



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**

REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352

MAR 25 2014

Chad Grant
Radiation Safety Officer
VHS Children's Hospital of Michigan, Inc.
3901 Beaubien Blvd.
Detroit, MI 48201

SUBJECT: REQUEST FOR CONSENT TO INDIRECT LICENSE TRANSFER

By letter dated October 1, 2013, VHS Children's Hospital of Michigan, Inc. submitted to the U.S. Nuclear Regulatory Commission (NRC) a request for consent to a license transfer of NRC Materials License No. 21-03298-05. The NRC staff considered this request to be a request for an indirect license transfer, in accordance with NUREG 1556, Vol. 15.

Based on the information you provided, we understand that, as a result of an acquisition on October 1, 2013, control of VHS Children's Hospital of Michigan, Inc. was indirectly transferred to Tenet Healthcare Corporation (Tenet) through Tenet's acquisition of Vanguard Health Systems, Inc. (Vanguard), the ultimate parent entity of VHS Children's Hospital of Michigan, Inc.

We further understand that this transfer resulted in no change to the licensed name, licensed materials, persons using the licensed material, location of use of licensed material, or persons responsible for the licensee's radiation safety program.

Based on the above understanding and, as more fully detailed in the enclosed NRC staff's Safety Evaluation Report, which documents the NRC staff's review of the request, we have no objection to the transfer.

Please note that, normally, you should have sought NRC's written consent to the change of control prior to its taking place. Then, after obtaining our consent, you would need to notify us promptly, in writing, after the transaction had been finalized and include a signed copy of the agreement confirming completion of the transaction. With this information, we would issue an administrative amendment to your NRC license to reflect the transaction, if necessary.

Please contact me, Colleen Carol Casey, at 630-829-9841 if you have any questions regarding this letter or the enclosed report.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter and its enclosure will be available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records component of NRC's Agencywide Documents Access and Management System (ADAMS). ADAMS is accessible from the NRC website at <http://www.nrc.gov/reading-rm/adams.html>.

You will be periodically inspected by NRC. Failure to conduct your program in accordance with NRC regulations, license conditions, and representations made in your license application and supplemental correspondence with NRC will result in enforcement action against you.

This could include issuance of a notice of violation, or imposition of a civil penalty, or an order suspending, modifying or revoking your license as specified in the General Statement of Policy and Procedure for NRC Enforcement Actions.

Since serious consequences to employees and the public can result from failure to comply with NRC requirements, prompt and vigorous enforcement action will be taken when dealing with licensees who do not achieve the necessary meticulous attention to detail and the high standard of compliance which NRC expects of its licensees.

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture.

You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>.

We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

Sincerely,

A handwritten signature in black ink that reads "Colleen Carol Casey". The signature is written in a cursive, flowing style.

Colleen Carol Casey
Materials Licensing Branch
Region III

Docket No. : 030-13166
License No.: 21-03298-05
Control No.: 582221

Enclosure: As stated

**SAFETY EVALUATION REPORT
CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE NUMBER
21-03298-05, VHS CHILDREN'S HOSPITAL OF MICHIGAN, INC.**

DATE: March 25, 2014

DOCKET NO.: 030-13166

LICENSE NO.: 21-03298-05

LICENSEE: VHS Children's Hospital of Michigan, Inc.
3901 Beaubien Boulevard
Detroit, Michigan

TECHNICAL REVIEWER: Colleen Carol Casey

SUMMARY AND CONCLUSIONS

VHS Children's Hospital of Michigan, Inc. is authorized by NRC License 21-03298-05 for the possession and use of byproduct material for purposes of diagnostic and therapeutic uses in humans in unsealed forms and for "in vitro" clinical diagnosis and laboratory research. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed a request for consent to an indirect license transfer submitted by VHS Children's Hospital of Michigan, Inc. that will result from the acquisition of its ultimate parent entity, Vanguard Health Systems, Inc. (Vanguard) by Tenet Healthcare Corporation (Tenet).

