

**Technology and Equipment Committee
Agency Report
Petition to Remove Need Determination for
One Fixed Magnetic Resonance Imaging Equipment (MRI) in
Pasquotank/Camden/Currituck/Perquimans Service Area
2019 State Medical Facilities Plan**

Petitioner:

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Request:

Sentara Albemarle Medical Center (SAMC) requests the need for an additional fixed MRI scanner in the Pasquotank/Camden/Currituck/Perquimans (PCCP) service area be removed from the *2019 State Medical Facilities Plan (SMFP)*.

Background Information:

Chapter Two of the SMFP allows for “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” The SMFP annual planning process and timeline allow for submission of petitions for changes to policies and methodologies in the spring and petitions requesting adjustments to need projections in the summer. It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The standard methodology 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, including need determinations from previous SMFPs for 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. Application of the methodology to utilization data in the Proposed 2018 SMFP generated a need determination for one additional fixed MRI in the PCCP service area.

Analysis/Implications:

SAMC is the only provider that offered fixed MRI services in the PCCP service area and it has one fixed MRI machine. SAMC also has one mobile MRI scanner. The need determination in the service area is driven by SAMC's MRI utilization of 4,121 MRI procedures reported for the Proposed 2019 SMFP. The threshold for a service area with one fixed machine is an average of 3,775 scans per machine. Therefore, the PCCP service area surpassed the threshold for a need by 346 weighted scans.

An important consideration presented in this petition is the ability for an existing provider located in the PCCP service area to be approved for a second MRI scanner. Pursuant to 10A NCAC 14C .2703(b) (3) (B), an applicant (including any related entities) that does not currently own or operate a fixed MRI scanner located in the service area would have to adequately demonstrate in its CON application that the proposed fixed MRI scanner would perform 3,775 weighted MRI scans during the third operating year of the proposed scanner. That applicant does not have to demonstrate that the existing MRI scanner at SAMC would perform 3,775 weighted MRI scans. However, that applicant does have to demonstrate that its projected utilization is reasonable and adequately supported. Furthermore, that applicant would have to adequately demonstrate that its proposed fixed MRI scanner would not result in an unnecessary duplication of the existing fixed MRI services.

If SAMC were to apply, it would have to demonstrate that its existing and the proposed MRI scanners would perform an average of 3,775 weighted procedures per scanner during the third operating year of the proposed scanner. Thus, SAMC would have to demonstrate that the two scanners would perform at least 7,550 weighted MRI scans during the third operating year of the proposed scanner [$3,775 \times 2 = 7,550$]. The petition asserts the growth rate in MRI procedures would preclude any applicant from meeting this performance requirement. In the last five years, the PCCP service area has demonstrated an overall slightly positive trend in the numbers of MRI procedures as seen in Table 1 below.

Table 1: Service Area and Statewide Trends in MRI Procedures, Data Years 2013 - 2017

	2015 SMFP	2016 SMFP	2017 SMFP	2018 SMFP	Proposed 2019 SMFP	Total Percent Change	CAGR
Pasquotank/Camden/Currituck/Perquimans Service Area	3,720	3,603	3,304	3,776	4,121	10.78%	2.59%
Annual Change in Service Area		-3.15%	-8.30%	14.29%	9.14%		
Statewide	777,633	800,182	848,142	852,633	859,552	10.53%	2.54%

Source: 2014 – 2018 License Renewal Applications

Note: The data in the SMFP is two years earlier than the publication year of the SMFP.

The service area has a 2.59% Compound Annual Growth Rate (CAGR). If the 2.59% CAGR were used to project the number of procedures in the PCCP service area after three years, the total number of projected procedures would be 4,450 (see Table 2). Thus, based on the data, a projection of 3,775 weighted MRI procedures by the end of year three would be obtainable, but not significant enough for an additional machine. .

Table 2: Anticipated Growth of MRI Procedures in the Pasquotank/Camden/Currituck/Perquimans Service Area

	Proposed 2019 SMFP	Year 1	Year 2	Year 3
SAMC MRI Procedures	4,121	4,228	4,338	4,450

Finally, in 2006, the petitioners applied for and obtained a CON for a second fixed MRI scanner. However, the economic downturn and healthcare reform negatively impacted MRI volume, so the plan to add a second fixed MRI scanner was abandoned, and SAMC relinquished the CON for the additional scanner in January 2012. Indeed, since 2010, there has been a general downward trend in growth at rate of -1.67% until the 2018 SMFP (see Table 3). The data showed a slight increase from the 2018 to the Proposed SMFP, however.

Table 3: MRI Procedure Volume, Data Years, 2010 - 2016

	2012 SMFP	2013 SMFP	2014 SMFP	2015 SMFP	2016 SMFP	2017 SMFP	2018 SMFP	Total Percent Change	CAGR
MRI volume	3,834	4,001	3,790	3,720	3,603	3,304	3,376	-11.95%	-2.1%
Annual Change in Service Area	-	4.36%	-5.27%	-1.85%	-3.15%	-8.30%	14.29%		

Source: 2011 – 2017 License Renewal Applications

Note: The data in the SMFP is two years earlier than the publication year of the SMFP.

Uncertainty in the healthcare industry persists. In the last five years the PCCP service area data has experienced variation in the number of procedures. (see Table 1). Therefore, determining anticipated utilization of MRI equipment in this service area is complex.

Agency Recommendation:

The agency supports the standard methodology for fixed MRI equipment. However, in consideration of the above, the agency recognizes that the Pasquotank/Camden/Currituck Perquimans service area has unique attributes, including insufficient MRI procedure volume to support an additional MRI scanner. Given available information submitted by the August 9, 2018 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the agency recommends approval of the petition to remove the need determination for an additional unit of fixed MRI equipment for the Pasquotank/Camden/Currituck Perquimans service area in the final 2019 SMFP.