

**Technology and Equipment Committee
Agency Report
Petition for No Conversions of Fixed PET Scanners to Mobile PET Scanners
Through Policy TE-1 in the
Proposed 2016 State Medical Facilities Plan**

Petitioner:

Alliance Healthcare Services

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Request:

Petition for an Adjusted Need Determination for No Conversions of Fixed PET Scanners to Mobile PET Scanners in the 2016 State Medical Facilities Plan.

Background Information:

Chapter Two of the *North Carolina Proposed 2016 SMFP* allows for “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” The *SMFP* annual planning process and timeline allow for submission of petitions for changes to policies and methodologies in the spring and petitions requesting adjustments to need projections in the summer. This petition is requesting no conversions through Policy TE-1 for the *2016 SMFP*.

As background, in the spring of 2014 the State Health Coordinating Council (SHCC) received three petitions related to the Positron Emission Technology (PET) equipment in Chapter 9 of the *SMFP*. At that time, the petitioners requested that the SHCC consider developing a policy for the conversion of fixed to mobile PET scanners. In response to these petitions, the Division of Health Service Regulation developed a draft Policy TE-1 based on the information provided by all three petitioners and by stakeholder feedback. Policy TE-1 was further revised based on feedback during the summer cycle for the *2015 SMFP*. The final policy was included in the *2015 SMFP*. To date there has been one review period since the policy was established, with one provider receiving conditional approval for a certificate of need that at the earliest would be in effect October 3, 2015.

In addition, Policy TE-1 changed the service areas of mobile scanners from east and west to a statewide service area. This modification provided new applicants the flexibility to move scanners to all areas of the state. As a result of this change, the existing provider was granted a Material Compliance approval on March 31, 2015 and a Declaratory Ruling on July 17, 2015 to change the east and west health service areas for the existing scanners to the new statewide area as outlined in Policy TE-1.

Analysis/Implications:

Currently, there is no need methodology for mobile PET scanners. Table 9M(1) indicates a capacity of a mobile scanner as 2,600 procedures. However, historical discussions, including the Mobile PET Stakeholder Meeting on 2/5/2014, have suggested the threshold should be lower and is closer to 2,400 procedures (80% of a fixed scanner’s capacity of 3,000 procedures). The impact of using this threshold and applying it to the current total scans is shown in Table 1 below. The data indicates a need for 2.45 scanners. Since there is no methodology and this data assumes 100% capacity, rounding the calculation to three scanners is reasonable.

Table 1: Proposed 2016 SMFP Mobile PET Procedures

	Procedures	No. of Scanners (2,400 Capacity)*
Alliance I	3,033	2.45
Alliance II	2,837	
Total	5,870	

Source: Proposed 2016 SMFP

**SMFP Table 9M(1) uses 2,600 scans for mobile PET capacity; Eighty percent of 3,000 scans for fixed PET is 2,400, which is arguably a better capacity threshold for mobile PET than 2,600 per historical discussions.*

There are two existing scanners and a fixed to mobile scanner conversion pursuant to Policy TE-1 that has received a conditional approval from certificate of need (CON). These constitute the three scanners needed for the current number of procedures. It has been frequently noted in discussions regarding PET scanners, that utilization - for either fixed or mobile - has demonstrated very little growth. However, the two existing mobile PET scanners are over-capacity and patient access is impacted as a result. Using the 2,400 threshold, both units, have been over capacity every subsequent year since the 2009 SMFP, with the exception of Alliance II in the 2009 SMFP as shown in Table 2 below.

Table 2: Annual Procedures on Mobile Units, 2009 SMFP- Proposed 2016

SMFP Year	Alliance I (formerly mobile unit west)	Alliance II (formerly mobile unit east)
2009	2,826	2,036
2010	3,196	2,619
2011	2,821	2,437
2012	2,861	2,550
2013	3,066	2,650
2014	2,760	2,811
2015	2,933	2,858
Proposed 2016	3,033	2,837
Average	2,937	2,600

Sources: 2009-2015 SMFPs; Proposed 2016 SMFP

Since the two existing machines are far above capacity, they may not be providing adequate access at all sites across the state.

