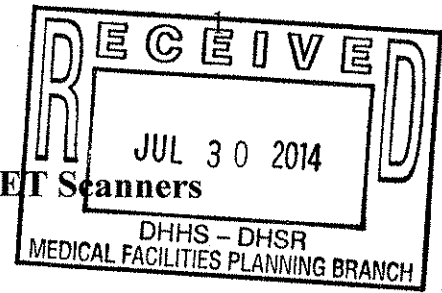


**Novant Health/MedQuest Public Hearing Comments  
Regarding Draft SMFP 2015  
Policy TE-1: Conversion of Fixed PET Scanners to Mobile PET Scanners  
July 30, 2014 - Raleigh**



**INTRODUCTION**

Good afternoon, my name is Barbara Freedy, Novant Health's CON Director. First, Novant Health would like to express appreciation to the SHCC and the DHSR Planning staff and commend them for their work on gathering input and proposing a pathway to modernize how mobile PET scanners are deployed in North Carolina. The mobile PET status quo has not changed for a dozen years. Policy TE-1 in the draft 2015 State Medical Facilities Plan provides a solid beginning. This is a tremendous step forward for the benefit of North Carolina citizens.

SMFP Policy TE-1 is not a radical proposal for North Carolina in terms of using mobile methods to make important healthcare technologies more accessible to local communities. Mobile healthcare services regulated and managed today under the SMFP framework include MRI scanners, cardiac catheterization units, lithotripters, and mobile PET/CT scanners. Both mobile PET and mobile MRI have many clinical and operational similarities including an imaging unit in a trailer with a cab, the purchase of contrast to be used with the imaging, a driver to move the unit from host site to host site, on-board technologists to perform the scans, and service agreements between the mobile technology vendor and each host site. The same mobile pad that supports mobile MRI technology at host sites can be used to support mobile PET technology.

Today, MedQuest, a division of Novant Health, operates the second-largest mobile MRI program in North Carolina and is experienced at delivering cost effective, efficient, and quality mobile imaging services. We are confident that as a result of Policy TE-1, the ability to substantially reduce costs associated with the availability of new mobile PET services is possible. Based on our preliminary financial assessment, MedQuest/Novant Health could provide mobile PET service, including all necessary operational expenses, at a cost per PET scan that is **more than 50% lower** than our current contracted rates.

Novant Health and MedQuest support the inclusion of Policy TE-1 in the 2015 SMFP. In particular, Novant and MedQuest support the Policy language proposed in Conditions 1 (operate the mobile PET at the facility for which it was originally CON-approved), 2 (move the mobile PET weekly), and 3 (provide mobile service to one of 47 rural counties) of the mobile PET conversion policy and the creation of a statewide mobile PET service area for all mobile PET providers. In addition, Novant Health and MedQuest respectfully ask the SHCC to consider one recommended change to the language of condition #4 of SMFP Policy TE-1 which requires that new mobile PET providers not serve counties with existing fixed PET/CT scanners.

Today, Alliance Imaging provides mobile PET services in at least 3 counties (Wake, Mecklenburg, and Guilford) with fixed PET scanners. Thus, Condition #4 of the proposed draft 2015 SMFP Policy TE-1 has the unintended consequence of giving the sole existing mobile PET vendor greater operational flexibility in the geographies that can be served than would be afforded to new mobile PET market entrants. This may unintentionally weaken the impact of competition and beneficial choice for providers seeking to contract for the first time for mobile PET services or add more mobile PET days of service.

We are proposing supplemental language to be added to Policy TE-1 Condition #4 that would allow a provider proposing to convert a fixed PET to a mobile PET the ability to serve its own related and affiliated entities in any county regardless of whether there is an existing fixed PET scanner in that county.

The language of Policy TE-1, Condition #4 could be supplemented as follows:  
“...the converted mobile PET scanner...shall not serve any mobile host facility in a county where any existing or approved fixed PET scanner is located, except as required by subpart (1) above...*or except if the mobile PET host site is an owned, related, or affiliated entity of the mobile PET vendor or its parent organization.*”

We believe that the goal of increasing mobile PET access in rural areas and allowing health networks like Novant Health and others to serve their own hospitals and facilities are complementary goals that can successfully co-exist – they do not need to be mutually exclusive. One of the principles of the CON program is cost control. Providers are encouraged to look for ways to reduce cost whenever possible, and to make the most of their existing resources.

Under the current language of Condition #4, if Novant Health applies to convert one of its two fixed PET scanners in Forsyth County, it would be unable to serve its own satellite hospitals in Matthews and Huntersville in Mecklenburg County. The current mobile PET schedule for both Huntersville Medical Center and Matthews Medical Center is about 1.5 days per month at each facility. Novant Health Huntersville Medical Center and Novant Health Matthews Medical Center have requested additional mobile PET time and have been denied due to lack of capacity on the existing Alliance mobile PET scanner. Under Condition #4 as written, a new Novant Health mobile PET could not meet the need for more days of mobile PET service at Huntersville

and Matthews, and would be compelled to continue to contract with an outside third party vendor. Both these hospitals have or will have by Q1 2015 linear accelerators on their campuses, so they will make good use of expanded access to mobile PET imaging services in caring for cancer patients.

