



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

July 18, 2014

Denise M. Gunter
380 Knollwood Street
Suite 530
Winston-Salem, NC 27103

Exempt from Review - Replacement Equipment

Facility: Cape Fear Diagnostic Imaging (MQ 18)
Project Description: Replace Mobile MRI Scanner
County: New Hanover
FID #: 010480

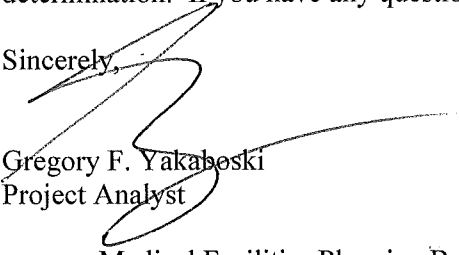
Dear Ms. Gunter:


In response to your letter of June 23, 2014, 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, the GE 1.5T Signa HD Excite Mobile MRI unit to replace the existing GE 1.5T Signa HD Echospeed Mobile MRI unit Serial #R3783. This determination is based on your representations that the existing unit will be removed from North Carolina 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 Branch with the serial number of the new equipment to update the inventory, if not already provided.

Moreover, you need to contact the Medical Facilities Planning Branch, DHSR 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,


Gregory F. Yakaboski
Project Analyst


Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

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Nelson Mullins

Nelson Mullins Riley & Scarborough LLP
Attorneys and Counselors at Law
380 Knollwood Street / Suite 530 / Winston-Salem, NC 27103
Tel: 336.774.3300 Fax: 336.774.3372
www.nelsonmullins.com

me

Denise M. Gunter
Tel: 336.774.3322
Fax: 336.774.3372
denise.gunter@nelsonmullins.com



June 23, 2014

Hand Delivered

Martha J. Frisone, 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

Re: Notice of Replacement Mobile MRI Equipment – Cape Fear Diagnostic Imaging, LLC (MQ 18 Mobile)

Dear Martha:

On behalf of Novant Health, Inc. and its affiliate, Cape Fear Diagnostic Imaging, LLC (“CFDI”), and in accordance with N.C. Gen. Stat. § 131E-184(a)(7), I am writing to notify the CON Section of CFDI’s intention to replace an existing mobile MRI scanner. The mobile MRI scanner CFDI is seeking to replace is its MQ 18 unit, which is a GE 1.5T Signa HD Echospeed, Serial number R3783 (hereinafter referred to as “MQ 18”).

In a separate letter, Novant, through its affiliate, Jacksonville Diagnostic Imaging, LLC d/b/a Coastal Diagnostic Imaging (“CDI”), has notified the CON Section of its intention to replace an aging fixed CON MRI scanner located at its facility in Jacksonville with MQ 18, which would be sited as a fixed unit as part of the replacement.

In this request, CFDI is seeking to replace its existing MQ 18 mobile MRI unit with a G.E. 1.5T Excite HDXt Mobile MRI unit (the “Replacement Mobile”). See Exhibit A (replacement equipment comparison form). The Replacement Mobile will assume the mobile route currently served by the current MQ 18 unit.¹

¹ CFDI plans on adding an additional mobile site after the replacement and will file a Declaratory Ruling Request for any new proposed site.

Martha J. Frisone
June 23, 2014
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There will be no increase in either the fixed or mobile MRI inventories as a result of the replacement requests. There are no estimated construction costs related to this project as it involves the replacement of a mobile MRI unit. The equipment cost is \$668,750, which includes North Carolina sales tax. See Exhibit B (capital cost form).

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

1. The cost of the equipment and the cost of all activities essential to acquiring and making operational the Replacement Mobile are less than \$2 million; and
2. The sole purpose of this proposal is to replace comparable medical equipment currently in use, which will be sold or otherwise disposed of when replaced.

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

- The Replacement Mobile has the same technology as MQ 18 although it may possess expanded capabilities due to technological improvements;
- The Replacement Mobile is functionally similar and is used for the same diagnostic or treatment purposes as MQ 18 and is not used to provide a new health service; and
- The acquisition of the Replacement Mobile 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.

Based on the foregoing, CFI 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).

Thank you for your time and attention.

