

SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE
NUMBER 21-05432-04, DLP Marquette General Hospital, LLC d/b/a UP Health System
- Marquette

DATE: November 13, 2018

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LICENSE NO.: 21-05432-04

LICENSEE: DLP Marquette General Hospital, LLC
d/b/a UP Health System - Marquette
580 W College Ave.
Marquette, MI 49855

TECHNICAL REVIEWER: Magdalena R. Gryglak, Materials Licensing Branch, Division of
Nuclear Materials Safety

SUMMARY AND CONCLUSIONS

DLP Marquette General Hospital, LLC d/b/a UP Health System - Marquette ("the transferor") is authorized by NRC License No. 21-05432-04 for the possession and use of byproduct material for diagnostic imaging and therapeutic applications. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed a request for consent to a license transfer that will result from a merger transaction between LifePoint Health, Inc. and its subsidiaries including the licensee and RegionalCare Hospital Partners Holdings, Inc. d/b/a RCCH Healthcare Partners (RCCH), ("the transferee"). The transfer of control is described in letters dated August 28, 2018, September 20, 2018, and October 26, 2018 (Agency Documents Access and Management System (ADAMS) Accession Nos. ML18241A261, ML18241A238, ML18290A547, and ML18302A200, respectively).

The request for consent was reviewed by NRC staff for change in control of a Title 10 *Code of Federal Regulations* (CFR) Part 30 license using the guidance in NUREG 1556, Volume 15, Revision 1, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated June 2016. The NRC staff finds that the submitted information sufficiently describes and documents the transaction and commitments made by the transferor and the transferee.

As required by 10 CFR 30.34 and section 184 of the Atomic Energy Act of 1954, as amended (the Act), NRC staff has reviewed the application and finds that the proposed change in control is in accordance with the Act. The staff finds that, after the change of control, the licensee will remain qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and to promote the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Web Based Licensing System, DLP Marquette General Hospital, LLC d/b/a UP Health System - Marquette has been an NRC licensee since

June 8, 1982. No violations of NRC requirements were identified during the last two inspections in June 2017 (ML17205A117) and October 2015 (ML15310A178).

The commitments made by the transferee and the transferor state that the licensee:

- A. will not change the Radiation Safety Officer listed in the NRC license;
- B. will not change the personnel involved in licensed activities;
- C. will not change the locations, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license; and
- E. will keep regulatory required surveillance records and decommissioning records.

The transferee, RCCH, currently holds an indirect control of NRC License Nos. 25-18361-01 and 11-27371-01. Further, following the closing of the merger transaction, the combined company will operate under the name of LifePoint Health and will be led by William F. Carpenter, III, the current chairman and chief executive officer of LifePoint Health, Inc. and its subsidiaries including the licensee. Therefore, for security purposes, RCCH is considered a known entity following the guidance provided by the NRC's Office of Federal and State Materials and Environmental Management Programs (FSME) "Checklist to provide a basis for confidence that radioactive materials will be used as specified on the license," September 3, 2008 revision (basis-for-confidence checklist). The purpose of the basis-for-confidence checklist is for the NRC to obtain reasonable assurance from new license applicants or NRC licensees transferring control of licensed activities that the licensed material will be used for its intended purpose and not for malevolent use.

DLP Marquette General Hospital, LLC d/b/a UP Health System - Marquette is not required to have decommissioning financial assurance based on the types and amount of material authorized by License No. 21-05432-04.

REGULATORY FRAMEWORK

DLP Marquette General Hospital, LLC d/b/a UP Health System – Marquette's License No. 21-05432-04, was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material. The Commission is required by 10 CFR 30.34 to determine if the change of control is in accordance with the provisions of the Act and give its consent in writing.

10 CFR 30.34(b) states: "No license issued or granted pursuant to the regulations in this part and parts 31 through 36, and 39 nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing."

As previously indicated, the staff's evaluation is based on guidance in NUREG-1556, Volume 15, Revision 1. As discussed in NUREG-1556, Volume 15, Revision 1, NRC is generally using the term "change of control" rather than the statutory term "transfer" to describe the variety of events that could require prior notification and written consent of the NRC. The central issue is whether the authority over the license has changed. DLP Marquette General Hospital, LLC d/b/a UP Health System – Marquette's request for consent describes a change of control resulting from a merger transaction between LifePoint Health, Inc. and its subsidiaries including the licensee and RCCH, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

In letters dated August 28, 2018, September 20, 2018, and October 26, 2018, the NRC was notified that RCCH ("the transferee") intends to merge with LifePoint Health, Inc. and its subsidiaries including the licensee ("transferor"). The transaction is described in ADAMS Accession Nos. ML18241A261, ML18241A238, ML18290A547, and ML18302A200. After the merger transaction occurs, RCCH will remain in indirect control of all licensed activities under License No. 21-05432-04. The NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction, and is consistent with the guidance provided in NUREG-1556, Volume 15, Revision 1.

TRANSFEEE'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

The NRC staff finds that the commitments and information submitted by DLP Marquette General Hospital, LLC d/b/a UP Health System – Marquette and RCCH in letters dated August 28, 2018, September 20, 2018, and October 26, 2018 are consistent with the guidance outlined in NUREG-1556, Volume 15, Revision 1.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required since this action is categorically excluded under 10 CFR 51.22(c)(14)(xi).

CONCLUSION

The staff has reviewed the request for consent submitted by DLP Marquette General Hospital, LLC d/b/a UP Health System – Marquette ("the transferor") and RCCH ("the transferee"), with regard to a transfer of control of byproduct materials License No. 21-05432-04. The staff has found that the transfer of control has no significant impact on public health and safety. Accordingly, the staff approves the request for consent to a transfer of control pursuant to 10 CFR 30.34(b).

Submitted information sufficiently describes the transaction, and documents both the transferor and the transferee understanding of the license and commitments. Since the change in control does not affect licensed facilities, equipment, the radiation safety program or personnel directly involved in licensed activities, staff finds that the request demonstrates that the licensee personnel have experience and training sufficient to properly implement and maintain the license. The staff further finds that the transferor and the transferee have committed to maintain

existing records, and abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15, Revision 1.

In accordance with the above analysis, the staff concludes that the change in control would not alter previous findings, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.