



Health and Human Services

2027 Iowa Certificate of Need (CON) Application

Instructions: 1. Complete all the sections below. 2. Provide concise, evidence-based responses, with supporting documentation or data as needed. 3. Reference Iowa Code 135.63, as needed, to complete the application. 4. Upload additional documentation, as needed.

Primary Contact

Ms. Amanda Schany

Primary Contact Employer

Spencer Hospital

Primary Contact Email

amanda.schany@spencerhospital.org

Facility Name

Spencer Hospital

Facility Type

Hospital

Facility Address

1200 1st Ave E, Spencer, Iowa 51358

Project Title**Proposed Project**

PET Scanner

Total Project Cost

2,344,248

Equipment Cost

1,953,540

Project Type

New Equipment

Is this project application for a Nursing Facility?

No

Project Start Date

6/1/2026

Project End Date

9/30/2027

Would you like to request a summary review?

No

1. Applicant and Facility Overview

a. Project Purpose and Objectives:

Spencer Hospital is seeking a certificate of need for an on-site PET scanner. The services offered through a PET/CT scanner are wide-ranging, but most are essential for cancer care. This technology plays a critical role in diagnosing cancer, determining its stage, and monitoring effectiveness of various treatment regimens. Having PET/CT capabilities on-site means patients can receive timely advanced imaging while avoiding excessive travel, which is especially important for lowans residing in rural communities. In addition to oncology, the PET/CT system offers advanced capabilities for assessing cardiovascular health, which will be allocated by our providers to support patients with heart disease and related conditions. By providing these advanced scans locally, Spencer Hospital can support comprehensive cancer care and cardiovascular health to improve outcomes for the growing number of patients who depend on our oncology and cardiology services

b. Relationship to Long-Range Development Plan:

If Spencer Hospital were equipped with a fixed PET/CT scanner available daily, it would be the only facility in the region offering inhouse PET/CT imaging. Currently, patients who are unable to receive timely scanning through the current mobile PET/CT must travel to receive this service. The closest PET/CT to Spencer is currently in Sioux Falls, SD, which is a 240 mile round trip. With the addition of a PET/CT at Spencer Hospital, it is anticipated that the service area would expand to include patients living in counties immediately adjacent to the primary service area due to improved accessibility and scheduling convenience of the requested imaging technology. Additionally, an in-house PET/CT would complement the growing patient volumes at Abben Cancer Center of Spencer Hospital and strengthen the hospital's ability to provide comprehensive oncology services to rural populations across Northwest Iowa and beyond aligning with Spencer Hospital's strategic plan.

c. Description of Proposed Service/Program:

The impact of a fixed PET/CT at the hospital would be profound for cancer patients throughout Spencer Hospital's service area. Says one current Abben Cancer Center patient, "The care I've received at the Abben Cancer Center has truly carried me through some of my hardest days. I've felt seen, supported, and never alone. I've felt firsthand the emotional and financial stress that cancer care can bring to a patient and their family. For those of us living in northwest Iowa, having an in-house PET/CT scanner at Spencer Hospital would mean better access to timely, coordinated care, fewer long and exhausting trips, and less stress for patients and families alike. It would be a powerful addition to a place that already gives cancer patients hope."

d. Target Population: Specify geographic and demographic areas.

Spencer Hospital's primary service area encompasses 9 counties in Northwest Iowa, serving patients residing in the counties of Clay, Dickinson, Emmet, Palo Alto, O'Brien, Buena Vista, Osceola, Cherokee, and Pocahontas. Collectively, these counties have a population of approximately 120,000 people. Spencer Hospital currently relies on a mobile PET/CT service available only one day perweek, creating a significant bottleneck for patients who need timely cancer imaging. This limitation is compounded by rising cancer incidence across the region-six of the nine counties in Spencer Hospital's primary service area have cancer rates above the national average. Clay County alone ranks 14th in Iowa for cancer incidence, with more than 127 new diagnoses annually, and holds the 5th highest rate of prostate cancer in the state. These trends are reflected in the high patient volumes at Spencer Hospital's Abben Cancer Center, where Oncology Services have seen a 20% growth in patient service volumes since FY 2023.

e. Relation to Existing Provider Network: Summarize relationship with other health care providers/services in the region.

