Granholm veto will allow multiple centers: Proton-beam groups compete

By Jay Greene

CORRECTION APPENDED
In the wake of Gov. Jennifer Granholm's surprise veto last week of a certificate-of-need rule to require a single multihospital collaborative to build a $160 million proton-beam cancer therapy center, two competing hospital groups — William Beaumont Hospitals and a consortium led by the University of Michigan Health System — are moving forward with plans to develop their own centers.

It is unclear what effect two competing proton-beam centers will have on health care costs. Some experts believe costs will rise for employers and individuals because proton-beam services currently are more expensive than standard radiation treatment. (See opinion, Page 8.)

"It is pretty likely that there will be two centers built now," said Larry Horwitz, president of the Economic Alliance of Michigan, a business-labor coalition. "This will drive up health care costs unnecessarily. There is no study or evidence that proton-beam therapy is better (than current radiation technology)."

But Dr. Frank Vicini, Beaumont's chief of oncology, said while two centers will increase competition for patients, he believes the state can support as many as three proton-beam centers.

"We will try and shorten the length of treatment and that will bring down the cost of proton beam to that of conventional photo radiation treatment," Vicini said.

Granholm's veto has paved the way for Beaumont to build its own proton-beam center in Royal Oak in a partnership with possibly two other hospitals. Beaumont has formed a for-profit joint venture with ProCure Treatment Centers of Bloomington, Ind., to build the center.

The second hospital group planning a proton-beam center is led by the UM Health System in Ann Arbor and Henry Ford Health System in Detroit. Other hospitals include Karmanos Cancer Institute in Detroit and Genesys Hurley Cancer Institute in Grand Blanc, and St. John Health in Warren.

Officials for two other hospitals, Trinity Health's St. Joseph's Hospital, Ann Arbor, and Great Lakes Cancer Institute-McLaren Campus, Flint, said they are keeping their options open and may join either the Beaumont or the Michigan-led group.

"With the governor's veto, we are going to be exploring opportunities with Beaumont," said Kevin Tompkins, McLaren's vice president of marketing. The hospital system also will continue to speak with the UM-led group, he said.

Michigan's Department of Community Health is expected to rule on five pending CON applications for proton-beam centers in the third quarter of the year. The department is expected to rule on Beaumont by July 1, Henry Ford, Karmanos and McLaren by July 30, and St. John by September 30.

Dwight Angell, Henry Ford's media relations director, said the hospitals in the consortium are disappointed with Granholm's decision.

"Those who had previously submitted CON applications have decided to work collaboratively with a collective mission and vision to ensure that all people have access to the latest cancer treatment," Angell said in a statement.

Under the vetoed rule, approved on April 30 by the state Certificate of Need Commission, just one hospital group would have been allowed to build the advanced cancer treatment center.
The University of Michigan-led hospital group had been favored by the CON Commission. At this point, the UM coalition has only filed a letter of intent for a CON. The hospitals had been trying to meet a required timetable set up by the commission, leading to a Sept. 5 deadline to present a business plan.

The CON Commission wanted to hold down purchaser costs by reducing competition for multiple centers.

But Granholm stated in a June 19 letter to the CON Commission that the single collaborative approach could violate antitrust laws under the federal Sherman Act.

In her letter, Granholm noted that the **U.S. Justice Department** has expressed concerns that the new standards “are likely to harm competition and will potentially result in harm to cancer patients in Michigan.”

She also expressed concern the UM-led collaborative could take too long to bring proton-beam technology to the state.

CEO Ken Matzick of Beaumont said the hospital is ready to go forward with its development plan and can open the center by 2010.

“We are happy for the cancer patients for Michigan because they won't have to travel outside of Michigan for this important therapy,” Matzick said.

If two or more centers are built, Vicini said the hospitals will have to mount a national recruiting effort to bring in additional physicists, therapists and other oncology specialists to staff the centers.

Hadley Ford, ProCure’s CEO, said the company also may open a $30 million technical training center for proton-beam services. The center would train 50 students per year and employ 30-50 workers. Several other states are under consideration, he said.

In addition, Ford said he will set up meetings between Granholm and officials from two foreign-based manufacturing companies — **Varian Inc.** and **IBA Group** — who are considering opening proton beam plants in the U.S.

Proton-beam therapy is a form of megavoltage radiation that has been suggested by some to be effective in some prostate and pediatric cancers because it causes less damage to surrounding tissues while directing high dosages at tumors.

**Jay Greene: (313) 446-0325, jgreene@crain.com**

**Correction: earlier versions of this story omitted St. John Health from the story. In addition, The story indicated that UM Health System had filed a CON, when it had only filed a letter of intent. The story also indicated all the CON rulings would happen before July 1, when the rulings are spread over three months. This version of the story contains the correct information.**

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