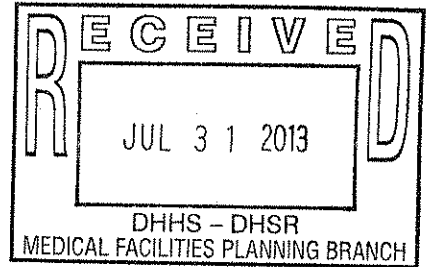


TO: North Carolina State Health Coordinating Council
Division of Health Service Regulation
Medical Facilities Planning Section
2714 Mail Service Center
Raleigh, NC 27699-2714

FROM: David J. French
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**RE: Comments Regarding Draft 2014 State Medical Facilities Plan and
"Optimum balance and distribution of mobile PET scanning services"**

Alliance Healthcare Services, Inc. ("Alliance Healthcare") supports the standard methodology of the Draft 2014 SMFP that relates to Positron Emission Tomography ("PET") scanners and agrees with the decision by the State Health Coordinating Council to make no changes to the methodology and promulgate no need determinations for PET.

The PET methodology and planning analysis could be strengthened in future years by:

- Determining if it is reasonable and consistent to develop a need methodology for mobile PET as well as similar need methodologies for mobile Cardiac Catheterization, mobile MRI, and mobile Lithotripsy.
- Evaluating the locations of fixed and mobile PET scanners in relationship to linear accelerators to determine if the service areas for these related technologies should be aligned or jointly evaluated.
- Discussing whether a minimum annual scan volume performance standard for newly proposed mobile PET sites should be included in the methodology and / or administrative PET rules.
- Including representatives from Alliance Healthcare in the membership of any workgroups that are tasked with discussing potential changes to the need methodologies for PET, MRI and other technologies.

Alliance Healthcare is also concerned regarding the statement included in the Technology and Equipment Agency Recommendation regarding the Draft 2014 SMFP "... *the optimum balance and distribution of mobile PET scanning services may not be in place.*" This comment is unsupported and was not based on any factual analysis of the distribution and utilization of all North Carolina fixed PET and mobile PET host sites.

The maps on the following pages demonstrate that the two mobile PET/CT scanners operated by Alliance Healthcare provide a favorable balance and distribution of mobile PET scanner services. Over the past ten years, the total number of PET sites served by mobile scanners has increased from thirteen sites to twenty-nine sites. Service to rural counties with populations of less than 100,000 persons has expanded from four sites to nine sites in the western service area and from three sites to six sites in the eastern service area. Soon, an additional PET host

site in Vance County will increase the number of host sites in rural counties in the eastern PET service area to seven. The number of mobile sites in counties with populations greater than 100,000 has also increased over time but has remained balanced and proportional to the mix of originally-approved mobile PET host sites.

This evenhanded approach to providing mobile PET/CT scanning service in North Carolina has been highly successful in providing quality service, enhancing access and ensuring continuity of service:

- Alliance Healthcare has delivered high quality PET/CT service with excellent staff training and continuous compliance with accreditation and regulatory standards.
- Alliance Healthcare has enabled numerous hospitals in both rural and urban counties to initially implement mobile PET service and then transition to fixed PET when CON approvals were granted.
- Alliance Healthcare has committed the resources to provide back-up inventory of out-of-state mobile PET/CT as temporary replacement service when a NC mobile PET/CT scanner requires maintenance and repairs.

