

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of
Requests for Review of
Decisions of the
Universal Service Administrator by
Hospital Networks Management, Inc.
Manchaca, Texas
Verizon Business Services
Arlington, Virginia
Rural Health Care Universal Service
Support Mechanism
WC Docket No. 02-60

ORDER

Adopted: June 3, 2016

Released: June 3, 2016

By the Chief, Telecommunications Access Policy Division, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, we deny a request filed by Hospital Networks Management, Inc. (HNM), on behalf of the Texas Healthcare Network (THN) consortium, seeking review of decisions made by the Universal Service Administrative Company (USAC) under the rural health care universal service support mechanism. We also grant a request filed by Verizon Business Services (Verizon) seeking review of a

1 Hospital Networks Management, Inc. (HNM), through its president, Mr. Randall Zunke, provides telecommunications, engineering and administrative consulting and purchasing services to a consortium of eligible health care providers (HCPs) in the state of Texas, known as the Texas Hospital Telecommunications Alliance (Alliance). The Alliance was developed and sponsored by the Texas Organization of Rural and Community Hospitals (TORCH) for the purpose of developing a state-wide telecommunications network to promote the use of telemedicine among its members and for other purposes. See Letter from Randy Zunke, Hospital Networks Management, Inc., on behalf of Texas Healthcare Network, to USAC, Rural Health Care Division (dated Feb. 8, 2008) (HNM February Appeal). TORCH contracted with Texas Healthcare Network (THN) to manage the Alliance. See Letter from USAC, Rural Health Care Division, to Randy Zunke, Texas Healthcare Network (dated Dec. 10, 2007) (Funding Year 2006 Funding Commitment Adjustment Letter (COMAD)); HNM February Appeal. Mr. Zunke represents himself as the president of THN and serves as the contact person and authorized signer for the Alliance's rural health care program forms. These forms, however, identify "THN" as the name of the consortium, and not "Alliance."

2 Letter from Randall W. Zunke, Hospital Networks Management, Inc., on behalf of Texas Healthcare Network, to Office of the Secretary, Federal Communications Commission, WC Docket No. 02-60 (filed Apr. 9, 2009) (HNM FCC Appeal) (regarding THN's funding year 2003-2006 applications). The funding request numbers (FRNs) affected by this decision are listed in the Appendix. Section 54.719(c) of the Commission's rules provides that any person aggrieved by an action taken by a division of USAC may seek review from the Commission. 47 CFR § 54.719(c).

related USAC decision.³ In its decisions, USAC determined that the THN consortium violated the Commission's competitive bidding requirements between funding years 2001-2006.⁴ USAC sought to rescind and recover rural health care funds committed and/or disbursed to the THN consortium for its funding year 2003-2006 applications.⁵ USAC also initiated recovery actions against the consortium's underlying service providers, MCI WorldCom Communications Services, Inc. (MCI WorldCom), d/b/a Verizon and Alltel Communications, Inc., d/b/a Windstream Communications, Inc. (Windstream) for the same reason.⁶ USAC determined that it would not seek recovery of funds already disbursed for the consortium's funding year 2001 and 2002 applications, because the 5-year document retention period had passed.⁷

2. This matter involves significant conflicts of interest, where one individual having ownership or leading positions with two entities represented each entity on both sides of a contractual transaction, as well as anti-competitive behavior which deterred other service providers from participating in the competitive bidding process. After reviewing the record, we agree with USAC's determinations and find that the THN consortium violated the Commission's competitive bidding requirements.⁸ We therefore deny HNM's appeal and direct USAC to continue recovery actions against the THN consortium consistent with this Order. However, because we find that the THN consortium is the party at fault in violating the Commission's competitive bidding requirements,⁹ we direct USAC to discontinue its recovery actions against one of the underlying service providers, Verizon, for the funding request numbers (FRNs) identified herein.

II. BACKGROUND

3. Under the rural health care universal service support mechanism, eligible rural health care providers and consortia that include eligible rural health care providers may apply for discounts for

³ Letter from Karen Zacharia and Christopher Miller, Verizon, to Office of the Secretary, Federal Communications Commission, WC Docket No. 02-60, CC Docket No. 96-45 (filed Apr. 10, 2009) (Verizon Appeal) (seeking review of USAC's decision only with respect to funding years 2003 and 2004); Letter from USAC, Rural Health Care Division, to Karen Zacharia and Christopher Miller, Verizon (dated Feb. 10, 2009) (Verizon ADL).

⁴ Letter from USAC, Rural Health Care Division, to Randy Zunke, Texas Health Care Network (dated Feb. 10, 2009) (regarding THN's funding year 2001- 2006 applications) (Administrative Decision on Appeal Letter (HNM ADL)).

⁵ *Id.*

⁶ HNM ADL. *See also* Verizon ADL; Letter from USAC, Rural Health Care Division, to Cesar Caballero, Windstream Communications, Inc. (dated Feb. 10, 2009) (Windstream ADL). Windstream did not file an appeal of USAC's decisions with the Commission.

⁷ *See* HNM ADL at 2-3; 47 CFR § 54.619 (directing applicants and service providers to retain documents supporting their purchases or provision of supported services for at least five years from the last day of the delivery of support services).

⁸ *See* 47 CFR § 54.603.

⁹ *See, e.g., Federal-State Joint Board on Universal Service; Changes to the Board of Directors for the National Exchange Carrier Association, Inc.; Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 96-45, 97-21 and 02-6, Order on Reconsideration and Fourth Report and Order, 19 FCC Rcd 15252, 15255-57, paras. 10-15 (2004) (*Schools and Libraries Fourth Report and Order*) (directing USAC to pursue recovery actions against the party or parties that violated the Commission's rules); *Request for Review of the Decision by the Universal Service Administrator by Bell South Telecommunications, Inc. and Union Parish School Board; Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 27 FCC Rcd 11208 (Wireline Comp. Bur. 2012) (*Bell South Order*) (seeking recovery of funding from the party that violated the Commission's rules).

eligible telecommunications services and Internet access.¹⁰ Applicants must make a bona fide request for eligible services by posting an FCC Form 465 to USAC's website for telecommunications carriers to review.¹¹ Applicants must review all bids submitted in response to the FCC Form 465 and wait at least 28 days before entering into a service agreement with the selected service provider.¹² Once the applicant has selected a provider and entered into a service contract, the applicant must submit its request for discounts to USAC by filing an FCC Form 466 (for telecommunications services) and/or an FCC Form 466-A (for Internet services).¹³ The applicant uses the FCC Form 466 and/or FCC Form 466-A to verify the type of services ordered and to certify that the selected service provider is the most cost-effective.¹⁴ After reviewing the funding requests, USAC issues funding decisions in accordance with the Commission's rules.