In addition to its local base, Spencer Hospital benefits from a strong referral network which will ensure appropriate utilization of this equipment. Abben Cancer Center operates a medical oncology outreach clinic in Pocahontas, IA, which serves as a significant source of referrals. In addition, Spencer Hospital's three

affiliated rural healthcare clinics in Milford, Sioux Rapids, and Hartley area provide consistent referrals for oncology care and advanced imaging services

f. Funding Sources and Financial Resources: Identify and document sources of funding and financial viability.

The total project cost is \$2,344,248. Of this amount, \$1,953,540 represents the cost of the PET/CT system as quoted by GE Healthcare. Site preparation within the Diagnostic Imaging Department is estimated at \$633,600; however, Spencer Hospital is requesting the allowable 20% of the equipment purchase cost- \$390,708-to support installation and operational readiness. The remaining \$242,892.02 will be funded through the Spencer Hospital FY27 Capital Budget.

Based on current utilization of mobile PET/CT services, Spencer Hospital projects that transitioning to a fixed PET/CT scanner will significantly strengthen the organization's long-term financial stability. Under the current mobile model, estimated annual gross patient revenue is approximately \$1.72 million, with net patient revenue of \$774,485 after expenses. With a fixed PET/CT scanner, gross patient revenue is projected to increase to more than \$2.08 million annually, with net patient revenue rising to an estimated \$937,960.

At the same time, annual operating expenses are expected to decrease from approximately \$349,440 under the mobile service model to \$300,000 with a fixed scanner, largely due to the elimination of recurring mobile service fees. As a result, estimated net PET/CT revenue is projected to increase from \$425,045 to \$637,960 annually. This analysis demonstrates that a fixed PET/CT scanner will create a financially sustainable service line beyond the term of grant support. Increased appointment availability and improved patient access are expected to drive revenue growth, while reduced operating costs enhance efficiency. Together, these factors support Spencer Hospital's financial stability while expanding access to advanced diagnostic imaging for the region.

Current # of Beds (if changing)

Current bed type (if changing)

Requested # of Beds (if changing)

Requested bed type (if changing)

Document Upload

2. Community Need and Service Gaps

a. Description of Need:

National data echo these patient and provider statements and underscore the inequity as rural patients are significantly less likely to receive PET imaging than their metro counterparts. These gaps contribute to poorer outcomes as cancer death rates declined at only -1.0% annually in rural areas versus -1.6% in metropolitan regions, while PET/CT-guided care has been linked to up to a 39% survival improvement at 12 months.

b. Assessment of Existing Services and Gaps:

Local demand further illustrates the urgency: Spencer Hospital performed 273 PET/CT scans in FY2023 using the once-weekly mobile service. Just five months into FY2026, volumes are projected to reach 385-a 41% increase. This surge, combined with rigid scheduling limitations of once weekly mobile service availability, creates a widening access gap that amplifies rural health disparities and compromises timely cancer care.

c. Alternatives Analysis:

Current alternative approaches considered includes referring patients to regional facilities for PET/CT imaging and utilizing mobile PET/CT services. While these options have reduced upfront capital costs, they present challenges such as increased patient travel time, delays in diagnosis and treatment, limited

scheduling availability, and reduced continuity of care. The selected approach of establishing on-site PET/CT services provides more timely access, improves care coordination with oncology and cardiology services, and enhances patient convenience-particularly for the rural population served which results in improved clinical outcomes and overall value.

d. Accessibility Considerations:

Installing a fixed PET/CT scanner at Spencer Hospital would transform access by enabling daily scans rather than the weekly mobile service visit. This improvement would eliminate delays, reduce travel burdens, support timely care, and ensure patients receive comprehensive cancer care close to home. It would close critical gaps in diagnostic access, improve treatment timeliness, and address stark inequities for rural populations who deserve the same standard of oncology care as their urban counterparts

e. Community Input/Support:

Dr. Luis Cuervo, Medical Oncologist with Abben Cancer Center, notices these trends within his practice stating, "Unfortunately, under the current system, when the schedule is full, patients either have to drive 2 hours or more to get a scan or wait until there is availability in some cases delaying evaluation. A permanent scanner would allow us to ensure timely evaluation and provide a significant benefit to our patients that experience either personal or financial stress due to long travel. I feel that our current volumes justify this need and we foresee our volumes increasing in the next few years."

Additionally, Dr. DB Nguyen, Radiation Oncologist with Abben Cancer Center also shares this perspective from his practice, "Spencer Hospital has the technology to deliver high-dose, high-cure-rate, high-precision radiation treatment of their cancers, so accurately that cancer patients often have no symptoms from treatment, but that high-precision needs to know where to aim, and the machine that will delineate the aiming target is the Positron Emission Tomography, or PET scanner, which Spencer Hospital needs but does not have. Lacking access to a PET scanner here, patients have had to travel long distances, sometimes out of state, delaying the treatment planning while their cancers continue to grow, causing pain, or bleeding, or compromising what we take for granted: The ability to breathe."

Document Upload (if needed)

f. Non-discriminatory Access:

PET/CT services will be provided in a manner that ensures equal access and treatment for all patients without discrimination based on race, color, national origin, sex, age, disability, religion, gender identity, sexual orientation, or ability to pay. Scheduling, clinical prioritization, and service delivery are based solely on medical necessity, appropriateness of the exam, and provider orders, ensuring fair and equitable care for every individual.

3. Impact on Existing Providers

a. Impact Assessment:

Spencer Hospital demonstrates a longstanding tradition of operating one of the best rural diagnostic imaging departments in Iowa, evidenced through its current offering of eight imaging modalities performing over 24,000 individual studies annually. Additionally, the Spencer Hospital Diagnostic Imaging Department holds eight accreditations through the American College of Radiology (ACR) and is the only Designated Comprehensive Breast Imaging Center within 90 miles of Spencer. Spencer Hospital is also proud to be recognized by the ACR as a Designated Lung Cancer Screening Center. These achievements demonstrate Spencer Hospital's strong position to ensure the success of a new modality-PET/CT.

b. Community and Economic Impact: Broader system effect and value-added to the community.

In addition to oncology, the PET/CT system offers advanced capabilities for assessing cardiovascular health, which will be utilized by local physicians and visiting specialty care providers to support patients with heart disease and related conditions. By broadening the scope of services beyond cancer care, this

equipment will meet critical diagnostic needs for a larger segment of our population, improving access and outcomes across multiple specialties. Overall, a fixed PET/CT scanner at Spencer Hospital will provide patients with quicker results, reduce anxiety, support better health outcomes, and manage social determinants of health by reducing travel burden for rural Iowans.

c. Efficiency in Use of Resources: Shared/cooperative arrangements to maximize efficiency.

PET/CT services will be delivered with a strong focus on the efficient use of resources through shared and cooperative arrangements. This includes coordinating scheduling to optimize scanner utilization, aligning staffing across modalities to support fluctuations in volume, and leveraging existing diagnostic imaging infrastructure and support services. Collaboration with internal departments and external partners, when appropriate, ensures timely access to PET/CT while minimizing duplication of services, controlling costs, and maintaining high-quality patient care.