Sincerely,

Denise M. Gunter

Denise M. Gunter

Enclosures

**EQUIPMENT COMPARISON - MOBILE MR REPLACEMENT
CAPE FEAR DIAGNOSTIC IMAGING, LLC**

Exhibit A

	EXISTING EQUIPMENT (O-6434-01)	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI Scanner	MRI Scanner
Manufacturer of Equipment	General Electric	General Electric
Tesla Rating for MRIs	1.5T	1.5T
Model Number	Signa HD Echosped	Signa HD Excite
Serial Number	R3783	TBD
Provider's Method of Identifying Equipment	Serial Number/MQ 18	Serial Number
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1S9FA482651182753	TBD
Mobile Tractor Serial Number/VIN #	n/a	TBD
Date of Acquisition of Each Component	2009	2014
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	New	Used
Total Capital Cost of Project (Including Construction, etc.) < Use Attached Form >	\$1,149,999	\$668,750 <small>incl'd sales tax</small>
Total Cost of Equipment	\$1,149,999	\$625,000
Fair Market Value of Equipment	\$475,000	\$625,000
Net Purchase Price of Equipment	N/A	\$625,000
Locations Where Operated	Coastal Diagnostic Imaging Jacksonville, NC Carolina Center for Surgery, Morehead City, NC	Coastal Diagnostic Imaging Jacksonville, NC Carolina Center for Surgery, Morehead City, NC
Number Days In Use/To Be Used in N.C. Per Year	365 minus holidays	365 minus holidays
Percent of Change in Patient Charges (by Procedure)	NA	NA
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	NA
Type of Procedures Currently Performed on Existing Equipment	MRI scans	MRI scans
Type of Procedures New Equipment is Capable of Performing	MRI scans	MRI scans

PROPOSED CAPITAL COSTS

Project Name: Cape Fear Diagnostic Imaging, LLC Replacement of Mobile MRI

Proponent: Cape Fear Diagnostic Imaging, LLC

A. <u>Site Costs</u>		
(1)	Full purchase price of land.....	\$ _____
(2)	Acres _____ Price per Acre \$ _____	
(3)	Closing costs.....	\$ _____
(4)	Site Inspection and Survey.....	\$ _____
(5)	Legal fees and subsoil investigation.....	\$ _____
Site Preparation Costs		
	Soil Borings.....	\$ _____
	Clearing-Earthwork.....	\$ _____
	Fine Grade For Slab.....	\$ _____
	Roads-Paving.....	\$ _____
	Concrete Sidewalks.....	\$ _____
	Water and Sewer.....	\$ _____
	Footing Excavation.....	\$ _____
	Footing Backfill.....	\$ _____
	Termite Treatment.....	\$ _____
	Other (Specify).....	\$ _____
	Sub-Total Site Preparation Costs.....	\$ _____
(6)	Other (Specify).....	\$ _____
(7)	Sub-Total Site Costs.....	\$ _____
B. <u>Construction Contract</u>		
(8)	Cost of Materials	
	General Requirements	
	Concrete/Masonry	
	Woods/Doors & Windows/Finishes	
	Thermal & Moisture Protection	
	Equipment/Specialty Items	
	Mechanical/Electrical	
	Other (Specify)	
	Sub-Total Cost of Materials.....	\$ _____
(9)	Cost of Labor.....	\$ _____
(10)	Other (Specify).....	\$ _____
(11)	Sub-Total Construction Contract.....	\$ _____
C. <u>Miscellaneous Project Costs</u>		
(12)	Building Purchase.....	\$ _____
(13)	Fixed Equipment Lease.....	\$ _____
(14)	Movable Equipment Purchase/Lease.....	\$ 668,750 (inc. sales tax)
(15)	Furniture.....	\$ _____
(16)	Landscaping.....	\$ _____
(17)	Consultant Fees	
	Architect and Engineering Fees.....	\$ _____
	Legal Fees.....	\$ _____
	Market Analysis.....	\$ _____
	Other (Specify).....	\$ _____
	Sub-Total Consultant Fees.....	\$ _____
(18)	Financing Costs (e.g. Bond, Loan, etc.).....	\$ _____
(19)	Interest During Construction.....	\$ _____
(20)	Other (Specify).....	\$ _____
(21)	Sub-Total Miscellaneous.....	\$ _____
(22)	Total Capital Cost of Project (Sum A-C above).....	\$ 668,750 (inc sales tax)

I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

(Signature of Licensed Architect or Engineer)

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

[Handwritten Signature]
(Proponent -- signature of officer)

[Handwritten Signature]
(Title of officer)