

**Technology and Equipment Committee**  
**Agency Report**  
**Fixed MRI Methodology/Technology and Equipment Policy TE-3**  
**Proposed 2017 State Medical Facilities Plan**

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***Petitioner:***

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***Request:***

[Cape Fear Valley Health System] (CFVHS) requests the State Health Coordinating Council (SHCC) continue its discussion regarding fixed MRI in community hospitals and requests that a new policy, Policy TE-3: Fixed MRI Scanners in Community Hospitals be included in the *2017 State Medical Facilities Plan*.

***Background Information:***

Chapter 2 of the State Medical Facilities Plan (SMFP) describes the purpose and process for submitting petitions to amend the SMFP during its development. Early in the planning year petitions related to basic SMFP policies and methodologies that have a statewide impact may be submitted. The SMFP defines changes with the potential for a statewide impact as “*the addition, deletion, and revision of policies and revision of the projection methodologies.*” The review requested by this petitioner could affect a methodology or policies in the SMFP and should be considered before publication of the Proposed 2017 SMFP.

As background, it is important to understand the current MRI methodology which uses the total number of adjusted procedures in an MRI service area, equivalent values for fixed and mobile MRI scanners, and graduated need determination thresholds based on the number of fixed scanners in a service area. Procedures are weighted according to complexity and then combined to determine a total number of weighted procedures. The fixed equivalent value is 1.00 for approved and existing fixed MRI scanners. For mobile sites, the fixed equivalent is the number of MRI adjusted procedures performed at the site divided by the threshold for the MRI service area. The fixed equivalent for a mobile site can be no greater than 1.00. The sum of the weighted MRI procedures is divided by the number of fixed equivalent scanners to get the average adjusted

procedures per scanner for each service area. A need determination for additional MRI scanners occurs when the average adjusted procedures per scanner for the service area exceeds the threshold established for the service area.

Last year J. Arthur Doshier Memorial Hospital (Doshier) proposed, in a spring petition, the need for either “Policy TE-2” or changes to steps in the current MRI Methodology. Policy TE-2 was written to allow hospitals to replace “the existing contracted service agreement with a fixed scanner under the hospital’s ownership and control.” The committee deferred the vote on the petition in order to allow members more time for discussion. Part of the discussion included comments submitted by Cape Fear Valley Medical Center proposing verbiage changes that would increase the number of potential applicants for the proposed policy. A member of the Technology and Equipment Committee requested and received approval to proceed with developing an alternative policy for consideration by the committee. At the second meeting, the committee voted on the petition and “Policy TE-3” that was developed by the committee member. The committee unanimously voted to deny both the policy and the Doshier petition. They agreed with the agency recommendation that the applicant should be encouraged to apply for an adjusted need determination in the summer. Doshier applied in the summer for an adjusted need petition, and that petition was approved by the Council.

CFVHS has submitted a petition requesting a new policy, TE-3, which allows a certificate of need to be issued to a licensed hospital without regard to the MRI need in Chapter 9: Magnetic Resonance Imaging. The proposed policy reads:

***DRAFT Policy TE-3: Fixed MRI Scanners in Community Hospitals***

*A certificate of need may be issued to a hospital licensed under GS 131E, Article 5, without regard to the MRI need shown in Chapter 9: Magnetic Resonance Imaging, provided that the certificate of need application demonstrates the following:*

- 1. The fixed MRI will be located in a community hospital that currently does not have a fixed MRI scanner.*
- 2. The hospital documents that fixed MRI services are necessary to meet the needs of patients in the hospital service area.*
- 3. The hospital documents that the project will meet all other CON requirements.*
- 4. If the hospital currently utilizes mobile MRI services, the hospital documents that the mobile MRI services will be terminated once the new fixed MRI scanner becomes operational.*
- 5. If the hospital currently utilizes mobile MRI services, the hospital demonstrates that acquisition of a fixed MRI scanner by the hospital will reduce the hospital's costs of providing MRI services which will be passed on to patients and third party payors in the form of lower charges.*

***Analysis/Implications:***

Twelve counties would potentially be eligible to apply for a fixed MRI machine through the proposed Policy TE-3. The counties are: Allegheny, Anson, Avery, Bladen, Chatham, Duplin, Hoke, Martin, Montgomery, Pender and Polk. Davie County was not included in the petition, but

appears to meet the criteria. Table 1, below, shows that the number of procedures performed in those counties varies widely, ranging from a low of 45 weighted procedures to a high of 1,038.

**Table 1: Total Weighted MRI Procedures for Eligible Counties, 2014-2016 SMFP**

<b>County</b>	<b>Total Number Procedures 2014</b>	<b>Total Number Procedures 2015</b>	<b>Total Number Procedures 2016</b>	<b>Average Annual Change</b>
Allegheny	150	172	150	0.94%
Anson	120	97	45	-36.39%
Avery	679	526	543	-9.65%
Bladen	412	250	325	-4.66%
Chatham	654	487	498	-11.64%
Davie*	343	274	425	17.50%
Duplin	819	932	1,028	12.05%
Hoke	0	0	1,003	N/A
Martin	544	462	578	5.02%
Montgomery	362	387	776	53.71%
Pender	287	287	260	-4.70%
Polk	1,002	823	1,038	4.13%

*Table 9P 2014-2016 NC State Medical Facilities Plans*

*\*Davie County was not identified in the petition.*

Table 1 also calculates the average annual change from the 2014 SMFP – 2016 SMFP for each service area. Just under half of the counties demonstrate negative growth and several counties show fluctuations in the number of procedures from year to year.

Using the current methodology a need is triggered in a service area without a fixed scanner at 1,716 weighted scans. According to the wording of the proposed policy, applicants would be able to apply without a need determination in the service area, but would still be required to meet the performance standards of 1,716 weighted scans after three years of service. Based on the data, it appears only Duplin, Hoke and Polk counties have the potential to demonstrate the growth to reach this performance standard since they are all above 1,000 weighted procedures.

Another important consideration is that Duplin and Polk only have one hospital, but Hoke has two hospitals in the service area. They are Cape Fear Valley Hoke Hospital, a newly licensed facility, and FirstHealth Moore Regional Hospital – Hoke Campus. The intent of the policy appears to provide community hospitals with the ability to apply for a CON for a fixed MRI scanner regardless of their resources. However, applications from Hoke County may still be competitive if they are filed during the same review cycle.

Overall, it appears only a select few hospitals would benefit from the policy change in the near term. It is possible, with the fluctuations in the number of procedures, that the policy will only benefit one or two facilities in the coming years. Given that few facilities have the potential for successful applications, the agency believes a policy is unwarranted. Hospitals may use the

adjusted need determination process in health service areas that may demonstrate the need for a fixed MRI scanner, but do not trigger a need determination through the standard methodology.

***Agency Recommendation:***

Given available information submitted by the March 18, 2016 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the Agency recommends that the petition for a policy for fixed MRI scanners in community hospitals be denied. The proposed changes affect a limited number of health service areas. The Agency supports the standard MRI methodology.