enrolling Lifeline consumers;
  o Prohibiting in-person distribution of handsets provided in connection with
    Lifeline services.

During the meeting, a written presentation was provided to each attendee. A copy of that
presentation is enclosed herewith. TracFone’s presentation during this meeting articulated
positions which are consistent with its comments previously submitted in this proceeding.
Pursuant to Section 1.1206(b) of the Commission’s rules, this letter is being filed electronically.
If there are questions, please communicate directly with undersigned counsel for TracFone.

Sincerely,

Mitchell F. Brecher

Enclosure

Cc:  Ms. Gigi Sohn
     Ms. Stephanie Weiner
     Mr. Vernon Ross
     Ms. Rebecca Weinstein
     Mr. Ryan Palmer
     Jay Schwarz, Ph.D
     Ms. Jodie Griffin
     Mr. Eric Feigenbaum
     Mr. Charles Eberle
Enclosure
TracFone is urging the FCC to require all wireless Lifeline carriers to make available the option of a free smartphone with Internet browsing and built-in Wi-Fi connectivity enabling access to mobile broadband Internet via Wi-Fi hotspots.

- Such phones would be provided at no cost to consumers and paid for by the Lifeline providers.

- Despite the ubiquity of free broadband connectivity through publicly accessible Wi-Fi hotspots, many low-income families are not able to take advantage of such availability due to the "device gap."

- TracFone's proposal would supplement recent E-rate reforms to provide for Wi-Fi connectivity at schools and libraries.

- It also would enable more low-income consumers to benefit from the FCC's efforts to promote municipal broadband networks and "smart city" initiatives utilizing Wi-Fi hotspots at public facilities to enable broadband connectivity.

- Although increasing residential access to broadband is a laudable goal, it fails to recognize the lack of resulting broadband connectivity for Lifeline recipients who might be outside of their homes for a significant amount of time each day, as well as the broadband needs of those who live in the thousands of low-income or rural communities not yet wired for broadband access.

- The proposal recognizes mobile broadband is the future.
TracFone Supports Third Party Eligibility Verification

- The time has come to transfer responsibility for verifying Lifeline applicants’ eligibility to an independent third party verifier.
- The National Lifeline Accountability Database (NLAD) is an available resource which can be enhanced to verify applicant eligibility, not just to identify and prevent duplicate enrollments.
- TracFone has proposed a Centralized NLAD Certification System.
  - NLAD would be used to verify eligibility using 3 sources:
    - State databases (where available)
    - Federal databases
    - Applicant-provided documentation uploaded to NLAD
- NLAD could accommodate all federal and state qualifying programs.
- Could also be used by providers and consumers to expedite and simplify changes in providers.
Direct Benefit Transfers/Vouchers Should Not Be Adopted

- Vouchers will not prevent fraud but will make Lifeline service less accessible to those low-income households who rely on it.
  - It creates a secondary market for Lifeline benefits to be bartered, purchased, or sold.
- Electronic benefits cards may work for SNAP (Food Stamps) but are not appropriate for Lifeline.
  - While SNAP-supported benefits (food) are purchased at grocery stores when needed, communications services are "always on" and are provided to consumers wherever they are.
- Redeeming monthly vouchers would burden consumers, including the elderly, persons with disabilities, and persons residing in rural areas for whom going to a provider location to redeem a voucher each month would be difficult and, in some cases, impossible.
- Lifeline participation by qualified low-income households has increased greatly due to competition and active outreach by providers.
  - A voucher system would eliminate incentives to invest in that outreach.
Lifeline Eligibility Should Not Be Limited to SNAP or Any Other Single Program

- Coordinated enrollment through SNAP could actually increase – potentially double – Lifeline enrollment since SNAP has nearly twice as many enrollees as Lifeline.
- Medicaid and other qualifying programs are reliable indicators of economic need and should be retained.
- Qualifying programs should include certain programs targeted to low-income veterans, such as the Veterans Pension Benefit program and the Veterans Affairs Supportive Housing program.
- Medicaid must be retained as a Lifeline-qualifying program.
  - 46% of TracFone Lifeline customers who qualify through Medicaid do not receive SNAP benefits.
  - By working with HMOs, TracFone has pioneered using Lifeline to enhance health care delivery.
    - Medicaid members are able to enroll through their HMOs.
    - Customers enrolling through their HMOs receive certain healthcare-related Lifeline benefits, including:
      - Unlimited 24/7 calling to the HMO.
      - Subscriptions to health care text messaging programs through Connect4Health.
      - Educational messages and appointment reminders.
    - The opportunity for Lifeline to be used to enhance health care would be lost if Medicaid was to be eliminated as a qualifying program.
Minimum Service Standards For Voice Service Are Unnecessary

- Wireless Lifeline benefits have increased significantly due to competitive forces.
  - From 68 to 250, now to 350 minutes per month.
  - Unlimited texting.
  - Functions and features not previously available with Lifeline (e.g., mobility, roaming, texting), or available only at additional charges (e.g., call waiting, caller ID, long distance).

- Minimum service standards, if not properly tied to the cost of offering the service, could lead to co-pay requirements that reduce participation.
  - More than 90% of SafeLink customers have told us that 350 minutes meet their monthly needs and that imposition of even a “modest” charge of $5.00 would force them to de-enroll.
  - Many existing Lifeline customers are “unbanked” (i.e., no checking accounts or credit cards) and would be unable to remit payments.
  - There may be a market for Lifeline plans which offer greater benefits such as unlimited calling and that require monthly fees. Providers who perceive that demand should be free – as they are today – to offer such plans, but without requiring other providers seeking to serve a different market segment to modify their plans.
  - Most importantly, there is no evidence to support the premise than mandatory charges (so-called “skin in the game”) would have any impact on program fraud.
The FCC Can And Should Take Meaningful Steps To Prevent Program Fraud And Enhance The Public Perception of Lifeline

• The most important step the FCC can take to prevent program fraud is to prohibit all incentive-based compensation for marketing of Lifeline programs, especially by independent third party agents.
  o Such prohibition will reduce the incentives to falsify documentation in order to maximize compensation to the agents.
  o That has worked in government-funded education programs and it can work with Lifeline.

• The FCC should prohibit all in-person distribution of handsets associated with Lifeline services (this was proposed by TracFone in a petition filed more than 3 years ago).
  o Not only does real-time handset distribution create fraud opportunities, it harms the public perception of the program and fuels the arguments of program critics.
  o Those in-person distribution practices are unnecessary, difficult to police, and should be prohibited.
Thank you