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**PETITION FOR ADJUSTED NEED DETERMINATION**

Southeastern Orthopaedic Specialists, P.A. (“SOS”), by and through counsel, submits this Petition seeking an adjusted need determination for one Fixed Magnetic Resonance Imaging (“MRI”) scanner for Guilford County.

SOS is one of the largest orthopaedic specialty groups in the Greensboro area, comprised of 27 physicians including orthopaedic specialists, sports medicine physicians, primary care physicians and a rheumatology specialist. SOS offers an extensive scope of orthopaedic surgical services as well as a broad array of diagnostic and therapeutic services. SOS’s Murphy Wainer division is located at 1130 North Church Street in Greensboro, North Carolina. The e-mail address and phone number for SOS are: mwo@sosbonesdocs.com / 336-375-2300.

SOS presently relies upon a Contracted Mobile MRI service. SOS is seeking an Adjusted Need Determination for a Fixed MRI for Guilford County that will allow SOS to apply to replace its existing contracted serviced with a Fixed MRI scanner under the ownership and control of SOS.

The 2010 State Medical Facilities Plan provides:

A facility that offers MRI services on a full-time basis pursuant to a service agreement with an MRI provider is not precluded from applying for a need determination in the North Carolina 2010 State Medical Facilities Plan to replace the existing contracted service with a fixed MRI scanner under the applicant’s ownership and control. It is consistent with the purposes of the Certificate of Need law and the State Medical Facilities Plan for a facility to acquire and operate an MRI scanner to replace such a contracted service, if the acquisition and ownership of the facility’s own MRI service will allow the facility to reduce the cost of providing the MRI service at that facility.

Acquisition and ownership of its own Fixed MRI will allow SOS to reduce the cost of providing MRI service; SOS will pass those savings on to its patients by reducing patient charges by 10% if it receives CON approval to acquire its own Fixed MRI.

Petitions for Adjustments to Need Determinations are appropriately filed when:

“unique or special attributes of a particular geographic area or institution give rise to resource requirements that differ from those provided by application of the standard planning procedures and policies.”

See Chapter 2, 2010 State Medical Facilities Plan (“SMFP”).

SOS is unquestionably unique within the State of North Carolina -- SOS is now the only remaining Mobile Host Site in North Carolina with MRI volumes exceeding the applicable Utilization Threshold that remains totally reliant upon Contracted Mobile MRI Services to meet patient demands for MRI services.

***A statement of the requested adjustment, citing the provision or need determination in the Proposed State Medical Facilities Plan for which the adjustment is proposed.***

SOS seeks an adjustment to the Proposed 2011 SMFP which identifies no need for an additional Fixed MRI scanner for Guilford County. The Standard Methodology determines the number of “fixed equivalent” MRI scanners, identifies the total number of MRI scans performed at each site, and applies adjustments for inpatient and contrast scans. The Standard Methodology sums the scans performed at each site in the service area. The total number of scans (as adjusted) for each service area is divided by the total number of fixed equivalent MRI scanners in that service area. The result is the Average Number of MRI Procedures per Scanner.

Each service area has a Utilization Threshold based upon the number of scanners serving the area. When the Average Number of MRI Procedures per Scanner exceeds the Utilization Threshold for the service area, the Standard Methodology identifies a need for one additional MRI scanner for the service area.

The Standard Methodology shows that MRI Scanners in Guilford County are averaging nearly 4,700 MRI procedures per Scanner (4,680).

If the County average was just over 4,800 MRI procedures (4,805), application of the Standard Methodology would show a Need.

Greensboro Orthopaedic Center (“GOC”) applied in 2009 to acquire a Fixed MRI Scanner to replace its Mobile MRI service. The CON Section made a decision to approve GOC and GOC is expected to receive its CON in the near future.

When GOC implements its CON-approved Fixed Scanner, it will eliminate its Mobile service. But, as of now, GOC has not yet been able to take those steps.

As a result, per the Standard Methodology for Guilford County, there are no MRI procedures listed for the new GOC Fixed Scanner because that scanner has not yet been implemented. The Standard Methodology nonetheless “counts” in the Inventory of MRI machines both the new Fixed Scanner as well as the old GOC Mobile MRI unit that will be discontinued.

Per the Standard Methodology, the total procedures for the County are divided by 14.4 MRI Scanners (which includes both the old and the new machines at GOC) and the result is an Average Number of Procedures per MRI that falls just below the applicable Utilization Threshold.

In the “real world,” the inventory of MRI Scanners serving Guilford County is about to change – when GOC develops its Fixed Scanner, it will eliminate its Mobile Service. If the total procedures for Guilford County were divided by one less scanner, a Need would be shown.

Notwithstanding the above, the Proposed 2011 SMFP reports that SOS performed 5,046 scans per MRI (4,996 / .99), well in excess of the Utilization Threshold of 4,805. As explained below, based on the unique and special attributes of its situation within Guilford County, SOS respectfully requests an adjusted need determination for one Fixed MRI scanner for Guilford County.

***Statement of the adverse effects on the population of the affected area that are likely to ensue if the adjustment is not made.***

Without an Adjusted Need Determination in the 2011 SMFP, SOS is unable to apply to acquire its own Fixed MRI. This unique situation has negative implications for thousands of Guilford County patients and their families.

The physicians of SOS refer their own patients for MRI scans when deemed medically appropriate. For years, SOS patients have been served by an Alliance Imaging Mobile MRI situated on a trailer outside the SOS Murphy Wainer location. With an inability to secure approval for a Fixed MRI, the present arrangement for Mobile service is the best option SOS has for the provision of MRI services for its patients. Unfortunately, under the present arrangement, patients must transition between the SOS facility and the Mobile MRI trailer. Requiring patients to leave the SOS building and access the MRI on the Mobile trailer presents everyday concerns for patients, especially those in wheelchairs and those requiring assistance to ambulate. Of course, such transitions can be problematic during inclement weather. Installation of a Fixed MRI within the SOS building would immediately enhance patient comfort and safety.

Moreover, the costs associated with contracting with an outside vendor for Mobile MRI services are high. By discontinuing the expenses associated with the Mobile MRI currently in use at SOS, SOS can realistically plan to decrease patient charges by 10% as well as increase its provision of charity care.

***A statement of alternatives to the proposed adjustment  
that were considered and found not feasible.***

Without the proposed adjustment, the next-best option for SOS is to continue as a Mobile MRI host site. While this option is technically feasible, there are negative cost implications and operational issues which result from reliance upon a Mobile MRI service. Without the proposed adjustment, SOS continues to be restricted to serving its patients with a Mobile Unit furnished outside its existing building; moreover, SOS must continue paying an out-of-state company significant contract fees for Mobile service.

On multiple occasions, SOS has sought CON approval to acquire a Fixed MRI to replace the Mobile MRI unit serving its patients. In every instance, the SOS CON Applications have been “batched” with other competing applications and, notwithstanding the merits of the SOS CON Applications, these prior efforts have not resulted in an award of a Fixed MRI CON to SOS. To date, it has not been feasible for SOS to secure CON Approval despite the fact that SOS can clearly support its own Fixed MRI as demonstrated by its consistently high utilization of the Mobile Unit serving its Murphy Wainer location.

SOS is now unique within the State of North Carolina. Other than SOS, there is no other remaining Physician Group, Hospital or Clinic of any type anywhere within North Carolina that, in 2010, reported MRI volumes for a host site that exceeded the Utilization Threshold yet still was totally reliant upon contracted Mobile service to meet its patients’ MRI needs. See Proposed 2011 SMFP.

This unique situation strongly suggest that an Adjustment to the Need Determinations derived from the Standard Methodology would be appropriate to allow SOS an opportunity to pursue CON Approval of its own Fixed MRI Scanner to serve the robust demand of its patients for MRI services.