4. The Commission has consistently stated that the competitive bidding process must be fair and open and must not have been compromised because of improper conduct by the applicant, service provider, or both parties.¹⁵ In essence, all potential bidders and service providers must have access to the same information and must be treated in the same manner throughout the procurement process.¹⁶ Under the Commission's rules, a service provider participating in the competitive bidding process cannot be involved in the preparation of the applicant's technology plan, FCC Form 465, request for proposal (RFP), or the vendor selection process.¹⁷ Consultants who have an ownership interest, sales commission

¹⁰ 47 CFR § 54.601 (2005). Note that funding for Internet access under the Internet Access Program continued through the end of funding year 2013, which ended on June 30, 2014. *See* Rural Health Care Support Mechanism, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678, 16700, n.120 (2012) (noting that funding under the Internet Access Program would be available through the end of funding year 2013). Beginning in January 2014, applicants receiving support for Internet access can apply for support for those same services through the new Healthcare Connect Fund Program. *See* USAC, Rural Health Care, <http://www.usac.org/rhc/> (last visited June 1, 2016).

¹¹ 47 CFR § 54.603; Health Care Providers Universal Service, Description of Services Requested and Certification Form, OMB 3060-0804 (January 2004) (FCC Form 465).

¹² 47 CFR § 54.603(b)(3).

¹³ Health Care Providers Universal Service, Funding Request and Certification Form, OMB 3060-0804 (Jan. 2005) (FCC Form 466); Health Care Providers Universal Service, Internet Service Funding Request and Certification Form, OMB 3060-0804 (Nov. 2012) (FCC Form 466-A).

¹⁴ *See* FCC Form 466; FCC Form 466-A.

¹⁵ *See, e.g., Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 9076, para. 480 (1997) (subsequent history omitted) (requiring competitive bidding processes to be fair and open such that no bidders receive an unfair advantage). *Cf. Schools and Libraries Universal Service Support Mechanism*, CC Docket Nos. 96-45, 97-21 and 02-6, Third Report and Order and Second Further Notice of Proposed Rulemaking, 18 FCC Rcd 26912, 26939, para. 66 (2003) (*Schools and Libraries Third Report and Order*) (stating that a fair and open competitive bidding process is critical to preventing waste, fraud, and abuse of program resources); *Request for Review by Mastermind Internet Services, Inc., Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket No. 96-45, Order, 16 FCC Rcd 4028 (2000) (*Mastermind Order*) (finding that the FCC Form 470 contact person influences an applicant's competitive bidding process by controlling the dissemination of information regarding the services requested and, when an applicant delegates that power to an entity that also participates in the bidding process as a prospective service provider, the applicant impairs its ability to hold a fair competitive bidding process); *Request for Review by Dickenson County Public Schools, Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, 17 FCC Rcd 15747, 15748, para. 3 (2002) (noting that an applicant impairs its ability to hold a fair and open competitive bidding process when the applicant's FCC Form 470 contact person is also a service provider participating in the bidding process as a bidder).

¹⁶ *See, e.g., Mastermind Order*, 16 FCC Rcd 4033, para. 10.

arrangement, or other financial stake with respect to a bidding service provider are also prohibited from performing any of those tasks on behalf of the applicant.¹⁸

5. The Telecommunications and Internet Access Programs of the rural health care support mechanism allow applicants to have “evergreen contracts,” meaning that for the life of a multi-year contract that is designated as evergreen by USAC, the applicant need not annually re-bid the service or post an FCC Form 465.¹⁹ An applicant covered under an evergreen contract must still apply annually for support by filing an FCC Form 466 or FCC Form 466-A. For any contract modifications falling outside the scope of an evergreen contract, such as the addition of new services or contract renewals or extensions, the applicant must initiate a new competitive bidding process by filing a new FCC Form 465.²⁰ An applicant may change service providers in the middle of a contract without initiating a new competitive bidding process, if such a change is permitted under state and local laws and the terms of the contract are for the same or lower price.²¹

6. Summary of Facts. HNM, which does business as THN, is a for-profit entity that provides telecommunications, engineering, and administrative consulting and purchasing services to the THN consortium.²² The THN consortium is comprised of eligible health care providers (HCPs) in the state of Texas.²³ Mr. Randy Zunke owns HNM and is also the president of THN. Between funding years 2001-2007,²⁴ Mr. Zunke served as the contact person and authorized signatory for each of the consortium

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¹⁷ Cf. *Schools and Libraries Universal Service Support Mechanism and A National Broadband Plan for Our Future*, Sixth Report and Order, CC Docket 02-6, 25 FCC Rcd 18762, 18799-800, para. 86 (2010) (*Schools and Libraries Sixth Report and Order*) (“an applicant violates the Commission’s competitive bidding rules if the applicant turns over to a service provider the responsibility for ensuring a fair and open competitive bidding process”).

¹⁸ See, e.g., *Requests for Review of the Decision of the Universal Service Administrator by SEND Technologies, L.L.C.*, CC Docket No. 02-6, Order, 22 FCC Rcd 4950 (Wireline Comp. Bur. 2007) (*SEND Order*) (finding that where the applicant’s contact person is also a partial owner of the selected service provider, the relationship between the applicant and the service provider creates a conflict of interest and impedes fair and open competition).

¹⁹ See USAC Website, Rural Health Care, Evergreen Contracts, <http://www.usac.org/rhc/telecommunications/health-care-providers/evergreen-contracts.aspx> (last visited June 1, 2016) (Evergreen Contracts Guidance). To be considered evergreen in the telecommunications program, the multi-year contract must meet the following criteria: (1) both parties are identified; (2) the health care provider has signed and dated the contract; (3) the contract specifies the type and terms of services; (4) the contract has a specified duration; (5) the contract specifies the cost of services to be provided; and (6) the contract includes the physical addresses or other identifying information of the health care providers purchasing from the contract. *Id.*

²⁰ See Evergreen Contracts Guidance.

²¹ See USAC Website, Rural Health Care, Operational SPIN Change Guidance, <http://www.usac.org/rhc/telecommunications/service-providers/information-changes.aspx> (last visited June 1, 2016). Cf. *Request for Review of the Decision of the Universal Service Administrator by Copan Public Schools, Copan, Oklahoma, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45, 97-21, 15 FCC Rcd 5498 (Com. Car. Bur. 2000) (allowing an applicant to change service providers post-funding commitment where the applicant determines that such a change is allowed under its state and local procurement rules and under the contract between the applicant and its original provider, and the funding request does not exceed the amount originally requested).

