

North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhsr/>

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Phone: (919) 855-3873
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April 11, 2012

Denise M. Gunter
Nelson Mullins' Riley & Scarborough LLP
380 Knollwood Street, Suite 530
Winston-Salem, NC 27103


RE: Exempt from Review – Temporary Replacement MRI / The Presbyterian Hospital / Acquire a temporary replacement MRI scanner / Mecklenburg County


Dear Ms. Gunter:

In response to your letter of April 5, 2012 the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, a temporary mobile MRI scanner. The mobile MRI scanner will be contracted with MedQuest and used while the permanent replacement equipment is installed in order to avoid inconveniencing patients and disrupting existing MRI services. Once a final selection on equipment is made, Presbyterian will file a replacement equipment exemption for a permanent replacement MRI scanner. Presbyterian will not be increasing the number of MRI scanners in Mecklenburg County MRI inventory nor will Presbyterian be concurrently operating both the existing and MRI scanners. This determination is based on your representations that the mobile MRI scanner will be removed from North Carolina as soon as the permanent replacement is up and running and will not be used again in the State without first obtaining a certificate of need. Further please be advised that as soon as the replacement equipment is acquired, you must provide the CON Section and the Medical Facilities Planning Section with the serial number of the new equipment to update the. In addition, you should contact the Construction Section to determine if they have any requirements for development of the proposed project.

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Fatimah Wilson
Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR
Medical Facilities Planning Section, DHSR



Nelson Mullins

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April 5, 2012

VIA HAND DELIVERY

Craig R. Smith, Chief
Martha J. Frisone, Assistant Chief
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603

Rec'd
APR 05 2012
Shawanda
O'Punko

Re: Notice of Replacement Equipment for Health Service Area III, Mecklenburg
County/The Presbyterian Hospital, 200 Hawthorne Lane, Charlotte, North Carolina

Dear Craig and Martha:

On behalf of The Presbyterian Hospital (Presbyterian) and in accordance with N.C. Gen. Stat. § 131E-184(a)(7), I am writing to notify the Department of Presbyterian's intention to acquire a replacement MRI scanner, on a temporary basis (the Temporary Replacement).

Presbyterian owns a GE Twinspeed MRI scanner (Twinspeed) that is now over ten (10) years old. See Exhibit A, attached replacement equipment comparison form. This MRI scanner now needs to be replaced. Presbyterian is in the process of evaluating proposed replacement MRI scanners. It has not yet made a final selection on equipment. In the coming weeks, Presbyterian expects to file a replacement equipment exemption request for a permanent replacement (the Permanent Replacement).

In the meantime, to avoid inconveniencing patients, Presbyterian wants to be certain that it will have sufficient MRI coverage while the Twinspeed is shut down and construction is underway to accommodate the Permanent Replacement. Presbyterian estimates that the construction and installation process for the Permanent Replacement will take 12-16 weeks (the Replacement Period). Therefore, during the Replacement Period, Presbyterian will contract with MedQuest to have a MedQuest mobile MRI scanner (known as MQ 12) that is currently outside the State of North Carolina brought to Charlotte to meet Presbyterian's needs during

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Martha J. Frisone
April 5, 2012
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the Replacement Period. As soon as the Permanent Replacement is up and running, MQ 12 will leave the State of North Carolina and will not be brought back into North Carolina without CON approval. At no time during the Replacement Period will Presbyterian be increasing the number of MRI scanners in the Mecklenburg County MRI inventory. At no time during the Replacement Period will Presbyterian be concurrently operating the Twinspeed and MQ 12.

There are no construction costs involved in the Temporary Replacement. MQ 12, which was purchased for \$1,350,000 in 2005, is equipped with all the items needed to perform MRI scans. MQ 12 will be parked across the street from Presbyterian at Presbyterian Orthopaedic Hospital (POH), 1901 Randolph Road, Charlotte, North Carolina. POH has a mobile pad available for use during this time. MQ 12 will stay at POH throughout the Replacement Period; it will not travel from location to location.

This proposal meets the definition of "replacement equipment" as set forth in N.C. Gen. Stat. § 131E-176(22a) because:

- The cost of the equipment and the cost of all activities essential to acquiring and making operational the replacement equipment are less than \$2 million;
- The existing Twinspeed is currently in use;
- The existing Twinspeed will be removed from North Carolina when MQ 12 arrives in Charlotte and will not be brought back to North Carolina without CON approval. Likewise, MQ 12 will be removed from North Carolina when the Permanent Replacement is installed and will not be brought back to North Carolina without CON approval.
- The sole purpose of this proposal is to replace comparable medical equipment.

Further, this proposal meets the requirements of 10A NCAC 14C .0303(d) because:

- MQ 12 has the same technology as the Twinspeed although it may possess expanded capabilities due to technological improvements;
- MQ 12 is functionally similar and is used for the same diagnostic or treatment purposes as the Twinspeed and is not used to provide a new health service; and
- The temporary use of MQ 12 will not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.

None of the exclusions in 10A NCAC 14C .0303(e) applies here.

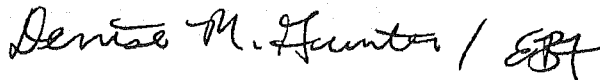
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Based on the foregoing, Presbyterian respectfully requests that the CON Section confirm, in writing that the above referenced proposal is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7). We respectfully request the CON Section's prompt review of this request, as we would like to have the Temporary Replacement ready in the next two weeks. Presbyterian Healthcare has been selected as a major healthcare provider for the Democratic National Convention in Charlotte starting in late August-early September 2012 and they must have the MRI scanner replacement completed before the Convention comes to town in order to be ready for their healthcare responsibilities to DNC participants. Getting prompt approval for the Temporary Replacement is an important first step in meeting that timeline.

Thank you for your time and attention.

With best personal regards.

Sincerely,

A handwritten signature in cursive script that reads "Denise M. Gunter" followed by a stylized flourish or initials.

Denise M. Gunter

Enclosure

Exhibit A

(Name of Facility & Equipment to be Replaced)	EXISTING EQUIPMENT	(Temporary) REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	GE	GE
Tesla Rating for MRIs	1.5	1.5
Model Number/Name	Twinspeed	Signa LX (Year 2000)
Serial Number	218465MR3	EM174
Provider's Method of Identifying Equipment	Internal Asset Numbering System	MQ12
Specify if Mobile or Fixed	Fixed	Mobile
Mobile Trailer Serial Number/VIN #	N/A	1JJV482WXYL-679061
Mobile Tractor Serial Number/VIN #	N/A	Unknown
Date of Acquisition of Each Component	1/2002	2005
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Hold Title
Specify if Equipment Was/Is New or Used When Acquired	NEW	USED
Total Capital Cost of Project (Including Construction, etc.) < Use Attached Form for New Equip >	\$1,734,047 (in 2002)	N/A
Total Cost of Equipment	\$1,602,118 (in 2002)	\$1,350,000 (in 2005)
Fair Market Value of Equipment	n/a	n/a
Net Purchase Price of Equipment	n/a	n/a
Locations Where Operated	Presbyterian Hospital Radiology Dept.	Presbyterian Healthcare Mobile MRI Pad Address: 1901 Randolph Road, Charlotte
Number Days In Use/To be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	None	None

Percent of Change in Per Procedure Operating Expenses (by Procedure)	None	None
Type of Procedures Currently Performed on Existing Equipment	MRI Scans	-----
Type of Procedures New Equipment is Capable of Performing	-----	MRI Scans