

HAND DELIVERED

August 18, 2010

The Honorable William L. Wainwright, Chairman
North Carolina State Health Coordinating Council
c/o Medical Facilities Planning Section
Division of Health Service Regulation
North Carolina Department of Health and Human Services
701 Barbour Drive
Raleigh, North Carolina 27603

DFS Health Planning
RECEIVED

AUG 18 2010

Medical Facilities
PLANNING SECTION

RE: Comments on Petition filed by Neo Pet, LLC for an adjusted need determination in the 2011 SMFP for a mobile PET scanner to serve the west planning region (HSA I, II, and III).

Dear Chairman Wainwright,

On behalf of Iredell Memorial Hospital thank you for the opportunity to comment on the above-referenced petition. We trust that you will take these comments into consideration during your review.

Overview

The proposed 2011 SMFP shows no need for additional fixed or mobile PET scanners anywhere in North Carolina. Iredell Memorial Hospital supports the standard methodology and agrees that no additional fixed or mobile PET scanners are needed.

We believe that the petition submitted by Neo Pet, LLC for an additional mobile PET scanner in the west planning region will result in unnecessary duplication of existing health resources in the area and should be denied. Iredell Memorial Hospital is located in the west planning region. During FY 2009, our fixed PET scanner performed 560 procedures, which is 18 percent of capacity.

Operational Access

Neo Pet's petition states that residents of western North Carolina have insufficient operational access to PET services. This is not the case. Although the existing mobile PET scanner performed 2,821 procedures in FY 2009 which is 109 percent of "capacity," as defined in the proposed 2011 SMFP, fixed scanners operated well below that level.

Neo Pet provided no projections of future mobile PET utilization in its petition. This is important. Utilization on the mobile PET scanner dropped by 375 procedures (11 percent) in FY 2009. If this trend continues in 2011, the mobile PET scanner in the western planning region would be below the defined capacity, and would perform 2,490 procedures. The economy, limitations on mobile service and the role of PET scans in clinical care management all play a role in this.

The Neo Pet petition has another major deficit. It fails to address the underutilized fixed PET scanners in the western region. According to proposed 2011 SMFP, the defined annual capacity for a fixed PET scanner is 3,000 procedures. Together, there are 14 existing fixed PET scanners in the western planning region, none of which are currently operating at capacity. Collectively, the 14 PET scanners performed 21,226 procedures. This translates 51 percent capacity ($21,226 / 14 = 1,516 / 3,000 = 51$ percent). The excess capacity on the mobile unit in western planning region could be absorbed by the fixed PET scanners. Iredell Memorial Hospital's fixed PET operated at 18 percent of the defined capacity in FY 2009.

Geographic Access

Neo Pet's petition states that residents of western North Carolina have insufficient geographic access to PET services. The petition claims that many patients must travel between 45 and 90 minutes to reach a fixed PET scanner and that travel in western North Carolina can be treacherous, especially during the winter.

There are currently 30 different locations in the western planning region that have either fixed or mobile PET services. These locations are spread evenly through the region and follow the roadways, Interstates 40, 85, 77, 26, and Highway 321. Please see the map in Attachment 1. The only locations where residents would have to drive more than 45 minutes to reach PET services are in extreme western North Carolina (Cherokee, Clay, and Graham Counties) and high in the mountains in Mitchell County. Based on the 2009 North Carolina PET use rate per 1,000 population, collectively, residents of these four counties will need only 281 PET scans in 2014. Please see the table below.

**2014 PET Utilization
Cherokee, Clay, Graham, Mitchell Counties**

a	2009 NC PET Utilization	40,528
b	2009 NC Population	9,382,610
c	2009 NC PET Use Rate per 1,000	4.32
d	2014 Population in Cherokee, Clay, Graham, Mitchell	65,167
e	2014 PET Utilization in Cherokee, Clay, Graham, Mitchell	281

Sources: a – 2011 SMFP

b – <http://www.osbm.state.nc.us>

c – $(a/(b/1,000))$

d – <http://www.osbm.state.nc.us>

e – $(d/1,000*c)$

281 PET scans are not enough to justify an additional PET scanner. The 2011 SMFP defines a mobile PET scanner's capacity at 2,600 scans. If an additional mobile PET scanner was approved and served these areas only, it would operate at 11 percent capacity in 2014 ($281 / 2,600 = 11$ percent).

With low demand in the underserved areas and low utilization of existing capacity, the unintended consequence of adding more mobile capacity would have the new mobile provider attempting to sell its services in areas that have unused capacity. The Neo PET petition proposes no new features, or services that are not available at the existing PET facilities. PET scanners are expensive to purchase and to operate. They use radioactive materials that have a very short shelf life and that are not uniformly available at every location in the state. Extra unneeded capacity will increase the cost of operations at existing locations, requiring those locations to subsidize operations. In the current economy, with thin operating margins at most providers this would not be good public policy.