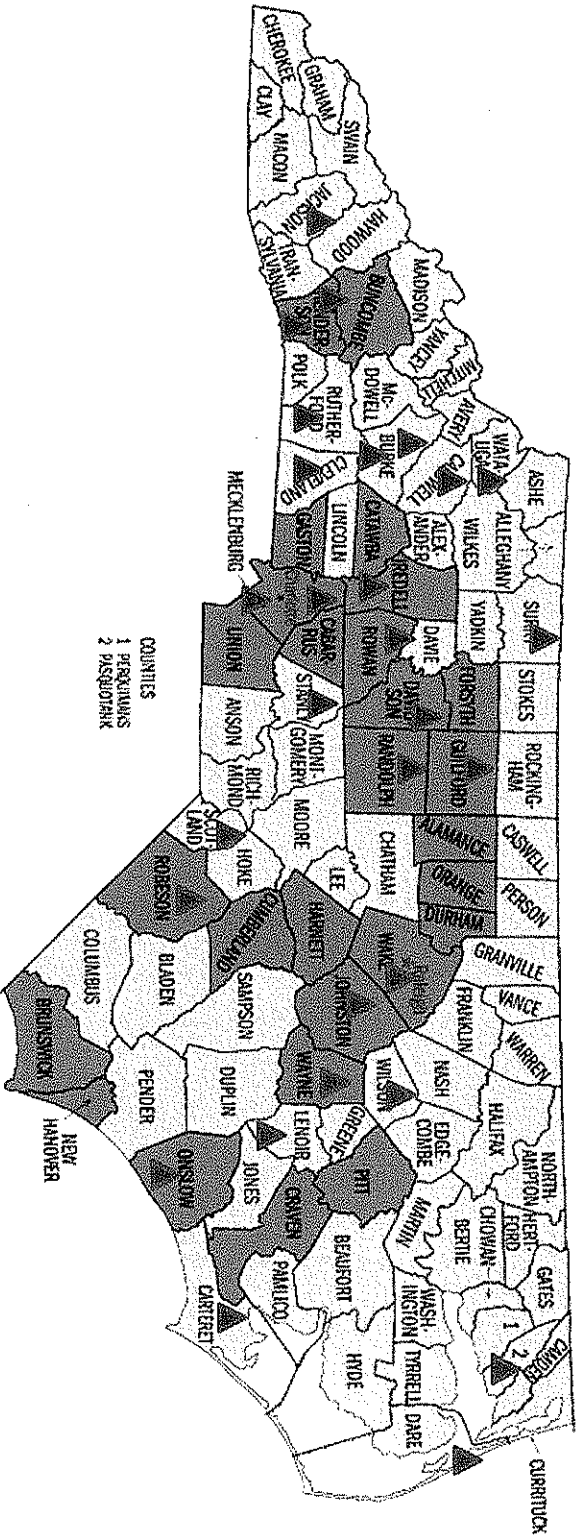
Currently, there are very few hospitals in North Carolina providing cancer treatment services where patients lack access to fixed or mobile PET service within the same county. One additional mobile PET host site (at Maria Parham Hospital in Vance County) will be added in the eastern MRI service area based on the recent approval of a Declaratory Ruling request. Alliance Healthcare is committed to continue to seek to enhance service levels and make schedule adjustments in response to the needs of client facilities.

Fixed PET scanners, located mostly in the urban counties, now total 27 units and performed a combined total of less than 33,000 procedures in the previous year, which represents 44.41 percent of capacity. The continued decline in total fixed PET utilization, beginning in 2009-10 at these facilities, has not yet reversed. Low utilization and excess capacity for some fixed PET scanners will remain an issue for years to come regardless of the number of mobile PET scanners operating in North Carolina. Furthermore, the current excess fixed PET scanner capacity could not be remedied by moving a few mobile PET sites away from urban centers to the rural counties because the volumes served at these few mobile sites in urban counties are comparatively small.

Please consider that each of the fixed PET facility locations and mobile PET host sites included in the SMFP inventory has obtained all the necessary regulatory approvals, which took into consideration the PET scanner service locations at the time of the decisions. Any additional new mobile PET host sites or location changes for fixed PET scanners have required additional regulatory approvals. Therefore, the current inventory and service locations are outcomes of the decisions of the State Health Coordinating Council, the CON Section and the Division of Health Service Regulation. Other than the service area definitions and the presence or absence of need determinations, there are no planning criteria or CON review criteria that define an "optimum and balanced distribution" of fixed or mobile PET services.

Alliance Healthcare understands that changes in policies, service area definitions and methodologies are issues that are typically addressed in the spring of each planning year. However, the statement "...the optimum balance and distribution of mobile PET scanning services may not be in place" is unsupported and ignores previous CON approvals and the Declaratory Rulings that have led to the current distribution of fixed and mobile PET service in North Carolina.

North Carolina Map With Approximate Locations of Mobile PET Host Sites (2011-2012)



