

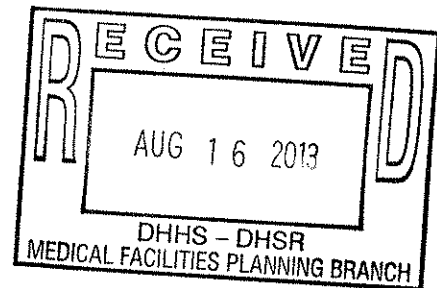


Novant Health

2085 Frontis Plaza Drive  
Winston-Salem, NC 27103

August 16, 2013

Mr. Jerry Parks  
Chairman, State Health Coordinating Council  
c/o Department of Health Service Regulation  
Medical Facilities Planning Section  
2714 Mail Service Center  
Raleigh, North Carolina 27699-2714



Re: Novant Health's 8/16/13 Comment Regarding Alliance Imaging's 2014 SMFP Public Hearing Comments on Mobile PET Services

Dear Mr. Parks:

Please allow this correspondence to serve as Novant Health, Inc.'s and MedQuest, Inc.'s (collectively "Novant") response to the 2014 Draft State Medical Facilities Plan ("SMFP") public hearing comments recently submitted by Alliance Healthcare Services ("Alliance") concerning the inclusion of a potential mobile PET methodology in the SMFP. As an initial matter, Novant appreciates the efforts of the Technology and Equipment Committee (the "Committee") to further evaluate the mobile PET methodology and we look forward to the Committee's discussion group meeting in September. Alliance's public hearing comments fail to provide any substantive response to the undisputed capacity and access challenges associated with the operation of only two mobile PET scanners in North Carolina. Indeed, as shown below, Alliance's comments only emphasize the continuing capacity and patient access concerns of rural and community hospitals.

Alliance submitted comments to the Medical Facilities Planning Section during the July 2013 Public Hearings in support of the standard methodology in the Draft 2014 SMFP regarding PET scanners. Alliance seemed to be particularly concerned about the statement in the Committee's Recommendation regarding the Draft 2014 SMFP that "the optimum balance and distribution of mobile PET scanning services may not be in place." Yet that is precisely the issue the Committee needs to focus on, as the SHCC's mission is to ensure access to needed health care services for all North Carolinians. Moreover, at the time Alliance submitted its comments, the Committee had already decided that a discussion group needs to examine this issue more closely. Alliance's concerns should not preempt productive discussion.

As Novant's Winter 2013 Petition for a need methodology for mobile PET scanners made clear, there has been significant growth in North Carolina PET volumes and mobile host sites over the past several years. Novant's petition was in no way novel and the concerns raised by Novant were echoed and supported by

hospitals and providers in all areas of the state. Despite this undisputed demand for mobile PET services, Alliance is seeking to assure the Committee that no changes are necessary to the State Medical Facilities Plan. Alliance's assurance, however, is inconsistent with the fact that there are only two mobile PET scanners in North Carolina and those two mobile PET scanners serve nearly 30 different community hospital providers. Alliance Imaging has been the only CON-approved mobile PET vendor in North Carolina since 2003 and there has been no need for additional mobile PET scanners identified in the annual SMFPs since that time. Simply put, there are no longer sufficient mobile PET services to meet the existing demands of hospitals, physicians, and their patients.

Furthermore, Alliance's status quo approach fails to address the anticipated growth in demand for such services and the continued PET mobile access challenges that providers are facing on a daily basis. As clearly articulated by Randolph Hospital, which supports the further evaluation of the mobile PET methodology:

*"Randolph Hospital is a strong advocate of providing needed and appropriate care as close to patients' home as possible. However, given the hospital's current arrangement with the mobile provider, the patients of Randolph County have very limited access to mobile PET scanning services locally. The service is available one morning every other week, and the mobile service must end at a set time in order to travel to another site. In order to allow our patients access to this service in their community, there have been occasions when we have had to ask patients to come in for their scan at 4:30 am in order to accommodate the travel schedule of our mobile service. In addition, while we have inquired about expanding our service coverage to include one morning every week, our mobile provider cannot accommodate our request due to capacity constraints."*

Randolph Hospital's struggles and concerns are not unique and are consistent with the experience of other community hospitals in North Carolina. The inevitable lack of mobile PET capacity coupled with continued demand for host sites is creating a serious PET access issue - not only for local community hospitals and their patients - but for all hospitals and providers seeking to provide PET services to their patients.

Similarly, as noted on pages 6-7 of Novant Health's March 2013 mobile PET petition, the four Novant Health community hospitals that contract with Alliance for mobile PET services have similarly limited access to mobile PET services:

**Novant Health –Western Region Mobile PET Sites**

<b>Mobile PET Host Site</b>	<b>Current Monthly Mobile PET Service Days/Hours</b>	<b>Monthly Mobile PET Hours Per Host Site</b>	<b>Requested Additional Time from AI</b>
NH Thomasville Medical Center	Every Other Tues (1/2 Day-2:30-8:00pm)	11 hours per Month	Yes-Request denied
NH Rowan Medical Center	Every Other Thurs (Full day 7am-10pm)  Every Other Thurs (1/2 Day 2-6 pm)	38 hours per month	Yes-Request denied
NH Huntersville Medical Center	One Monday Per Month (Full Day-7am-10pm)  Every Other Thurs (1/2 Day, 2:30-8:00pm)	26 hours per month	Yes-Request denied
NH Matthews Medical Center	One Monday Per Month (1/2 Day, 2:30-8:00pm)  One Friday Per Month (1/2 Day, 2:30-8:00pm)	11 hours per month	Yes-Request denied

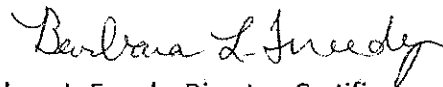
**NOTE: a 30-day month includes 720 hours.**

Novant has shown in its previously-filed petition that the mobile PET need methodology fails to contain a need determination “trigger”, which is an inherent flaw in the methodology. Typically, methodologies include a procedure volume threshold which dictates that a need determination is generated once a service area exceeds the established volume threshold. There is simply no mechanism for the generation of additional need determinations for mobile PET services. Without the ability to generate need determinations, there will continue to be only two mobile PET scanners authorized to operate in North Carolina regardless of the mobile PET procedure volume.

The Novant petition, physician letters and the letters of support from Carolinas Medical Center, the North Carolina Hospital Association and Randolph Hospital show that there is a consensus of support among various providers for a re-examination of the optimum balance and distribution of mobile PET scanning services. The Committee, as well as the State Health Coordinating Council (the “SHCC”), should give strong consideration to the numerous concerns that hospital providers have submitted to the SHCC over the past three years. Without further action from the Committee and the SHCC, this matter will continue to be a serious concern for patients, physicians and their community hospitals. As stated above, Novant stands ready to provide any further information to the Committee either at or prior to the meeting of the discussion group.

We appreciate the opportunity to comment and look forward to the discussion group regarding this matter on September 17, 2013.

Sincerely,

Handwritten signature of Barbara L. Freedy in black ink.

Barbara L. Freedy, Director, Certificate of Need  
Novant Health, Inc.

Handwritten signature of Tiffany R. Brooks in black ink.

Tiffany R. Brooks, Manager, Certificate of Need  
MedQuest Associates, Inc.

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