

**BEFORE THE  
MISSOURI PUBLIC SERVICE COMMISSION**

In the Matter of a Repository Docket in which to )  
Gather Information about the Lifeline Program and )  
Evaluate the Purposes and Goals of the ) **File No. TW-2014-0012**  
Missouri Universal Service Fund )

**COMMENTS OF TRACFONE WIRELESS INC.**

TracFone Wireless Inc. d/b/a SafeLink (“TracFone”) hereby submits its Comments on the Missouri Public Service Commission’s (“Commission” or “MoPSC”) in response to the Commission’s *Notice of Opportunity to Comment* of July 26, 2013.

**What problems should be addressed in the administration and operation of the Missouri USF?**

As it stated in comments in the previous rulemaking, TracFone opposes the requirement to use a Lifeline application form approved by the Missouri Universal Service Board. TracFone believes this requirement is burdensome and counterproductive. TracFone has put a great deal of time and effort into developing its application form to be as user friendly as possible. Many Lifeline customers have difficulty understanding complex documents, and the new FCC regulations require extensive legal verbiage to meet the certification and disclosure requirements. Further, TracFone must reject an application which has been improperly completed. TracFone has designed its application to ensure the customer understands exactly what they are required to provide in order to obtain Lifeline service. The uniform application form is more likely to result in confusion. For example, the income eligibility check requires the applicant to consult the income guidelines on page two (with reference to a household definition back on page one), then check the applicable box on page one, then enter the

number of household members in a separate box on page two. This may pose difficulties for customers who are unfamiliar with Lifeline.

A uniform application ignores the fact that Lifeline carriers often differ in many ways. Some carriers are prepaid, others post paid. Some offer a discounted, billed service, others offer free service. TracFone's service is free. Nonetheless, in the uniform application form, it is required to collect "billing address" information. Customers are liable to be confused by this, and may think the service isn't free after all.

The uniform application also poses certain data management issues which may not be obvious. The application requires the ETC to collect a DCN. However, without access to a state benefits database of some kind, TracFone has no way to validate the DCN it has been given. A customer could enter a random string of numbers, and TracFone would be unable to identify the information as false. There are other, seemingly minor issues. For example, the application form requests "Full Name" in a single field. All of TracFone's systems (and almost all other databases) divide name information into First Name, Last Name and Middle Initial. This may lead a greater error rate when the data is keyed in. Hyphenated names may be confused with middle names. Applicants may enter their surname first, leading to confusion. This could create problems later when carriers supply this data to the National Lifeline Accountability Database, or if the data is subject to an eligibility audit.

TracFone suggests that the Commission could adopt certain application form requirements, without requiring the use of a specific form. For example, the Commission could adopt a uniform certifications language. The Commission could specify what information must be collected for audit purposes. The Commission could require carriers to provide staff an advance copy of the application.

**Should wireless carriers be required to contribute to the Missouri USF and also be able to receive Missouri USF support?**

TracFone would not object to such a requirement, provided it is clear that such a restriction would only apply to the receipt of state funds, and not federal funding.

TracFone notes, however, that USF support is a subsidy to the end-user, not the carrier.

The carrier is required to pass the full amount of the benefit to the end-user through a reduction in billing, or the provision of free service. Drawing a connection between paying a tax, and providing services to a customer who receives a benefit is illogical.

The state would not, for example, prohibit a medical provider who does not charge sales taxes on his services from providing service to a Medicaid patient whose insurance is funded, in part, by sales taxes.

**Should the eligibility criteria for consumers to qualify for the Lifeline program be expanded? If so, how?**

Missouri may want to clarify the Lifeline eligibility of households which participate in Missouri Health Net for Kids through the State Children's Health Insurance Program ("SCHIP"). The state has designated "Missouri Health Net (f/k/a Medicaid)" as an eligible program. However, Missouri Health Net for Kids provides service to households through both Medicaid and SCHIP. Since SCHIP is an income qualified program, it is eligible for inclusion as a state designated qualifying program under 47 CFR 54.409(a). In fact, at least one state (Texas), has already designated CHIP a Lifeline eligible program. Such a designation would not be an expansion as much as a clarification that all Missouri Health Net household are considered eligible, regardless of the source of funds used to provide assistance to them.