The conditionally approved certificate of need applicant, Novant Health, Inc., proposes that the converted mobile scanner will provide PET services to seven different sites. Of those, two are new sites that have no existing PET services as seen in Table 3 below. The applicant projects the total number of scans in the first year of service will be 1,938. The two new sites comprise approximately 33% of the projected utilization for the mobile scanner in the first year of service.

Table 3: Projected Mobile PET Totals for Sites for Policy TE-1 Mobile Scanner Policy

	FFY 2016	FFY 2017	FFY 2018
Novant Health Kernersville Medical Center**	556	566	575
Novant Health Rowan Regional Medical Center	316	316	316
Novant Health Huntersville	454	454	681
Novant Health Matthews Medical Center	237	474	474
Novant Health Thomasville Medical Center	135	135	135
Lenoir Memorial Hospital	163	163	163
Morehead Memorial Hospital**	77	102	128
Totals	1,938	2,210	2,472

Source: Novant Health Certificate of Need Application pursuant to Policy TE-1

***New Site not currently receiving service*

In reviewing the projected totals, the applicant also estimates this unit may be at capacity (2,400 procedures) in the third year of service. While PET utilization growth may be flat, there are areas without access that still have capacity in NC as evidenced by the Data in Table 3.

In comparing the estimated procedures per site, it is useful to review the number of procedures currently being performed at those sites. The CON applicant projects they will be able to perform a total of 490 more procedures in the first year of operation than was performed at the same sites in the *Proposed 2016 SMFP*. Therefore, it appears there is more demand for PET services at existing sites as well.

Table 4: Historical PET Procedures Totals, 2014 SMFP – Proposed 2016 SMFP

	2014 SMFP	2015 SMFP	Proposed 2016
Novant Health Kernersville Medical Center**	N/A	N/A	N/A
Novant Health Rowan Regional Medical Center	267	216	239
Novant Health Huntersville	211	197	218
Novant Health Matthews Medical Center	106	134	119
Novant Health Thomasville Medical Center	91	97	85
Lenoir Memorial Hospital	150	170	154
Morehead Memorial Hospital**	N/A	N/A	N/A
Totals	825	814	815

Sources: 2014 SMFP, 2015 SMFP; Proposed 2016 SMFP

**New Site not currently receiving service

Considering the changes Policy TE-1 will have on the statewide mobile PET utilization, it is important to look into the future. Table 5 below is projected data that assumes the following:

1. The number of procedures proposed at the seven sites in the CON application is reasonable.
2. The existing provider will no longer provide services to the sites proposed by the applicant in the Policy TE-1 CON application.
3. The existing provider maintains at existing capacity as in the *Proposed 2016 SMFP*.

Table 5: Projected FFY 2018 Procedure Totals on Three Mobile Scanners

	Procedures	No. of Scanners (2,400 Capacity)*
Alliance I	2,372	3.14
Alliance II	2,683	
Novant Health I	2,472	
Totals	7,527	

Sources: Proposed 2016 SMFP; Novant Health Certificate of Need Application for TE-1

*SMFP Table 9M(1) uses 2,600 scans for mobile PET capacity; Eighty percent of 3,000 scans for fixed PET is 2,400, which is arguably a better capacity threshold for mobile PET than 2,600 per historical discussions.

Note: The Proposed 2016 SMFP procedures associated with the proposed sites listed in the Novant Health CON application were subtracted from the Alliance I and Alliance II units.

Applying all of the assumptions to the data indicates the likelihood of requiring more than 3 scanners by the third year of operation of the Policy TE-1 mobile scanner. This projected calculation is low; it subtracts out the procedures performed on the existing units that are proposed to be shifted to the converted scanner, but assumes no growth in the existing scanners, even with increased capacity.

Agency Recommendation:

The data suggests significant changes in the next few years in mobile PET in North Carolina. The aforementioned estimates indicate the possibility of needing more capacity than is currently existing or even proposed. Given the potential need for another mobile scanner in the next few years, the agency will continue to monitor and re-evaluate annually applicants for Policy TE-1, PET utilization, and site distribution. The agency considered all available information and comments submitted by the August 14, 2015 deadline date for comments on petitions. In consideration of factors discussed above, the agency recommends this petition be denied.