4. Financial and Operational Feasibility

a. Financial Projections and Feasibility:

Based on current utilization of mobile PET/CT services, Spencer Hospital projects that transitioning to a fixed PET/CT scanner will significantly strengthen the organization's long-term financial stability. Under the current mobile model, estimated annual gross patient revenue is approximately \$1.72 million, with net patient revenue of \$774,485 after expenses. With a fixed PET/CT scanner, gross patient revenue is projected to increase to more than \$2.08 million annually, with net patient revenue rising to an estimated \$937,960. At the same time, annual operating expenses are expected to decrease from approximately \$349,440 under the mobile service model to \$300,000 with a fixed scanner, largely due to the elimination of recurring mobile service fees. As a result, estimated net PET/CT revenue is projected to increase from \$425,045 to \$637,960 annually. The 3 year projected net revenue is \$1,913,880. This analysis demonstrates that a fixed PET/CT scanner will create a financially sustainable service line beyond the term of grant support. Increased appointment availability and improved patient access are expected to drive revenue growth, while reduced operating costs enhance efficiency. Together, these factors support Spencer Hospital's financial stability while expanding access to advanced diagnostic imaging for the region.

Document Upload (3-year budget projections)

b. Staffing and Operations:

Spencer Hospital currently demonstrates the ability to staff and operate a fixed PET/CT scanner as it employs a technologist capable of performing PET/CT scans; licensed as a Nuclear Medicine Technologist by the American Registry of Radiologic Technologists. Furthermore, the hospital is committed to providing any necessary education and training to ensure technologists maintain the highest level of clinical competence when performing PET/CT scans. Currently, this technologist provides support to other staff and

modalities across the diagnostic imaging department. Should this grant be awarded and PET/CT services initiated at Spencer Hospital, it is anticipated that this technologist will perform scanning duties full time to accommodate the projected increase in patient volumes. Spencer Hospital has already advertised a position to cover the support duties currently provided by this staff member.

In addition to the PET/CT staffing plan, Spencer Hospital also recognizes the ongoing need to provide the services on a consistent and reliable basis. Should this grant be awarded to Spencer Hospital, the Director of Diagnostic Imaging would develop a staffing plan to minimize the potential for service interruption. This would include additional education and training for current staff members, developing relationships with staffing companies to provide Nuclear Medicine Technologists if and when they are needed, and submitting a business plan for hiring additional Nuclear Medicine Technologists on PRN, part time, and/or a full time basis. To ensure continuity of PET imaging services while supporting staff's well-being, the department will strategically manage

scheduling during planned absences. When the nuclear medicine technologist requires vacation, PET patients will be proactively scheduled during the week immediately preceding and the week immediately following the absence. This approach maximizes scanner utilization, minimizes service disruption, and ensures timely patient access to PET imaging without the need for additional staffing resources.

c. Short and Long-term Viability:

A PET/CT scanner directly supports the sustainability of high quality health care in rural Iowa by strengthening access, clinical quality, workforce stability, and financial viability for Spencer Hospital's large rural service region. The equipment ensures local access to advanced diagnostic imaging that is essential for modern cancer and cardiovascular care.

The PET/CT scanner creates a financially sustainable service line, reducing reliance on mobile services while increasing access and efficiency. Projected growth in patient volume, coupled with lower operating costs, supports long term viability beyond grant funding. This financial stability allows Spencer Hospital to continue investing in essential rural health services.

5. Community and Economic Impact

a. Community Engagement:

Spencer Hospital serves nine rural Iowa counties with a combined population of approximately 120,000. Currently, patients rely on a mobile PET/CT unit available only one day per week, creating scheduling delays and forcing many patients to travel up to 240 miles roundtrip for timely scans. A fixed PET/CT scanner will allow daily imaging, eliminating delays, reducing travel burdens, and ensuring rural patients receive timely, guideline based care close to home.

b. Resource Availability:

The equipment supports long term operational and workforce sustainability. Spencer Hospital has the staff, licensure, accreditation history, and quality infrastructure to operate PET/CT services successfully. The hospital holds multiple ACR accreditations, employs a qualified nuclear medicine technologist, maintains an active radioactive materials license, and has a clear staffing and training plan to ensure uninterrupted service. These strengths ensure high quality imaging can be delivered consistently in a rural setting.

c. Organizational Relationships:

On-site PET/CT services are closely integrated with ancillary and support services to ensure comprehensive, coordinated patient care. This includes collaboration with radiology, laboratory, pharmacy, nursing, and oncology services to support imaging preparation, radiopharmaceutical management, and follow-up care. When appropriate, the service maintains cooperative relationships with non-local specialty entities—such as tertiary care centers, medical schools, and managed care organizations—to facilitate consultation, referral pathways, subspecialty interpretation, and access to advanced clinical expertise, ensuring patients receive timely, high-quality care across the continuum.

6. Project Planning

a. Project Timeline:

Spencer Hospital's PET/CT implementation is planned as a phased project beginning in June 2026. The Director of Plant Operations will collaborate with the equipment vendor to develop detailed architectural and equipment layout drawings. Room renovation is scheduled from September 2026 through April 2027 and will include required shielding, flooring, electrical upgrades, and infrastructure improvements. Following renovation, the PET/CT scanner will be delivered, installed, calibrated, and validated for safety and compliance in April and May 2027. Vendor-led, on-site applications training for technologists and clinicians will occur in June 2027. Full clinical operations are expected to begin in July 2027, integrating PET/CT imaging into routine patient care.

b. Innovative Components:

On-site PET/CT services provide significant value-added and innovative benefits by expanding access to advanced molecular imaging within the local community, particularly for oncology and cardiovascular care. The implementation of state-of-the-art technology enhances diagnostic accuracy, supports earlier disease detection, and improves treatment planning and monitoring. The availability of this service locally also creates opportunities to collaborate with regional specialists and participate in evolving clinical practices, while improving patient convenience and outcomes by reducing travel burdens and delays in care.

c. Regulatory Compliance:

On-site PET/CT services will comply with all applicable federal, state, and accreditation requirements, including radiation safety regulations, nuclear medicine licensing standards, CMS Conditions of Participation, and applicable ACR accreditation standards for PET and CT. Compliance will be ensured through established policies and procedures, oversight by qualified medical and radiation safety personnel, staff credentialing and ongoing education, routine quality assurance and equipment performance monitoring, and adherence to regulatory reporting requirements. The organization maintains a structured compliance program to regularly review practices, monitor updates to regulations, and ensure continuous adherence to all governing standards.

7. Special Criteria for Specific Services:

a. Alternative Consideration (135.63(2)"a"):

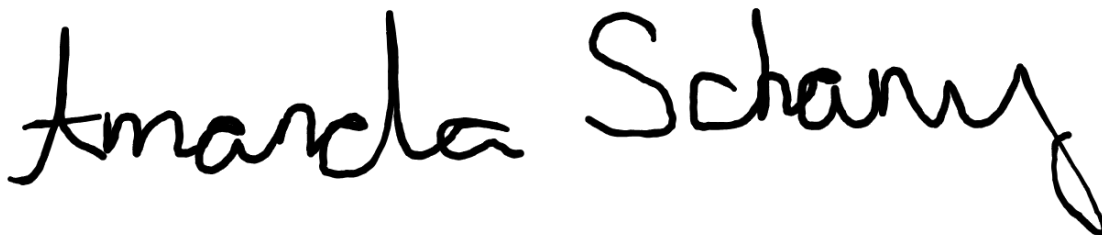
b. Utilization of Similar Facilities (135.63(2)"b"):

c. Construction/Modernization (135.63(2)"c"):

d. Access Concerns (135.63(2)"d"):

e. UIHC Special Role (135.63(3)):

Signature

A handwritten signature in black ink that reads "Amanda Schenck". The signature is written in a cursive, flowing style. The first name "Amanda" is written in a larger, more prominent script, and the last name "Schenck" follows in a similar but slightly more compact script. The signature is positioned below the "Signature" label.

Additional Supporting Documents Upload