²² See *supra* n.1. See also HNM ADL at 1.

²³ See HNM February Appeal at 2-3; Appendix.

²⁴ The THN consortium members’ funding year 2007 funding requests are not at issue in this Order. The record shows that USAC directed THN consortium members to re-post their funding year 2007 FCC Forms 465 to USAC’s website where THN or Mr. Zunke appeared on the form as the contact entity or person. See HNM ADL. USAC advised consortium members that they would need to provide new contact information on their forms in order to receive partial funding for funding year 2007. *Id.* USAC explained that “funding requests for funding year 2007 for services provided through THN (with the service provider listed as Qwest) will be denied.” *Id.* It appears from the

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members' FCC Forms 465, 466, and 466-A.²⁵ It appears from the record that Mr. Zunke also filled out these forms.²⁶ During this time, HNM contracted with MCI WorldCom, Windstream, and Qwest Communications (Qwest) for the provision of telecommunications and Internet access services.²⁷ Specifically, on October 24, 2001, HNM executed a three-year service agreement with MCI WorldCom to provide eligible telecommunications and Internet access services to HNM and, on May 20, 2005, executed a new three-year service agreement with MCI WorldCom to continue the provision of eligible services.²⁸ Before the expiration date of the May 2005 contract, HNM terminated its agreement with MCI WorldCom and signed a new three-year replacement contract on August 18, 2006 with Qwest to provide the same services.²⁹ Meanwhile, each consortium member entered into separate service agreements with THN using the contracts procured by HNM to provide the underlying telecommunications and information service offerings to consortium members.³⁰ Although Mr. Zunke identified MCI WorldCom, Windstream, or Qwest as the service providers on the consortium members' funding request forms, many consortium members believed that they actually received their telecommunications and Internet access services from THN.³¹

7. After receiving whistleblower complaints from potential bidders responding to the THN consortium members' funding year 2006 FCC Form 465 postings,³² USAC initiated an investigation of the consortium's funding year 2006 funding commitments. At the conclusion of its investigation, USAC determined that a conflict of interest existed in the consortium's bidding process, because THN presented itself as the service provider to consortium members³³ while its president, Mr. Zunke, also served as the contact entity on the consortium members' FCC Forms 465.³⁴ USAC's investigation also revealed that, during the competitive bidding process, several consortium members informed potential bidders that they were already under contract with THN and planned to remain with their existing service provider.³⁵ The investigation further revealed that the THN consortium excluded certain bidders from the bidding process altogether.³⁶ Additionally, USAC found that THN failed to select the most cost-effective service offering

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record that some HCPs re-posted their FCC Forms 465 for funding year 2007 with new contact information. *See, e.g.,* FCC Form 465, Lillian M. Hudspeth Memorial Hospital (posted Dec. 19, 2007). We are not taking action on these funding year 2007 requests.

²⁵ *See* Funding Year 2006 COMAD at 2. *See, e.g.,* FCC Form 465, Lamb Healthcare Center (submitted Apr. 22, 2005); FCC Form 466, Lamb Healthcare Center (submitted Nov. 16, 2005).

²⁶ *See* Funding Year 2006 COMAD at 2.

²⁷ *See* Funding Year 2006 COMAD at 4-11; Funding Years 2001-2005 COMAD at 3-4; HNM ADL at 3-6.

²⁸ *See* Funding Year 2006 COMAD at 8.

²⁹ *See* Qwest Total Advantage Agreement, Contract Code 191039 (effective date Aug. 21, 2006) (Qwest Contract).

³⁰ *See* Funding Year 2006 COMAD at 4-11; HNM ADL at 6. Unbeknownst to THN consortium members, they would be served using the MCI WorldCom, Windstream, and Qwest contracts negotiated by HNM.

³¹ *See* HNM ADL at 6.

³² Two whistleblowers responding to THN consortium members' funding year 2006 FCC Form 465 postings filed complaints alleging that they were discouraged from submitting bids because the consortium members indicated that they intended to continue to receive service through THN. *See* Funding Year 2006 COMAD at 4.

³³ *Id.*

³⁴ *Id.* at 7-12.

³⁵ USAC's investigation revealed that the consortium members believed that they were operating under an "evergreen" contract which exempted them from the Commission's competitive bidding requirements. *See* Funding Year 2006 COMAD at 4, 8.

as required by section 54.603 of the Commission's rules.³⁷ USAC therefore denied the THN consortium's funding year 2006 funding requests.³⁸

8. USAC then initiated a second investigation to determine whether THN violated the Commission's competitive bidding requirements during funding years 2001-2005.³⁹ Because Mr. Zunke's relationship with consortium members as a consultant and THN's appearance as a service provider began in funding year 2001, and continued every funding year thereafter, USAC determined that a conflict of interest existed during funding years 2001-2005.⁴⁰ USAC therefore rescinded its funding

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³⁶ USAC's finding that the THN consortium excluded certain bidders from the competitive bidding process was based on the following evidence: (1) Mr. Zunke's statement that THN decided to focus on only Tier One carriers because non-Tier One carriers could not bid on all of the rural hospitals in the network and also provide all of the services through the same underlying carrier; (2) Mr. Zunke's statement that non-Tier One carriers "did not have the capability of meeting the selection criteria cost-effectively;" (3) Mr. Zunke's statement that a re-seller could not "provide a problem determination and resolution process when a circuit is having problems; the telecom carrier would need to be contacted directly;" and (4) Mr. Zunke's statement that a re-seller would be working with a Tier One carrier to provide services to the consortium, and receiving a commission from those sales, so it made more sense to work directly with the Tier One provider because it would be more cost-effective. *See* Funding Year 2006 COMAD at 4-7; Letter from Randy Zunke, Texas Healthcare Network, to USAC, Rural Health Care Division (dated Oct. 2, 2007). After meeting with USAC to discuss the THN consortium's decision to exclude certain service providers from the bidding process, the consortium then solicited bids from Rural Health Telecom and Telequality, two vendors that had initially responded to the consortium's FCC Forms 465. *See* Funding Year 2006 COMAD at 4-7. Ultimately, however, THN rejected their proposals after determining that they were not cost-effective. *Id.* USAC reviewed each proposal as well as THN's bid evaluation criteria and determined that Rural Health Telecom's proposal would have been less cost-effective than the provider the THN consortium actually selected, but Telequality's proposal was lower in cost overall. *Id.* USAC also determined that Telequality was required to provide proof of its ability to meet THN's "Hospital Connection Requirements" while another Tier One bidder was not required to provide such proof. *Id.*

³⁷ *See* 47 CFR § 54.603(b)(4); Funding Year 2006 COMAD at 4-7.