▲

Alliance Western Mobile PET 18 Sites

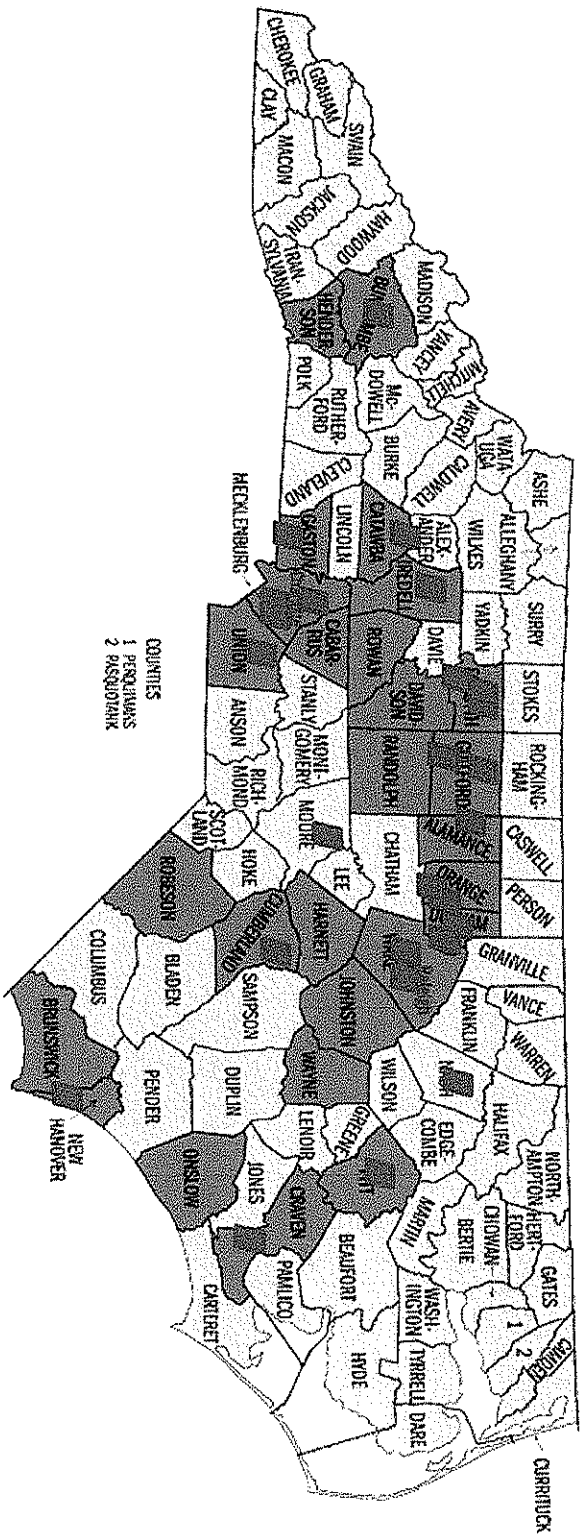
9 sites in counties < 100,000 pop.
9 sites in counties > 100,000 pop.

▲

Alliance Eastern Mobile PET 11 Sites

6 sites in counties < 100,000 pop.
5 sites in counties > 100,000 pop.

North Carolina Map With Approximate Locations of Fixed PET Facilities (2011-2012)



The mobile PET host sites that were included in the original CON application for the western PET scanner were:

- Cleveland Regional Medical Center (Cleveland County) with less than 100,000 population;
- Grace Hospital (Burke County) with less than 100,000 population;
- Valdese Hospital (Burke County) with less than 100,000 population;
- Watauga Hospital (Watauga County) with less than 100,000 population;
- High Point Medical Center (Guilford County) with over 100,000 population;
- NorthEast Medical Center (CMC-NorthEast in Cabarrus County) with over 100,000 population;
- Rowan Regional Medical Center (Rowan County) with over 100,000 population; and
- Alamance Regional Medical Center (Alamance County) with over 100,000 population.

The western mobile PET originally served the same number of counties with populations less than 100,000 persons as counties with greater than 100,000 populations. Today, the western PET scanner still serves an equal number of sites in counties with populations less than 100,000 persons and counties with greater than 100,000 populations.

The mobile PET host sites that were included in the original CON application for the eastern PET scanner were:

- Nash General Hospital (Nash County) with less than 100,000 population;
- Albemarle Hospital (Pasquotank County) with less than 100,000 population;
- FirstHealth Moore Regional (Moore County) with less than 100,000 population;
- Southeastern Medical Center (Robeson County) with over 100,000 population; and
- Wayne Memorial Hospital (Wayne County) with over 100,000 population.

The eastern mobile PET originally served a higher number of counties with population less than 100,000 as compared to counties with populations over 100,000. Today, the eastern mobile PET still serves a higher number of counties with populations less than 100,000 persons as compared to counties with greater than 100,000 populations. Alliance Healthcare recently obtained a Declaratory Ruling to add another host site (Vance County) to the eastern route for a total of seven (7) sites in the more rural counties and only five (5) sites in counties with populations of more than 100,000 persons.

	Western Region		Eastern Region	
	Sites in Counties with Less than 100,000 Population	Sites in Counties with Population Over 100,000	Sites in Counties with Less than 100,000 Population	Sites in Counties with Population Over 100,000
Original	4	8 4	3	5 2
Current	9	18 9	7	12 5

In summary, Alliance Healthcare has maintained a balance of mobile PET host sites in urban and rural counties that is consistent with the representations that were included in the approved CON applications. Alliance Healthcare is dedicated to providing mobile PET services in full compliance with all applicable regulations throughout North Carolina. Thank you for your consideration and the opportunity to share information.