



Public Hearing for the Proposed 2016 State Medical Facilities Plan
1:30 to 2:30 p.m. on July 29, 2015
801 Biggs Drive
Raleigh, NC 27603
Room 104

Good afternoon. My name is David French and I am a consultant speaking on behalf of Alliance Healthcare Services. Previously this month, Alliance Healthcare Services submitted a petition to request that the 2016 State Medical Facilities Plan include an adjusted need determination that specifically states that no need exists for the conversion of any existing fixed PET scanners to become mobile PET scanners. This requested adjustment is justified because there will be excess capacity of both mobile PET scanners and fixed PET scanners throughout North Carolina if CON approval is granted for the 2015 CON application that proposes the conversion of one fixed PET to a mobile PET.

The unique characteristics of the related PET utilization, service areas and planning methodologies are outlined as follows:

- Fixed PET scanners are assigned to the six Health Service Areas; mobile PET scanners now have a statewide service area.
- A need methodology exists for fixed PET but no methodology is promulgated for mobile PET.
- Statewide total PET scanner utilization shows a declining trend.
- Excess capacity of fixed PET scanners exists in each of the six Health Service Areas.
- The proposed 2016 SMFP includes no "placeholder" mechanism for pending CON applications that relate to the conversion of fixed PET scanners to mobile PET scanners.
- Policy TE-1 restricts the group of potential applicants and potential host sites.
- Changes to the PET inventories would result if fixed PET scanners are changed to mobile PET scanners.

Given these unique circumstances, the requested adjustment would be in the best interest of the citizens of North Carolina to avoid the proliferation of unnecessary health services. Our petition includes the most recently reported PET utilization data. For the year ending September 30, 2014, fixed PET scanners throughout the state are shown to be severely underutilized at a combined 38.55 percent of capacity with a 3.49 percent decrease in utilization during the previous year. While mobile PET utilization increased slightly last year, the total combined utilization for fixed and mobile PET decreased by 2.78 percent.

The proposed 2016 SMFP includes no methodology to quantify an unmet need for additional mobile PET capacity. The purpose of Alliance's requested adjustment is to prevent "unnecessary duplication" of existing or approved health service capabilities or facilities."

The adverse effects that will ensue if the requested adjustment is not made include excess capacity of fixed and mobile PET scanners and unnecessary duplication of healthcare services. According to *Radiology Today*, PET/CT manufacturers are implementing changes to the technology to reduce both the radiation dose and the image acquisition time.¹ These improvements are aimed at enhancing patient safety and image quality. Alliance is concerned that the overall surplus of PET capacity in North Carolina will cause providers to delay upgrading their scanners. Additional mobile PET scanners will draw patients away from existing fixed PET scanners, thereby causing these facilities to be less able to justify replacing outdated fixed PET technology.

Alliance's requested adjustment promotes cost effective services and value by preventing unnecessary capital expenditures that would result in duplication of PET services. Mobile PET scanners have transportation costs that make it highly unlikely

¹ Orenstein. Beth W., Reducing PET Dose, *Radiology Today* Vol. 17 No. 1 P. 22

that additional conversions of fixed PET scanners to mobile units are a cost effective strategy.

In conclusion, Alliance respectfully requests that the State Health Coordinating Council approve the requested adjustment based on the facts and analysis provided in our petition.