Conclusion

Based on the low utilization of the existing fixed PET scanners, the well placed locations of existing mobile and fixed PET sites throughout the western planning region, and the absence of differentiating features in the Neo Pet proposal, Iredell Memorial Hospital believes that additional PET capacity would result in unnecessary duplication of existing health resources in the area, hence should be denied.

The SHCC may find other flaws in the petition, as a result of its evaluation. Thank you for your time and attention to our comments. Should you have any questions, please do not hesitate to contact me.

Regards,

Ed Rush/ al

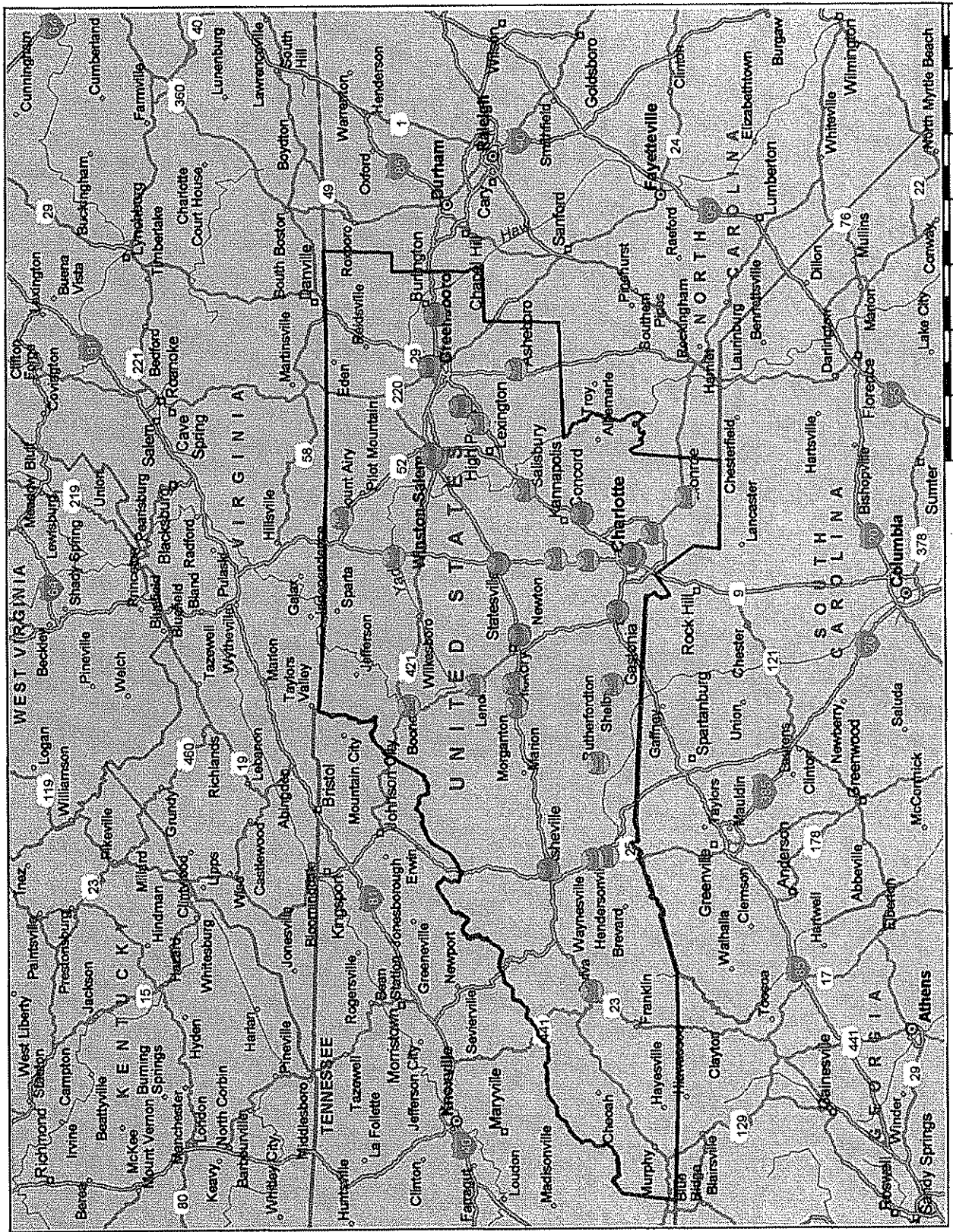
Ed Rush
President and CEO
Iredell Memorial Hospital

Attachment 1

PET Scanner Locations

Pushpins

- Fixed PET Sites
- Mobile PET Sites



Copyright © and (P) 1998-2009 Microsoft Corporation and/or its suppliers. All rights reserved. <http://www.microsoft.com/mapoint/>
 Certain mapping and direction data © 2009 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario, NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2009 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2009 by Applied Geographic Systems. All rights reserved.