

- (ii) Two off-site data centers,
- (iii) Two off-site administrative offices,
- (iv) An off-site data center and the public Internet or another network,
- (v) An off-site administrative office and the public Internet or another network, or
- (vi) An off-site administrative office and an off-site data center.

(2) The supported connections and network equipment must be used solely for health care purposes.

(3) The supported connections and network equipment must be purchased by an eligible health care provider or a public or non-profit health care system that owns and operates eligible health care provider sites.

(4) If traffic associated with one or more ineligible health care provider sites is carried by the supported connection and/or network equipment, the ineligible health care provider sites must allocate the cost of that connection and/or equipment between eligible and ineligible sites, consistent with the “fair share” principles set forth in § 54.639(d).

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#### § 54.638 Upfront payments.

(a) Upfront payments include all non-recurring costs for services, equipment, or facilities, other than reasonable and customary installation charges of up to \$5,000.

(b) The following limitations apply to all upfront payments:

(1) Upfront payments associated with services providing a bandwidth of less than 1.5 Mbps (symmetrical) are not eligible for support.

(2) Only consortium applicants are eligible for support for upfront payments.

(c) The following limitations apply if a consortium makes a request for support for upfront payments that exceeds, on average, \$50,000 per eligible site in the consortium:

(1) The support for the upfront payments must be prorated over at least three years.

(2) The upfront payments must be part of a multi-year contract.

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#### § 54.639 Ineligible expenses.

(a) *Equipment or services not directly associated with eligible services.* Expenses associated with equipment or services that are not necessary to make an eligible service functional, or to manage, control, or maintain an eligible service or a dedicated health care broadband network are ineligible for support.

NOTE TO PARAGRAPH (a): The following are examples of ineligible expenses:

1. Costs associated with general computing, software, applications, and Internet content development are not supported, including the following:

i. Computers, including servers, and related hardware (*e.g.*, printers, scanners, laptops), unless used exclusively for network management, maintenance, or other network operations;

ii. End user wireless devices, such as smartphones and tablets;

iii. Software, unless used for network management, maintenance, or other network operations;

iv. Software development (excluding development of software that supports network management, maintenance, and other network operations);

v. Helpdesk equipment and related software, or services, unless used exclusively in support of eligible services or equipment;

vi. Web server hosting;

vii. Web site portal development;

viii. Video/audio/web conferencing equipment or services; and

ix. Continuous power source.

2. Costs associated with medical equipment (hardware and software), and other general health care provider expenses are not supported, including the following:

i. Clinical or medical equipment;

ii. Telemedicine equipment, applications, and software;

iii. Training for use of telemedicine equipment;

iv. Electronic medical records systems; and

v. Electronic records management and expenses.

(b) *Inside wiring/internal connections.* Expenses associated with inside wiring or internal connections are ineligible for support under the Healthcare Connect Fund.

(c) *Administrative expenses.* Administrative expenses are not eligible for support under the Healthcare Connect Fund.

NOTE TO PARAGRAPH (c): Ineligible administrative expenses include, but not limited to, the following expenses: