



## **SOUTHERN CANCER CENTER**

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Sherri S. Arledge, MD  
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CRNPs: Kara Boutwell • Wendy Clarke • Stephanie Fouts • Bethany King  
Lynn Land • Skyler Martin • Susanna Pitruzzello • Michelle Sanford • Mary Smith

October 18, 2024

Via Electronic Submission: [shpda.online@shpda.alabama.gov](mailto:shpda.online@shpda.alabama.gov)

Ms. Emily Marsal  
Executive Director  
State Health Planning and Development Agency  
100 North Union Street, Suite 870  
Montgomery, Alabama 36104

Re: Request for Non-Reviewability Determination for Southern Cancer Center, P.C.

Dear Ms. Marsal,

On behalf of Southern Cancer Center, P.C., and pursuant to the Alabama Certificate of Need Program Rules and Regulations ("CON Rules"), please accept this letter as SCC's request for a Letter of Non-Reviewability determination. Specifically, SCC plans to replace its existing computerized tomography ("CT") scanner at its Daphne location with a CT scanner that also has positron emission tomography ("PET") scanning capabilities ("PET-CT scanner"). SCC submits that it may undertake this proposed project without undergoing Certificate of Need ("CON") review pursuant to the Physician Office Exemption.

### **1. The Addition of a PET Scanner at SCC's Daphne Location**

Southern Cancer Center, P.C. ("SCC") is a community-based multidisciplinary oncology practice with six clinic locations. Since 2007, SCC has been dedicated to finding and providing the most advanced therapies and innovative treatment options for their patients that are fighting cancer and other diseases of the blood. This continuing dedication is the basis for SCC's decision to upgrade its existing equipment at the Daphne location.

The Daphne location currently has a CT scanner - which is similar to but more advanced than an X-ray. A CT scan takes very thin pictures from various angles of organs, tissue, and other parts of the body. These thin pictures are then combined to create a whole image, which can be useful in the diagnosis of various diseases, including cancer. While helpful, the CT scan alone provides only a picture of what something looks like, not how it functions on a cellular level - information that can be critical in an early cancer diagnosis. For this reason, CT scans are commonly utilized in conjunction with PET scans - an imaging procedure wherein injected radioactive drugs are traced through the body

to look at cellular function and locate disease. Currently, SCC does not have PET scanning capabilities.

To promote its objective of providing advanced and innovative diagnostic and treatment options to its patients, SCC plans to replace its existing CT scanner at its Daphne location with a PET-CT scanner. Upon confirmation from your office that no CON will be required, SCC will move toward project implantation.

**2. The Proposed Project is Not Subject to CON Review because the Physician Office Exemption Applies.**

SCC is a professional corporation that is owned solely by its physicians. Nine SCC physicians maintain one hundred percent (100%) of the ownership rights in SCC. SCC does not share ownership with any other healthcare facility or entity; therefore, this equipment will be used as part of SCC's private medical practice, satisfying the requirements of Physician Office Exemption established by Alabama Code § 22-21-260(6) and the Alabama Supreme Court case *Ex parte Sacred Heart Health Sys. Inc.*, 155 So. 3d 980, 988 (Ala. 2012).

Specifically, Alabama Code § 22-21-260(6) states that health facilities governed by the CON program "shall not include the offices of private physicians . . ." SCC holds itself out as a private physician office being owned and operated by physicians. Likewise, SCC satisfies the criteria outlined in *Ex parte Sacred Heart Health Sys. Inc.*:

1. The proposed services are to be provided, and related equipment used, exclusively by the physicians identified as owners or employees of the physicians' practice for the care of their patients.

**All proposed services and equipment will be used exclusively by SCC physicians for the care and treatment of their patients.**

2. The proposed services are to be provided, and related equipment used, at any office of such physicians.

**All proposed services, including services involving use of the proposed equipment, will be used at the SCC physician office located in Daphne, Alabama.**

3. All patient billings related to such services are through, or expressly on behalf of, the physicians' practice.

**All patient billing related to such proposed services and use of proposed equipment will be done through and exclusively on behalf of SCC.**

4. The equipment shall not be used for inpatient care, nor by, through, or on behalf of a healthcare facility.

**SCC proposed to add this equipment for office-based procedures to be used exclusively by SCC physicians for the benefit of SCC patients. At no time will the equipment be used for inpatient care, nor by, through, or on behalf of any healthcare facility other than SCC.**

In addition to the above, SCC provides the following information as required by CON Rule 410-1-7-.02:

1. Name of the company seeking the reviewability determination:

**Southern Cancer Center, P.C.**

2. Address and contact information for the authorized company representative seeking the determination:

**Lauren Pettis, MSN, RN  
Executive Director  
Southern Cancer Center  
29653 Anchor Cross Blvd.  
Daphne, Alabama, 36526**

