

Consumer Watch

Reachout Wireless, a "government supported program for income eligible households."

Background on Reachout Wireless and the Lifeline/Link-Up America

Programs:

Reachout Wireless does not appear to be a scam, however, consumers should be wary, as always, when signing up for phone service. Reachout is a service of its parent company, Nexus Communications aka TSI Home Phone Services, of Columbus, Ohio. Notably, TSI Home Phone Service currently holds an "F" rating from the Better Business Bureau (BBB). However, the complaints against TSI/Nexus may relate to services not associated with subsidized cell phone plans, such as land lines or standard cell phone service. Also, the volume of business provided by TSI/Nexus may be a reason for the high number of complaints.

Under Congressional mandate, the federal Universal Service Fund (USF) supports the Lifeline Assistance and Link-Up America programs. These programs provide discounts on basic monthly service and initial installation or activation fees for telephone service at the primary residence to income-eligible consumers. This program also helps low-income people to obtain cellular phone service. The Federal Communications Commission (FCC), with the help of the Universal Service Administrative Company (USAC), administers the USF.

The Reachout Cell Phone Plan:

The two requirements of eligibility of the discounted plan are that: (1) Customer is not currently receiving any other subsidized phone service from the government; (2) Customer is a beneficiary of one of the following programs: Medicaid, Food Stamps, Supplemental Security Income (SSI), Federal Public Housing Assistance (Section 8), Low-Income Home Energy Assistance Program (LIHEAP), Temporary Assistance to Needy Families (TANF), or The National School Lunch Program's Free Lunch Program.

Applicants who qualify must submit an application (including their social security number) to Reachout and if approved, will receive a cellular phone free of cost within 5-7 business days. Each month, Reachout participants will have 50 minutes of cellular minutes, which rollover to the next month if not used. If a subscriber wants to add additional minutes, they can purchase cards at CVS, Walmart or other merchants in addition to obtaining them through Reachout's website or toll-free number. The following is a breakdown of price: \$5 - 25 min, \$10 - 33 min, \$20 - 200 min, \$30 - 750 min. The higher the amount of the card purchased, the lower cost per minute of talk time.

There is nothing to indicate that the Reachout service is a scam, as it is FCC-certified "Eligible Telecommunications Carrier." The BBB justified its "F" rating to TSI Home Phone Service (Nexus) by noting that in the past 36 months, there have been:

- 127 complaints filed against business
- 2 serious complaints filed against business.
- Advertising issue(s) found by BBB.
- Length of time business has taken to resolve complaint(s).

The BBB website notes that consumers should take into account the volume of service provided by a carriers when considering the number of complaints filed. It is unknown whether the complaints are primarily for the landline services or for cellular service. Because of the low rating from BBB, customers should be particularly cautious about the service provided. In conclusion, the fact that the Reachout service is backed by the Lifeline and Link-Up programs under FCC program guidelines, this service does not appear to be a scam.