

Comments of neo pet, llc Regarding the Mobile PET Scanner Need

Public Hearing for the Proposed 2011 North Carolina State Medical Facilities Plan

DFS HEALTH PLANNING
RECEIVED

August 2, 2010 at 1:30 p.m.

Jane S. McKimmon Center

AUG 02 2010

MEDICAL FACILITIES
PLANNING SECTION

Good afternoon. My name is Carla Miraldi. I am the President and Chief Financial Officer of neo pet, llc. neo pet is an Ohio limited liability company that has provided fixed and mobile PET/CT scanners to hospitals and other health care providers for the past 10 years. neo pet has an affiliated company that has provided mobile nuclear medical services for more than 25 years, and two other affiliated companies that provide web solutions, software imaging, and research operations for the development of radiopharmaceuticals. neo pet has worked with Womack Army Medical Center over the past two years to provide mobile PET/CT services at Fort Bragg.

Today, I would like to present a brief overview of a petition that neo pet will submit to the Medical Facilities Planning Section requesting an adjustment to the need determinations for mobile PET scanners in the 2011 State Medical Facilities Plan. The plan currently states that there is no need for an additional mobile scanner anywhere in the state. neo pet will request a need determination for one additional mobile dedicated PET scanner for the west mobile PET scanner planning region of North Carolina (which is Health Service Areas 1, 2 and 3).

The justifications for neo pet's petition are twofold. First, rural hospitals and patients in the western part of the State are underserved and lack access to PET services. Second, there currently is only one mobile PET scanner for the western part of North Carolina and it is

operating well above capacity. This excess utilization only serves to exacerbate the lack of access to PET services for rural patients and hospitals.

With respect to lack of access, the existing mobile PET scanner currently serves 18 hospitals, according to a recent declaratory ruling request submitted by its operator. neo pet informally surveyed some of the hospitals that utilize the existing mobile PET scanner and learned that some of the hospitals receive PET services on a schedule of only half-a-day every other weekend, while others receive one weekday of service every other week or less. The limited availability of PET services makes it difficult for hospitals to build a successful PET program. Surveyed hospitals and physicians reported to neo pet that they have to refer patients elsewhere because the patients are not always able to wait for the existing mobile PET scanner to return to the hospital on its scheduled day. This results in patients being forced to travel between 45 to 90 minutes one way for PET services. Many times the patients' trips for PET services are made multiple times due to the need for multiple PET scans. The upshot is that these patients experience significant unnecessary inconvenience, and often discomfort, in order to obtain the emerging standard of care.

With respect to the excess utilization, the existing mobile PET scanner is currently operating above the capacity set forth in the draft 2011 SMFP for mobile PET scanners. The draft 2011 SMFP states that capacity for a mobile PET scanner is 2,600 procedures per year. For fiscal year 2009, the existing mobile PET scanner performed 2,821 procedures, which is approximately 109% of the scanner's capacity. Furthermore, for fiscal year 2008, the existing mobile PET scanner performed 3,196 procedures, which is approximately 123% of the scanner's capacity.

The draft 2011 SMFP does not provide a methodology for determining need for mobile PET scanners. Therefore, without a methodology, no need would be determined unless a petition for a need adjustment is submitted and granted, or a methodology for determining need is proposed to the SMFP.

However, applying the SMFP's methodology for a fixed dedicated PET scanner, the existing mobile PET scanner's utilization would have exceeded the threshold for a need determination in each of the last three years' SFMPs. The standard methodology for fixed PET scanners results in a need determination when a PET scanner is utilized in excess of 80% of the defined capacity of 3,000 procedures, which would be 2,400 procedures. The existing mobile PET scanner reported 2,559 procedures in fiscal year 2007 (which was used to calculate need for the 2009 SMFP); 3,196 procedures in fiscal year 2008 (which was used to calculate need for the 2010 SMFP); and 2,821 procedures in fiscal year 2009 (which will be used to calculate need for the draft 2011 SMFP).

In conclusion, neo pet strongly urges the State Health Coordinating Council to approve neo pet's petition for one mobile PET scanner for the western mobile PET scanner planning region.

Thank you for your consideration.