³⁸ *See* Funding Year 2006 COMAD at 11.

³⁹ Mr. Zunke was identified as the designated contact person on the THN consortium members' FCC Forms 465, 466, 466-A, and 467 submitted to USAC during funding years 2001-2007. *See* Letter from USAC, Rural Health Care Division, to Randy Zunke, Texas Health Care Network (dated Feb. 1, 2008) (regarding THN's funding year 2001- 2005 applications) (Funding Years 2001-2005 COMAD)).

⁴⁰ *See* Funding Years 2001-2005 COMAD at 3-4 (citing *Mastermind Order*, 16 FCC Rcd 4028). USAC's finding that THN held itself out as a service provider is based on several factors: (1) on June 28, 2006, the consortium paid THN \$305,716 for telecommunications, services and support for funding years 2004 and 2005; (2) a THN consortium member responded to a potential bidder that it was "currently under contract till the end of 2007 with Texas Healthcare Network;" (3) several consortium members communicated with potential bidders, but upon reviewing the bids, informed the bidders that they were currently receiving their service through THN at a lower rate, and would continue to receive their service through THN; (4) several consortium members indicated that THN was their service provider; (5) THN had a website, www.thnetwork.net, offering free email access, stating "THN, a proven technology service provider... was established to assist Texas hospitals IT modernization and maintenance." This site also states that "THN offers reliable Internet connectivity through UUNET/WorldCom..." and (6) Mr. Zunke had a website, www.zunke2.com, which advertised THN, stating that THN's basic services includes, "a high-speed T1 connection to the Z&A Data Center located in the Texas Hospital Association building in Austin, highly secure Internet access, e-mail accounts for all employees of your hospital, Texas Health Care news access, and savings on long distance telephone service." *See* Texas Hospital Telecommunications Alliance, IRS Form 990, Tax Year 2005; Funding Years 2001-2005 COMAD at 3-4; Funding Year 2006 COMAD at 9-12. Note that the www.thnetwork.net and www.zunke2.com websites are no longer accessible.

commitments for funding years 2001-2005⁴¹ and initiated recovery actions against THN as well as the underlying service providers, Verizon and Windstream.⁴²

9. HNM subsequently appealed USAC's decisions, arguing that: (1) a conflict of interest did not exist in the competitive bidding process because THN was not a service provider;⁴³ (2) HNM's master contract with MCI WorldCom executed in May 2005 should have been designated as an "evergreen" contract,⁴⁴ and thus, consortium members were justified in reporting to potential bidders that they were already under contract;⁴⁵ and (3) although HNM terminated its contract with MCI WorldCom before the expiration date, no harm resulted from its decision to enter into a replacement contract with Qwest to provide the same services for a lower price.⁴⁶ Additionally, HNM asserts that USAC's reading of the Commission's competitive bidding rules and relevant Commission orders is overly broad because USAC was basing its finding on THN's perceived appearance as a service provider.⁴⁷ These arguments form the basis of HNM's position that USAC erred in rescinding its funding commitments for funding years 2003-2006.⁴⁸ With regard to the consortium's funding year 2001 and 2002 applications, HNM argues that USAC should not seek recovery of disbursed funds because those applications fall outside of the 5-year time period for which affected parties are required to retain records.⁴⁹

10. On February 10, 2009, USAC granted in part and denied in part HNM's appeals.⁵⁰ USAC granted the appeal with respect to THN's funding year 2001 and 2002 applications, concluding that it would not seek recovery of disbursed funds from THN, or the underlying service providers, because the 5-year document retention period had passed.⁵¹ USAC denied the appeal with respect to THN's funding year 2003-2006 applications after determining that a conflict of interest existed in THN's

⁴¹ See Funding Year 2006 COMAD at 11.

⁴² See Funding Years 2001-2005 COMAD at 4-5. Verizon and Windstream appealed this portion of USAC's decision. See Letter from Christopher Miller, Verizon, to USAC, Rural Health Care Division (dated Mar. 31, 2008); Letter from Christopher Miller, Verizon, to USAC, Rural Health Care Division (dated Apr. 16, 2008); Letter from Cesar Caballero, Windstream Communications, Inc., to USAC, Rural Health Care Division (dated Mar. 27, 2008). USAC denied Verizon's appeal and granted in part and denied in part Windstream's appeal. See Verizon ADL; Windstream ADL (finding that it would not seek recovery of funds disbursed for funding year 2002 because the five-year document retention period has passed, but that it would continue to seek recovery of funds disbursed for funding year 2003). As noted above, Windstream did not file an appeal of USAC's decision with the Commission.

⁴³ See HNM February Appeal 16-20; Letter from Anne Linton, Patton Boggs, LLC, on behalf of Hospital Network Management, Inc., to USAC, Rural Health Care Division (dated Apr. 1, 2008) (HNM April Appeal) (challenging USAC's February 1, 2008 decision).

⁴⁴ See HNM April Appeal 10-14. USAC designated the MCI WorldCom contract as "evergreen" on two of the THN consortium's FCLs. The remaining FCLs issued under this contract indicated that the contract was month-to-month. See HNM ADL.

⁴⁵ *Id.*

⁴⁶ *Id.* As noted above, HNM terminated its contract with MCI WorldCom before the expiration date citing on-going problems with MCI WorldCom's invoicing procedures. See Funding Year 2006 COMAD at 8. HNM then entered into a three-year replacement contract with Qwest on August 21, 2006, to provide the same services. See Qwest Contract. This contract was scheduled to expire in August 2009, roughly 15 months beyond the original contract term with MCI WorldCom. *Id.*

⁴⁷ See HNM February Appeal at 18-20; HNM April Appeal at 12-15. See also Funding Years 2001-2005 COMAD at 3-4 (citing *Mastermind Order*, 16 FCC Rcd 4028).

⁴⁸ See HNM February Appeal at 20; HNM April Appeal at 16.

⁴⁹ See HNM April Appeal at 15.

⁵⁰ See HNM ADL (addressing HNM's appeals filed on February 8, 2008 and April 1, 2008).

