

## Interim Process to Reduce Duplicate Low Income Support and Rule Changes Adopted by FCC

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On June 21, 2011, the Federal Communications Commission (FCC) adopted an interim process designed to reduce the number of consumers receiving Low Income-supported telephone services from more than one provider. The Low Income program, also known as Lifeline/Link Up, provides federal subsidies to carriers that provide certain services to low income consumers who qualify for the program (typically by demonstrating that they receive other benefits such as food stamps or Medicaid). Under program rules, a person may receive subsidized service from only one carrier.

This rule has proved difficult for carriers to enforce because privacy restrictions prohibit them from comparing subscriber lists in order to prevent duplicate support. Instead, carriers have had to rely on the statements of consumers, which have proved to be an inadequate method of wholly preventing duplicate support. Eventually, the FCC intends to establish a national database to provide a definitive means of removing and avoiding duplicate support. Until this database can be established, the FCC, along with a group of industry participants, has created an interim process to begin weeding out duplicate support.

Under the interim process, select carriers in certain states will provide subscriber lists to the Universal Service Administrative Company (or USAC, the FCC's contractor that administers the federal Universal Service program). USAC will compare the lists and send a letter to each consumer receiving subsidized service from more than one carrier. This letter will instruct the consumer to choose one carrier for the subsidy. If the consumer fails to choose, a previously-determined, randomly-assigned "default" carrier will be assigned to provide the supported service. Carriers not chosen or assigned will be notified, and will have five days to switch the consumer to a regular, full-cost service plan (*i.e.*, de-enroll them from Lifeline support for that service) after which the carrier may no longer seek the subsidy.

The interim order will only resolve one type of duplicate support: same subscriber, multiple subsidized services. It does not seek to resolve the more difficult situation involving multiple subsidized services provided to the same *household*. Historically, the FCC has limited each household to one subsidized line, although this requirement has never been explicit in its rules. Attempting to root out this kind of duplicate support, however, will raise thorny questions about how a household should be defined, including how to handle group homes, unrelated roommates sharing a premises, and homeless shelters. We expect that the FCC will tackle some of these more difficult questions when it issues an order in late summer or early fall 2011 that will address its March 2011 notice of proposed rulemaking (or NPRM) regarding the Low Income program.

That NPRM also proposed the national database mentioned earlier, which will be used not only to remove and prevent duplicate support, but will eventually also become a definitive source for establishing consumer eligibility for the Low Income program. In most states today, carriers must rely on consumer statements of eligibility, just as they do to prevent duplicate support. Given that approximately one-eighth of Americans are now receiving food stamps (one of the most common ways consumers qualify for the Low Income program), the problem is more one of getting consumers' paperwork in order rather than widespread ineligibility. Establishing a database where eligibility information is received directly from the qualifying programs themselves (such as food stamps or Medicaid) would eliminate any doubts about eligibility and bring much needed efficiency to the Low Income program.

Links to the FCC's order adopting the interim process, its guidance letter to USAC, news release and consumer tip sheet are provided below.

Order: [http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2011/db0621/FCC-11-97A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2011/db0621/FCC-11-97A1.pdf)

Guidance Letter to USAC: [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DA-11-1082A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DA-11-1082A1.pdf)

News release: [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-307785A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-307785A1.pdf)

Consumer Tip Sheet: [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-307786A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-307786A1.pdf)

DWT is participating in the industry group that first proposed the interim process, and is working with the FCC to speed its establishment and ensure that its administration is fair. This same group is deeply involved in the process to establish a national database. If you have any questions about the Low Income program, including the interim process, please contact your DWT attorney.

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