**Do you anticipate the FCC's reforms, when fully implemented, will adequately address fraud, abuse and waste within the Lifeline program? Why or why not?**

The FCC reforms have already demonstrated extremely significant impact. On January 31, 2013, carriers were required to file reports documenting their compliance with the annual verification and non-usage rules. The report demonstrated the dramatic effects of the FCC Lifeline Reform Order. Even many large and established wireline carriers were forced to disconnect more than 40% of their Lifeline subscribers for failure to verify eligibility. Many smaller "fly by night" carriers were virtually wiped out by a combination of non-usage and annual verification disconnections. According to USAC, overall Lifeline disbursements dropped by more than 27% from June 2012 to March 2013. It is likely the introduction of the National Lifeline Accountability Database at the end of this year will have even further impact by reducing duplicate enrollments.

According to the latest information from the FCC the Lifeline Reform Order saved some \$214 million in 2012, despite being in effect for only part of the year. In 2013, it is on track to save \$400 million, and possibly more. The FCC expects cumulative savings to reach \$2 billion by the end of next year.

**What specific compliance efforts would be easy to implement to ensure companies and consumers comply with Lifeline program requirements?**

The Commission should consider a ban on in-person handset distribution upon enrollment in Lifeline. TracFone has filed comments supporting such a measure at a national level with the FCC. The Commission can significantly reduce fraudulent enrollments by requiring ETCs to deliver handsets to the residential address provided in the application. Such a measure will help prevent people from enrolling using assumed or stolen identities.

The Commission should also consider requiring ETCs to retain proof of eligibility documents. The FCC Reform Order requires ETCs to destroy eligibility proof documents after they have been viewed. TracFone has filed comments with the FCC seeking to reverse this policy, and require documents be retained for audit and review purposes. While that request is pending, the Commission could request the FCC waive the document destruction requirement for Missouri, and allow Missouri to require document retention.

**Should the State of Missouri strive to implement a data base to confirm Lifeline subscriber eligibility? If yes, how should it be funded?**

TracFone strongly supports development of a state eligibility database. As the FCC recognized in its Lifeline Reform Order, the most reliable indicator of a Lifeline applicant's eligibility based on enrollment in a qualifying program is a governmental entity's data base of enrolled applicants.<sup>1</sup> Such a measure will save money by reducing waste, fraud and abuse, and make the process of enrolling in Lifeline easier for subscribers who are eligible.

Some states already have such data bases and allow access to ETCs, subject to appropriate privacy protections, to verify whether Lifeline applicants are enrolled in qualifying programs. States which already allow access to state data bases by ETCs to verify Lifeline applicants' program-based eligibility include Florida, Wisconsin, Michigan, Illinois, Arkansas, South Carolina, Washington, Oregon, and New York. Tennessee's system will go live in October and Nevada, North Carolina, Pennsylvania, Maine, Georgia and New Jersey should have their systems online later this year.

Several commenters have pointed out that the FCC is developing a national Lifeline eligibility database. It is highly unlikely, based on our discussions with the FCC to date, that a national solution will be available by the end of the year. Progress on the

national solution has been slowed by a variety of factors, some of which could prove insurmountable.

Furthermore, a database solution is more reliable than accepting documentary proof of eligibility. A customer may present a program participation document for a program which he no longer participates. Medicaid participants enrolled in a managed care program may have a program participation card which is indistinguishable from a private insurance card. Documentary proof can be forged using simple graphics software, such as PhotoShop. Checking eligibility through a state database ensures that only currently eligible customers can be enrolled, and is one of the surest ways to prevent fraud.

Further, a state database will greatly help to reduce customer churn resulting from the FCC mandated annual re-verification. The most recent annual re-verification process resulted in significant customer de-enrollments in Missouri due to failure to verify. In many cases, the customers were eligible, but were unaware of the requirement or failed to submit forms on time. The adoption of a database would allow carriers to simply check the database once a year, and avoid the need to contact every customer and have every customer submit a reply.

Respectfully submitted this 20<sup>th</sup> day of August, 2013.

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<sup>1</sup> *Id.*, at ¶ 97.

## CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been served electronically on the Office of Public Counsel at [opcservice@ded.mo.gov](mailto:opcservice@ded.mo.gov) and on the General Counsel's office at [gencounsel@psc.mo.gov](mailto:gencounsel@psc.mo.gov) this 20<sup>th</sup> day of August 2013.

\_\_\_\_\_/s/ Stephen Athanson

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