⁵¹ *Id.* at 2-3.

competitive bidding process in violation of the Commission's competitive bidding requirements.⁵² Specifically, USAC concluded that THN consortium members surrendered control of the competitive bidding process to THN, which then resold the services negotiated under HNM's master contract with MCI WorldCom to THN consortium members.⁵³ USAC also acknowledged that HNM's May 2005 contract with MCI WorldCom included the necessary elements to obtain "evergreen" status,⁵⁴ but found that retroactively designating the contract as "evergreen" would be improper because a conflict of interest existed when the contract was executed.⁵⁵ USAC further concluded that HNM's replacement contract with Qwest contemplated services to be delivered outside of the original contract term and therefore should have been competitively bid.⁵⁶

11. HNM then filed the instant appeal with the Commission requesting that the Commission vacate USAC's February 10, 2009 decision and restore funding for funding years 2003-2007.⁵⁷ In support of its request, HNM argues that the master contract with MCI WorldCom was "evergreen" and exempted consortium members from competitive bidding requirements for the life of the contract.⁵⁸ HNM asserts that the consortium members' statements to potential bidders that they were under contract were therefore accurate responses and did not violate the Commission's competitive bidding rules.⁵⁹ HNM further states that the Qwest replacement contract also complied with the Commission's rules and that it fully intended to engage in another competitive bidding process at the conclusion of the original MCI WorldCom contract term.⁶⁰

12. HNM disputes USAC's determination that THN is a telecommunications or Internet service provider.⁶¹ HNM contends that it entered into contracts with MCI WorldCom and Qwest solely on behalf of the consortium members and neither it nor THN have ever offered or contracted those services to the general public.⁶² HNM also states that THN has never applied for or had a service provider identification number (SPIN) in the universal service program.⁶³ Thus, HNM argues that THN has not engaged in the resale of telecommunications services provided by MCI WorldCom or Qwest.⁶⁴ In response to USAC's finding that several consortium members identified THN as their service provider,

⁵² *Id.* at 3-7.

⁵³ *Id.* at 6. Resale is defined as "an activity wherein one entity subscribes to the communications services and facilities of another entity and then reoffers communications services and facilities to the public (with or without adding value) for profit." *See In the Matter of Regulatory Policies Concerning Resale and Shared Use of Common Carrier Services and Facilities*, Report and Order, Docket No. 20097, 60 FCC 2nd 261, 271, para. 17 (1976).

⁵⁴ *Id.* at 3; 47 CFR § 54.642 (g)(2), (h)(4).

⁵⁵ HNM ADL at 3.

⁵⁶ HNM ADL at 4. *See also supra* para. 5.

⁵⁷ *See* HNM FCC Appeal at 3. *See also supra* n.24.

⁵⁸ *See* HNM FCC Appeal at 1-2.

⁵⁹ *Id.*

⁶⁰ *Id.* *See also supra* para. 9 and n.46.

⁶¹ *See* HNM FCC Appeal at 2. In support of its argument, HNM provides a contract between THN and TORCH outlining the services to be provided to consortium members as well as contracts between HNM and MCI WorldCom and HNM and Qwest on behalf of consortium members, which do not designate HNM or THN as a telecommunications reseller. *See supra* n.1; HNM FCC Appeal at 2-3.

⁶² *See* HNM FCC Appeal at 2.

⁶³ *Id.* at 2-3.

⁶⁴ *Id.* at 2.

HNM explains that THN was a technology service provider to member hospitals in the same capacity as if the member hospitals had a permanent technology person on their staff.⁶⁵

13. Regarding USAC's determination that HNM profited from the services provided under the master contract, HNM explains that, in USAC's analysis of the HNM invoices, there was a separate "HNM Internet account that was included as part of the MCI WorldCom master contract but was not subsidized by universal service funding."⁶⁶ HNM states that, "in retrospect, it should have had a separate contract for its Internet service to provide a clearer accounting view."⁶⁷ According to HNM, removing this account from USAC's analysis shows that HNM was providing a pass through of the charges from the underlying carrier and not profiting from this activity.⁶⁸ Thus, HNM states that USAC's determination that HNM was a reseller because it re-offered service to consortium members for a profit and collected a "brokerage fee" cannot be supported by the correct analysis of the HNM invoices.⁶⁹

14. Finally, HNM questions USAC's reliance on the Commission's *Mastermind Order* for its determination that a conflict of interest existed in the competitive bidding process.⁷⁰ HNM states that the role of the contact person in the rural health care program is very different from the role in the schools and libraries program.⁷¹ In addition, HNM asserts that the *Mastermind Order* was the result of an investigation in the schools and libraries program, not rural health care.⁷²

III. DISCUSSION

15. Consistent with our obligation to conduct a *de novo* review of appeals of decisions made by USAC,⁷³ we find that the service contracts executed on behalf of THN consortium members were not the result of a fair and open competitive bidding process. In particular, we find that the relationship between the THN consortium members' consultant, Mr. Zunke, and HNM, whose contract with the selected service providers was used to provide the services at issue, created a conflict of interest that irreparably undermined the competitive bidding process in violation of rural health care program requirements. We therefore deny HNM's request for review⁷⁴ and direct USAC to continue recovery actions against the THN consortium consistent with this Order.

16. As an initial matter, despite HNM's assertion that THN was not a re-seller, the record demonstrates that THN (through its president, Mr. Zunke) held itself out to consortium members and the general public as a provider of telecommunications and Internet access services.⁷⁵ Specifically, the record shows that (1) several consortium members understood THN to be their service provider (because they contacted THN for service-related problems and received invoices from THN); (2) the consortium members entered into service contracts with THN in which "THN reserve[d] the right to provide the Internet Service directly or provide the Internet Service through an independent Service Provider;" and (3) an independent provider of access solutions, AnyWare Group, Inc., released a press release

⁶⁵ *Id.* at 3.

⁶⁶ *See* HNM FCC Appeal at 2.

⁶⁷ *Id.*

⁶⁸ *Id.* at 2-3.

⁶⁹ *Id.*

⁷⁰ *Id.* at 2-3.

⁷¹ *Id.*

⁷² *Id.*

⁷³ 47 CFR § 54.723.

⁷⁴ *See* 47 CFR § 54.603.