The licensee's request dated October 1, 2013, was not identified explicitly as a "request for an indirect transfer of control" but NRC staff considered that it implicitly constituted such a request. Vanguard sold 100% of its stock, by way of a planned merger, to Tenet. Upon closing, Vanguard became a wholly-owned subsidiary of Tenet, with Tenet as the new ultimate parent of Vanguard and its subsidiaries. Vanguard continues to exist and its downstream subsidiary, VHS of Michigan, Inc., continues to be the owner of VHS Children's Hospital of Michigan, Inc. The indirect transfer of control is described in Agency Documents Access and Management System (ADAMS) accession number ML13277A708.}

The request for consent dated October 1, 2013, the same date as the transaction, was characterized by the licensee as *not* being a change of ownership or control. However, the request was reviewed by NRC staff and was considered to constitute an indirect change in control of a 10CFR Part 30 license using the guidance in NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated November 2000. The NRC staff finds that the information submitted by VHS Children's Hospital of Michigan, Inc. sufficiently describes and documents the transaction and commitments made by Vanguard/Tenet and VHS Children's Hospital of Michigan, Inc.

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 change in control is in accordance with the Act. The staff finds that, after the change of control, VHS Children's Hospital of Michigan, Inc. remains qualified to use byproduct material for the purposes requested, and continues to have the equipment, facilities, and procedures needed to protect public health and safety, and promotes the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Licensing Tracking System (LTS), VHS Children's Hospital of Michigan, Inc. has been an NRC licensee since January 11, 1978. The NRC conducted a main office inspection of VHS Children's Hospital of Michigan, Inc. on March 18 – 29, 2013, and no violations were identified during this inspection. The commitments made by Tenet and Vanguard state that VHS Children's Hospital of Michigan, Inc., License No. : 21-03298-05:

- 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;
- E. will not change the organization's name listed in the NRC license; and
- F. will keep regulatory required surveillance records and decommissioning records.

As a result of this merger, Tenet, the new ultimate parent entity of Vanguard, has multiple subsidiaries, including three other "downstream" subsidiaries/hospitals that possess active NRC licenses, each of which is affected in a similar fashion as VHS Children's Hospital of Michigan.

Each of these subsidiaries/licensees authorize human use of byproduct materials for diagnostic and therapeutic purposes and they are: VHS Harper – Hutzel Hospital, Inc., License No. 21-04127-02; VHS Huron Valley – Sinai Hospital, Inc., License No. 21-24652-01; and VHS Sinai – Grace Hospital, Inc., License No. 21-00299-04.

Therefore, for security purposes, Tenet 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. The purpose of this 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.

VHS Children's Hospital of Michigan, Inc. is not required to have decommissioning financial assurance based on the types and amount of material authorized in License No. 21-03298-05.

REGULATORY FRAMEWORK

VHS Children's Hospital of Michigan, Inc.'s License No. 21-03298-05, 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 evaluation is based on guidance in NUREG-1556, Volume 15. As discussed in NUREG-1556, Volume 15, 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. VHS Children's Hospital of Michigan, Inc.'s request for consent describes an indirect change of control resulting from a planned merger between Vanguard and Tenet, with Tenet as the new ultimate parent entity for Vanguard and its subsidiaries. As of the completion of the merger, which took place on October 1, 2013, VHS Children's Hospital of Michigan, Inc. has, indirectly through Vanguard, become a wholly-owned subsidiary of Tenet and, as such, the transfer requires NRC consent.

DESCRIPTION OF TRANSACTION

The transaction is described in ADAMS accession number ML13277A708. After completion of the merger, VHS Children's Hospital of Michigan, Inc. has continued as the licensee and remains in control of all licensed activities under Materials License No. 21-03298-05. 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 Appendix F of NUREG-1556, Volume 15.

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

The NRC staff finds that the information submitted by VHS Children's Hospital of Michigan, Inc. sufficiently describes and documents the commitments made by Tenet and VHS Children's Hospital of Michigan, Inc. and is consistent with the guidance in NUREG-1556, Volume 15.

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 both parties with regard to an indirect change of control of byproduct materials license No. 21-03298-05 and approves the application pursuant to 10 CFR 30.34(b).

The submitted information sufficiently describes the transaction; documents the understanding of the license and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they will maintain the existing records; and, in the future, will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15.

Therefore, the staff concludes that the change in control has not altered the previous findings, made under 10 CFR Part 30, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.