3. Service area for the proposed service/equipment:

**Baldwin County**

4. Any new/additional services to be provided under the proposed project:

**PET Services**

5. Approximate costs for the proposed project for:

- a. Equipment: **SCC has not purchased or arranged to purchase the equipment; however, it has engaged GE as the equipment vendor. SCC is currently in the process of reviewing available equipment and pricing options for budgeting purposes. Based upon these figures and the needs of the practice, it is estimated that the equipment will cost approximately \$1,700,000.00.**
- b. First year annual operating costs: **During its first year, SCC anticipates that two technicians will be added and that the costs related to salary and benefits will be approximately \$212,000.00. SCC will enter a contract for Radiology Services and the estimated cost for these services during the first year of operation are \$400,000.00.**
- c. Capital costs, to include:
  - i. Leases: **N/A**
  - ii. Land/Building costs: **Relocating the existing CT scanner currently housed at the Daphne location is estimated to cost approximately \$45,000.00.**
  - iii. Construction costs: **SCC has engaged Witherington Construction Corp ("Witherington") as contractor; however, no official estimate or budget has been generated. Prior to providing an official estimate, Witherington will be required to conduct assessments to determine what exact building modifications - such as the addition of lead shielding - will be necessary to accommodate the PET-CT. In discussing the potential extent of these**

**modifications, SCC anticipates that the construction/improvement costs necessary for this project will not exceed \$100,000.00.**


6. Disclosure of financial interests in the entity requesting the reviewability determination held by any other healthcare facilities or groups:

**None.**

As outlined above, SCC is a physician practice office and the proposed project satisfies the criteria for the Physician Office Exemption; therefore, the proposed project should not require Certificate of Need review. Included herewith is the *Affirmation of Requesting Party* and the \$1,000 filing fee is being submitted today via the SHPDA online portal.

Should you have any questions, please do not hesitate to reach out.

Sincerely,



Lauren Pettis, MSN, RN  
Southern Cancer Center, P.C., Executive Director

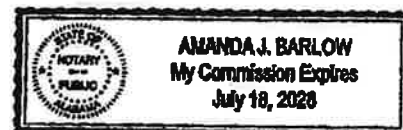
### Affirmation of Requesting Party

The undersigned, being first duly sworn, hereby make oath or affirm that she is Executive Director for Southern Cancer Center, has knowledge of the facts in this request, and to the best of her information, knowledge and belief, such facts are true and correct.

Affiant *Amanda J. Barlow* (SEAL)

SUBSCRIBED AND SWORN to before me this 18<sup>th</sup> day of October.  
*Amanda J. Barlow*

My commission expires 7-18-28



RECEIVED

Nov 05 2024

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY

## SOUTHERN CANCER CENTER

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November 4, 2024

Via Electronic Submission: [shpda.online@shpda.alabama.gov](mailto:shpda.online@shpda.alabama.gov)

Ms. Emily Marsal  
 Executive Director  
 State Health Planning and Development Agency  
 100 North Union Street, Suite 870  
 Montgomery, Alabama 36104

Re: Request for Additional Information- RV2025-002  
 Southern Cancer Center, P.C.

Dear Ms. Marsal,

On behalf of Southern Cancer Center, P.C. ("SCC") this letter is to follow up to your request for additional information regarding Reviewability Determination Request RV2025-002, filed by SCC on October 18, 2024, which seeks a reviewability determination regarding plans to replace its existing computerized tomography ("CT") scanner at its Daphne location with a CT scanner that also has positron emission tomography ("PET") scanning capabilities ("PET-CT scanner").

Please note your requests and the following additional information in response:

1. *The request indicates Southern Cancer Center, P.C., an oncology practice with six (6) clinic locations, seeks to replace the existing CT scanner at their Daphne, Alabama location. Please provide the Agency with the physical address where the existing computerized tomography scanner is currently housed.*

The physical address for SCC's Daphne location where the existing CT scanner is located is 29653 Anchor Cross Blvd. Daphne, Alabama 36526.

2. *The applicant asserts during the first year, it is anticipated two (2) technicians will be added and the costs related to salary and benefits will be approximately \$212,000.00. The request also notes that Southern Cancer Center will enter a contract for radiology services and the estimated cost for these services during the first year of operation are \$400,000.00. Please provide clarification regarding the full total for first year annual operating costs.*

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SouthernCancerCenter.com

The estimated total first year annual operating costs are \$828,580.00. This estimated total represents the approximate \$212,000.00 for the costs related to salary and benefits for the anticipated two (2) technicians, the estimated \$400,000.00 for the cost for services during the first year of operation for the anticipated contract for radiology services, and the estimated \$216,580.00 for the supply costs associated with PET-CT scans.

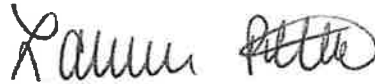
3. *The applicant reports an estimated \$45,000.00 for the relocation of the existing CT scanner. Please provide additional details regarding whether this equipment is being sold/donated or moved to one of the other clinic locations owned by the oncology practice.*

The existing CT scanner at the Daphne location will be moved to SCC's Foley location whose physical address is 1703 North Bunner St. Foley, Alabama 36535.

We submit this additional information in response to your request and respectfully request your determination that this proposed project is not subject to Certificate of Need ("CON") Review and that SCC is not required to obtain a CON.

Should you have any questions or need any additional information, please do not hesitate to reach out.

Sincerely,

A handwritten signature in black ink, appearing to read "Lauren Pettis". The signature is fluid and cursive, with the first name "Lauren" written in a larger, more prominent script than the last name "Pettis".

Lauren Pettis, MSN, RN  
Southern Cancer Center, P.C., Executive Director