⁷⁵ *See supra* notes 40 and 53.

announcing its partnership with THN in which it described THN as a “technology service provider to health care organizations.”⁷⁶ Although we do not make a finding as to whether THN was or is a service provider based on the record before us we agree with USAC’s determination that it was reasonable for consortium members to identify THN as their full-service telecommunications and Internet access provider. It was also reasonable for potential competitors seeking to bid on providing telecommunications and Internet access services to consortium members to identify THN as a service provider.⁷⁷

17. In addition to THN’s appearance as a service provider, the record shows that Mr. Zunke, as part of his responsibility as president of THN and owner of HNM, also served as the consultant to consortium members as well as the contact person on the consortium members’ FCC Forms 465 between funding years 2001-2007.⁷⁸ A contact person can influence an applicant’s competitive bidding process by controlling the dissemination of information regarding the services requested.⁷⁹ For instance, if the contact person is affiliated with a prospective bidder, the contact person may not provide information to other bidders of the same type and quality that the contact person retains for its own use as a bidder. The contact person also may discourage prospective bidders from submitting a bid or exclude prospective bidders from the bidding process altogether.⁸⁰ Any of these scenarios may significantly affect the submission of bids by other prospective bidders, thereby undermining the applicant’s ability to obtain the most cost-effective service offering.⁸¹ Moreover, contrary to HNM’s assertion that the appearance of a relationship between the service provider and the applicant is inconsequential, we find that even the perception of such a relationship could lead prospective bidders to believe that bidding will not be conducted in a fair and open manner and depress participation in the bidding process.⁸²

18. We are troubled by the multiple roles held by Mr. Zunke in the transactions at issue here. On the one hand, Mr. Zunke, in the role of consultant to the consortium members, was ostensibly acting on their behalf alone. Yet, simultaneously, Mr. Zunke, was acting on behalf of the apparent service provider, with whom the consortium was considering contracting and in which he held an executive position. To preserve the integrity of the competitive bidding process, an applicant’s consultant is subject to the same prohibitions as an applicant itself with regard to the competitive bidding process. Just as an

⁷⁶ See HNM ADL at 5-7; Funding Year 2006 COMAD at 10. See also *supra* n.40.

⁷⁷ See *supra* n.53.

⁷⁸ See Funding Years 2001-2005 COMAD; *supra* n.39. As discussed above, Mr. Zunke also signed each of the consortium members’ FCC Forms 465, 466, and 466-A between funding years 2001-2007. See *supra* para. 6; Funding Year 2006 COMAD at 2. See also, e.g., FCC Form 465, Lamb Healthcare Center (submitted Apr. 22, 2005); FCC Form 466, Lamb Healthcare Center (submitted Nov. 16, 2005).

⁷⁹ *Mastermind Order*, 16 FCC Rcd at 4033, para. 10.

⁸⁰ USAC’s investigation revealed that HNM excluded prospective bidders from the bidding process in funding year 2006. See Funding Year 2006 COMAD at 4-7. As discussed above, this practice undermines fair and open competitive bidding.

⁸¹ For clarity, we note that the scenarios described above are not an exhaustive list of behavior that may be inappropriate for a contact person to engage in during a competitive bidding process.

⁸² See *Mastermind Order*, 16 FCC Rcd at 4033, para. 11 (stating that a prospective bidder may choose not to participate in a competitive bidding process if it believes that the bidding will not be conducted in an open and fair manner) and at n.36 (noting that the appearance of a pre-existing relationship between the competitor/contact person and the applicant could potentially deter a prospective bidder from participating in a competitive bidding process). See also *Request for Review of the Decision of the Universal Service Administrator by Approach Learning and Assessment Center, et al., Schools and Libraries Universal Service Support Mechanism*, CC Docket No. 02-6, Order, 22 FCC Rcd 5296, 5303-04, para. 19 (2007) (concluding that the Commission’s competitive bidding rules were violated because there was a connection between the contact person listed on the FCC Form 470 and the selected service provider).

applicant is prohibited from acting simultaneously as the potential service provider, so too is the applicant's consultant.⁸³ To have the applicant's consultant acting as potential service provider creates an unfair advantage in the bidding process by having access to information that other bidders may not have. Our review of the facts in this case leads us to conclude that HNM's and Mr. Zunke's connection to the THN consortium as its consultant, apparent service provider, FCC Form 465 contact, and FCC Forms 465, 466, and 466-A signatory created a conflict of interest that impeded fair and open competition, as prohibited by Commission precedent, and thus invalidated the service contracts at issue for purposes of receiving rural health care support.⁸⁴

19. We are also troubled by other aspects of the THN consortium's competitive bidding process. In particular, the exclusion of certain types of service providers from the bidding process, as Mr. Zunke has acknowledged to have done, contravened the Commission's competitive bidding rules because it prevented entities from participating in the bidding process.⁸⁵ Further, the solicitation of bids from service providers after initially excluding them from the bidding process and then treating them differently from other bidders was unfair because the bidders responding to the consortium's FCC Forms 465 were not evaluated on a level playing field.⁸⁶ We find that these actions compromised fair and open bidding and thus violated the Commission's competitive bidding rules.⁸⁷ Given these determinations, we need not address the evergreen contract assertions raised by HNM.

20. Finally, we turn to HNM's argument that the Commission's *Mastermind Order* does not apply in this case. HNM claims that the role of the contact person in the schools and libraries program is different from the role of the contact person in the rural health care program, and therefore, USAC's reliance on *Mastermind* for its determination that a conflict of interest existed is misguided.⁸⁸ We are not persuaded by this argument. The principles underlying the *Mastermind Order* and other orders addressing fair and open competitive bidding not only apply to the E-rate program (more formally known as the schools and libraries universal service program), but also to participants in the rural health care program.⁸⁹ Indeed, the mechanics of the bidding processes in the rural health care and E-rate programs are effectively the same. Like the FCC Form 470 in the E-rate program (*i.e.*, the FCC Form inviting

⁸³ Cf. *Request for Review by SEND Technologies, L.L.C. of the Decision of the Universal Service Administrator*, CC Docket Nos. 96-45, 97-21, Order, 22 FCC Rcd 4950, 4952-53, para. 6 (2007) (finding that applicant's 15 percent ownership interest in service provider resulted in a conflict of interest that impeded fair and open competition); *Request for Review by Approach Learning and Assessment Center, Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, 22 FCC Rcd 5296, 5304, para. 19 (2007) (finding that when an applicant gives an entity the ability to control the dissemination of information regarding the service requests and that entity also participates in the competitive bidding process as a prospective service provider, the applicant impairs its ability to hold fair and open competitive bidding process).