**RESPONSE TO CONCERNS EXPRESSED BY ALLIANCE IMAGING**  
*Growth in Annual Mobile and Fixed PET Scan Volumes Support*  
*Conversion of Fixed PET Scanners to Mobile*

Alliance Imaging has expressed concerns that both mobile PET Scans and Fixed PET scans are not growing. These concerns are misplaced, in light of the historical data. The data indicates that PET volumes are growing and that in 17 of the past 22 years fixed PET scans have had positive year to year growth rates. In the last year (FFY 2012 to FFY 2013), fixed PET volumes actually increased by 2.5%. The fixed PET volume for Novant Health Forsyth Medical Center was incorrectly entered in the draft 2015 SMFP as 1,560 procedures instead of 2,560 procedures as reported on its 2014 Acute Care Hospital Licensure Renewal Application<sup>1</sup>. Mobile PET volumes increased by 3.9% last year despite the limitations of only two mobile PET units to serve all of North Carolina.

The two AI mobile PET units have exceeded the annual capacity defined by the State for numerous years. The eastern region PET has exceeded the 2,600 procedure threshold for the last three reporting cycles (FFY 2011 –FFY 2013) operating at 102% to 110% of capacity. The western region PET has exceeded the threshold for the last seven reporting cycles (FFY 2007 – FFY

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<sup>1</sup>DHSR Planning Section staff has been notified about this data entry error in Table 9L of the 2015 Draft SMFP.

2013) operating at 108% to 123% of capacity. For obvious reasons, Alliance would prefer to maintain the status quo and continue being the sole provider of mobile PET services in North Carolina.

Also, there are several qualitative factors that support the future growth of PET/CT scan diagnostic imaging, which are fully outlined in our written submission, but to name a few include the following:

- The Advisory Board's Oncology Roundtable is projecting that PET/CT scan utilization will grow 55% over the next ten years
- Aging baby boomers will increase cancer incidence, which in turn will drive up oncology imaging such as PET/CT scans
- Recent payment changes by CMS, which are typically followed by private payers, may also drive PET/CT scan growth, including CMS's recent advisory that up to three PET/CT scans per patient would be covered<sup>2</sup>

***Draft 2015 SMFP Policy TE-1 Will Not Increase the Total Number of Fixed and Mobile PET Scanners***

The mobile PET conversion policy will not increase the total equipment inventory of fixed and mobile PET scanners in North Carolina. Rather the proposed expansion of mobile PET services would allow existing North Carolina fixed PET providers to undertake a conversion only of an existing or approved fixed PET/CT scanner to a mobile PET scanner via an SMFP-defined process and a subsequent CON Application. Any existing fixed PET provider that chooses to convert its equipment to a mobile PET unit will be required to file a certificate of need and further document the need for the proposed

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<sup>2</sup> See [AuntMinnie.com](http://AuntMinnie.com) for article entitled "CMS bends on oncology PET coverage, will pay for 3 scans," (6/12/2013) See also Attachment B.

service prior to receiving approval for such project from the Certificate of Need Section. Alliance's concerns regarding duplication of services are without basis and clearly seek to protect its current position as the only mobile PET provider in the State of North Carolina.

***SMFP Policy TE-1 Does Not Trigger the Need to Make Changes To the Existing CON PET/CT Scanner Regulations***

Alliance has raised concerns about the need to amend the administrative rules as a result of the conversion policy. The current administrative rules for mobile PET scanners would apply to any certificate of need application in this case and more than sufficiently address the issues related to mobile PET services. Contrary to Alliance's assertions, we believe there is absolutely no reason for the administrative rules to be amended based on the inclusion of the Policy TE-1 in the 2015 SMFP. Moreover, these are the same CON rules under which Alliance was approved for its two existing mobile PET/CT scanners.

**CONCLUSION**

In closing, the Technology & Equipment Committee and the DHSR Planning and CON staff has worked diligently and effectively to present a comprehensive set of recommendations for public review and comment. The majority of the recommended changes for the expansion of mobile PET technology will have a positive impact on the residents of North Carolina and healthcare providers across the State. Novant Health and MedQuest respectfully request that the committee members amend the language Policy TE-1, Condition #4 allow a new, proposed mobile PET provider the ability to serve its related and affiliated entities in any county (including counties with approved and/or an existing fixed PET service), as part of the final language in

2015 SMFP Policy TE-1 that will be forwarded to the Governor for signature at the end of 2014. Thank you for your time and consideration.

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