⁸⁴ See, e.g., *Mastermind Order*, 16 FCC Rcd at 4032-33, para. 10 (concluding that a competitive bidding violation occurred despite the lack of a specific rule addressing the facts at issue).

⁸⁵ See *supra*, para. 7 and n.36.

⁸⁶ *Id.*

⁸⁷ See 47 CFR § 54.603.

⁸⁸ See HNM FCC Appeal at 3.

⁸⁹ See, e.g., *Comprehensive Review of the Universal Service Fund Management, Administration, and Oversight, Federal-State Joint Board on Universal Service, Schools and Libraries Universal Service Support Mechanism, Rural Health Care Support Mechanism, Lifeline and Link-Up, Changes to the Board of Directors for the National Exchange Carrier Association, Inc.*, WC Docket Nos. 05-195, 02-60, 03-109, CC Docket Nos. 96-45, 02-6, 97-21, Report and Order, 22 FCC Rcd 16372 (2007) (emphasizing the need for uniform application of its rules across all universal service programs); *In the Matter of Rural Health Care Support Mechanism*, WC Docket No. 02-60, Report and Order, 27 FCC Rcd 16678 (2012) (referencing several E-rate orders as support in the establishment of the Health Care Connect Fund's competitive bidding process). See also *supra* n.15.

service providers to submit bids in response to an applicant's request for services), the rural health care program's FCC Form 465 describes the applicant's planned service requirements, as well as other information regarding the applicant and its competitive bidding process that may be relevant to the preparation of bids.⁹⁰ Both forms must be completed by the entity that will negotiate with prospective service providers and signed by a person who is authorized to order the requested services on behalf of the applicant.⁹¹ Both forms also require the applicant to name a person whom prospective service providers may contact for additional information.⁹² As discussed above, this contact person may not be affiliated with a service provider that participates in the bidding process as a bidder.⁹³ An FCC Form 465 that lists as the contact person an employee or representative of a service provider which also participates in the bidding process as a bidder or is ultimately selected to provide the requested services, will be deemed defective and any funding requests arising from that form will be denied.⁹⁴

21. As the administrator of the rural health care universal service support mechanism, USAC is expected to commence recovery actions when it is made aware of a violation of the Commission's rules.⁹⁵ In the instant matter, USAC conducted an investigation into the THN consortium's competitive bidding process after receiving whistleblower complaints in 2006, and acted appropriately pursuant to the investigation's findings. We are deeply concerned about the practices of the type addressed here, which undermine the framework of the competitive bidding process. These practices suppress fair and open competitive bidding and ultimately damage the integrity of the program. HNM has not provided sufficient evidence demonstrating that USAC erred in its decisions and has not otherwise demonstrated compliance with the Commission's competitive bidding requirements.⁹⁶ We therefore deny HNM's appeal and direct USAC to continue its recovery actions against THN for any monies disbursed for the funding year 2001 - 2004 FRNs identified herein.⁹⁷ We also affirm USAC's decision to rescind funding commitments for the funding year 2005 and 2006 FRNs identified herein.⁹⁸

22. We grant, however, Verizon's (formerly d/b/a MCI WorldCom) request for review. Verizon challenges USAC's decision to seek recovery from Verizon of monies awarded pursuant to

⁹⁰ See FCC Form 465; Schools and Libraries Universal Service, Description of Services Requested and Certification Form, OMB 3060-0806 (October 2010) (FCC Form 470).

⁹¹ See FCC Form 465; FCC Form 470.

⁹² *Id.*

⁹³ See *supra* para. 17.

⁹⁴ See, e.g., *Mastermind Order*, 16 FCC Rcd at 4032, para. 9.

⁹⁵ See, e.g., *Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, CC Docket Nos. 96-45 and 97-21, Order, 15 FCC Rcd at 7197, para. 7 (1999) (*Commitment Adjustment Order*) (determining that Congress required the Commission to recover monies erroneously disbursed under the E-rate program); *Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Federal-State Joint Board on Universal Service*, 15 FCC Rcd 22975 (2001) (*Commitment Adjustment Implementation Order*) (establishing procedures for implementing commitment adjustment recovery actions).

⁹⁶ See 47 CFR § 54.603.

⁹⁷ As noted above, USAC did not seek recovery of funds already disbursed for the consortium's funding year 2001 and 2002 applications, based on its understanding that passage of the 5-year document retention period precluded such recovery. See *supra* n.1. We note, however, that the Commission's document retention rules merely refer to the applicant's and service provider's obligation to retain documents for a specified period of time. These rules do not in any way preclude the recovery of improperly disbursed funds beyond that specified timeframe.

⁹⁸ See *supra* n.24. In light of our decision herein, we find that USAC appropriately instructed consortium members to re-post their funding year 2007 FCC Forms 465 with new contact information in order to receive partial funding for funding year 2007.

THN's funding year 2003 and 2004 applications.⁹⁹ Verizon does not dispute USAC's determination that a conflict of interest existed in THN's competitive bidding process, but instead asserts that it had no role in the rule violations committed by THN.¹⁰⁰ Because we find no evidence in the record suggesting that Verizon violated the Commission's competitive bidding requirements or that there was a conflict of interest between THN and Verizon, we find that USAC erroneously sought recovery from Verizon for violations committed by THN.¹⁰¹ We therefore grant Verizon's request for review and direct USAC to discontinue its recovery actions against Verizon for any monies disbursed to Verizon for the funding year 2003 and 2004 FRNs identified herein.

IV. ORDERING CLAUSES

23. ACCORDINGLY, IT IS ORDERED that, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and pursuant to authority delegated in sections 0.91, 0.291 and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291 and 54.722(a), the appeal filed by Hospital Networks Management, Inc., on behalf of the Texas Healthcare Network consortium, Manachaca, Texas, on April 9, 2009, IS DENIED.

24. IT IS FURTHER ORDERED that, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and pursuant to authority delegated in sections 0.91, 0.291 and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291 and 54.722(a), the appeal filed by Verizon Business Services on April 10, 2009, IS GRANTED.

25. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, that USAC SHALL DISCONTINUE its recovery actions against MCI Communications Services, Inc. d/b/a Verizon Business Services, and SHALL SEEK recovery for any monies disbursed under the funding years 2001, 2002, 2003 and 2004 FRNs identified herein from Hospital Networks Management, Inc., d/b/a Texas Healthcare Network, no later than 90 calendar days from the release date of this Order.

26. IT IS FURTHER ORDERED, pursuant to the authority contained in sections 1-4 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154 and 254, and sections 0.91 and 0.291 of the Commission's rules, 47 C.F.R. §§ 0.91 and 0.291, that USAC SHALL RESCIND funding committed for the funding year 2005 and 2006 FRNs identified herein.

⁹⁹ See Verizon Appeal; Appendix. Verizon does not challenge USAC's decision concerning its funding year 2005 and 2006 FRNs.

¹⁰⁰ See Verizon Appeal at 8-9.

¹⁰¹ See *Schools and Libraries Fourth Report and Order*, 19 FCC Rcd at 15255-57, paras. 10-15; *Bell South Order*, 27 FCC Rcd 11208.

27. IT IS FURTHER ORDERED that, pursuant to the authority delegated in section 1.102(b)(1) of the Commission's rules, 47 C.F.R. § 1.102(b)(1), this order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Ryan B. Palmer
Chief
Telecommunications Access Policy Division
Wireline Competition Bureau

Appendix**Texas Healthcare Network Consortium Members¹⁰²**

Health Care Provider Number	Health Care Provider Name	Funding Year	Funding Request Number
14472	Atlanta Memorial Hospital	2004 2005 2006	17752, 17754 18126, 18146 24730, 24731
12685	Bellville General Hospital	2003 2004 2005 2006	13025, 13026 14608, 14644 18410, 18442 24547, 24553
14158	Bowie Memorial Hospital	2003 2004 2005 2006	13059 14575, 16179 18109, 18157 24538, 24549
14142	Brownfield Regional Medical Center	2003 2004 2005 2006	13096 14555, 16184 18601, 18616 24576, 24585
11857	Collingsworth General Hospital	2004 2005 2006	17773, 17771 18259, 18263 24535, 24545
12559	Colorado-Fayette Medical Center	2001 2002 2003 2004 2005 2006	6616 8933 12911, 12912 14585, 16148 18131, 18139 24536, 24546
11200	Culberson Hospital District	2004 2005 2006	15947, 16133 18244, 18291 24533, 24543
15941	D.M. Cogdell Memorial Hospital	2005 2006	21370, 21375 25015, 25021
14465	Dimmitt County Memorial Hospital	2005 2006	19640, 19644 24634, 24648
15942	El Campo Memorial Hospital	2005 2006	21385 25026
16153	Electra Memorial Hospital	2006	25030, 25040
11771	Frio Regional Hospital	2005 2006	19108, 19138 24534, 24544
15943	Gordon Clinic	2006	25027, 25037
14152	Heart of Texas Memorial Hospital	2003 2004 2005 2006	13058 14552, 16181 18123, 18151 24556, 24641
14159	Henderson Memorial Hospital	2003 2004 2005 2006	13060 14580, 16190 18125, 18149 24539, 24550
14477	Kimble Hospital	2004 2005 2006	16695, 16696 18112, 18156 24638, 24644
14965	Laird Memorial Hospital	2005 2006	18248, 18281 24636, 24646

¹⁰² Verizon serviced all but one of the FRNs identified herein. However, as noted above, Verizon requests relief for only its funding year 2003 and 2004 FRNs. See *supra*, n.3. Windstream serviced Sweeny Community Hospital's FRN 11177 in funding year 2003.

14153	Lamb Healthcare Center	2003 2004 2005 2006	13501 14408, 16180 18124, 18150 24557, 24566
13139	Lavaca Medical Center	2002 2003 2004 2005 2006	9706 12909, 12910 14424, 14436 18061, 18066 24537, 24548
14143	Lillian M. Hudspeth Memorial Hospital	2003 2004 2005 2006	13266 14413, 14437 18053, 18070 24577, 24586
14144	Limestone Medical Center	2003 2004 2005 2006	13094 14554, 16185 20389, 20400 25139, 25145
14160	Linden Municipal Hospital	2003 2004 2005	13061 14581, 16178 18126, 18148
13140	Llano Memorial Healthcare System	2002 2003 2004	9705 12907, 12944 14692, 14718
14478	Matagorda General Hospital	2005 2006	21212, 21351 25014, 25020
14479	McCamey Hospital	2004 2005 2006	16327, 16331 18667, 18675 24635, 24647
14114	Medical Arts Hospital	2003 2004 2005 2006	13057 14556, 16183 18239, 18297 24575, 24584
11142	Mitchell County Hospital	2004 2005 2006	14423, 16083 20323, 20327 25137, 25141
14480	Muenster Memorial Hospital	2005 2006	19718, 19827 24540, 24551
14145	Nocona General Hospital	2003 2004 2005 2006	13095 14411, 16186 20325, 20329 25140, 25146
14034	Otto Kaiser Memorial Hospital	2003 2004 2005 2006	13062 14557, 16182 18050, 18073 24573, 24583
16944	Palo Pinto General Hospital	2005 2006	21371, 21376 25028, 25038
13009	Parmer County Community Hospital	2005 2006	21204, 21211 25012, 25019
14481	Pecos County Memorial Hospital	2004 2005 2006	17751, 17753 18068, 18076 24637, 24645
14482	Permian Regional Medical Center	2004 2005 2006	17749, 17750 18113, 18155 24541, 24552
14161	Reagan Memorial Hospital	2003 2004 2005 2006	13080 14443, 14505 18127, 18147 24639, 24643
13777	Reeves County Hospital	2003 2004 2005 2006	13056 14559, 16121 20324, 20328 25138, 25144

14483	Refugio County Memorial Hospital	2004 2005 2006	17747, 17748 18133, 18137 24701, 24781
15945	Santo Clinic	2005 2006	21382, 21386 25029, 25039
13776	Seton Highland Lakes Hospital	2003 2004 2005	12913, 12914 14412, 14438 18063, 18064
14484	Starr County Memorial Hospital	2005 2006	18806, 18903 24702, 24719
13345	Sweeny Community Hospital	2002 2003 2004 2005 2006	9362 11177, 12908 14586, 16122 18062, 18065 24572, 24582
14146	Titus Regional Medical Center	2003 2004 2005 2006	13064 14553, 16187 18054, 18069 24554, 24564
14485	Val Verde Regional Medical Center	2004 2005 2006	17745, 17746 18132, 18138 24542, 24640
14147	Winkler County Memorial Hospital	2003 2004 2005 2006	13093 14410, 16188 18121, 18153 24555, 24565
14148	Wise Regional Health System	2003 2004 2005	13079 14409, 16189 18122, 18152
14035	Yoakum Community Hospital	2003 2004 2005 2006	13063 14558, 14657 18052, 18071 24946, 24961