***Evidence that the health service development permitted by the proposed adjustment  
would not result in unnecessary duplication of health resources in the area.***

Empirical evidence strongly suggests that an Adjusted Need Determination for one Fixed MRI for Guilford County is appropriate and will not result in unnecessary duplication of MRI resources in the area.

In 2008, Greensboro Orthopaedic Center (“GOC”) presented a Petition for an Adjusted Need Determination seeking an adjusted MRI need determination for one Fixed MRI scanner for Guilford County in the 2009 SMFP. At the time, both GOC and SOS were experiencing high volumes on the Mobile MRI units which served each practice. Ultimately, it was determined that application of the Standard Methodology identified a Need for one new Fixed MRI for Guilford County and a Need was included in the 2009 SMFP.

At the time it petitioned, GOC brought out evidence of the high MRI utilization in Guilford County and presented various comparisons between Guilford County and other North Carolina Counties. GOC noted the high utilization of Mobile MRI equipment in Guilford County, suggesting that Mobile volumes are high due to the lack of availability of Fixed MRI Scanners in the County.

The Proposed 2009 SMFP showed a total of 17,297 Weighted Scans for Mobile MRI providers for Guilford County, or **4,528** scans per Mobile MRI.

The Proposed 2011 SMFP reports even higher Mobile volumes for Guilford County with a total of 17,569 Weighted Scans for Mobile MRI providers for Guilford County, or **5,194** scans per Mobile MRI.

| <b>Guilford County<br/>Mobile MRI Scanners</b> | <b>Fixed<br/>Equivalent<br/>Value</b> | <b>Adjusted<br/>Scan Volume</b> | <b>Average Scans<br/>per Mobile<br/>MRI</b> |
|--|---------------------------------------|---------------------------------|---|
| <b>Cornerstone</b>                             | <b>0.72</b>                           | <b>3,880</b>                    |   |
| <b>Greensboro Ortho</b>                        | <b>0.9</b>                            | <b>4,470</b>                    |   |
| <b>Guilford Neurologic</b>                     | <b>0.26</b>                           | <b>1,504</b>                    |   |
| <b>High Point Regional</b>                     | <b>0.18</b>                           | <b>927</b>                      |   |
| <b>Johnson Neurological</b>                    | <b>0.09</b>                           | <b>472</b>                      |   |
| <b>Medventures MRI</b>                         | <b>0.02</b>                           | <b>103</b>                      |   |
| <b>Moses Cone</b>                              | <b>0</b>                              | <b>21</b>                       |   |
| <b>Moses Cone</b>                              | <b>0</b>                              | <b>16</b>                       |   |
| <b>SOS</b>                                     | <b>0</b>                              | <b>3</b>                        |   |
| <b>SOS</b>                                     | <b>0.01</b>                           | <b>61</b>                       |   |
| <b>SOS</b>                                     | <b>0</b>                              | <b>6</b>                        |   |
| <b>SOS</b>                                     | <b>0.98</b>                           | <b>4,926</b>                    |   |
| <b>Triad Imaging</b>                           | <b>0.16</b>                           | <b>845</b>                      |   |
| <b>Vanguard Brain</b>                          | <b>0.04</b>                           | <b>215</b>                      |   |
| <b>Vanguard Brain</b>                          | <b>0.02</b>                           | <b>124</b>                      |   |
| <b>Vanguard Brain</b>                          | <b>0.02</b>                           | <b>86</b>                       |   |
| <b>TOTALS</b>                                  | <b>3.4</b>                            | <b>17,659</b>                   | <b>5,194</b>                                |

Source: Proposed 2011 SMFP

Just as reported by GOC in 2008, special circumstances continue to exist in Guilford County with high utilization of Mobile MRI services and a clear need for improved Fixed MRI access.

| <b>Guilford County</b>    | <b>Weighted Scans for Mobile MRI Scanners</b> | <b>Scans Per Mobile MRI</b> |
|---------------------------|---|-----------------------------|
| <b>Proposed 2009 SMFP</b> | <b>17,297</b>                                 | <b>4,528</b>                |
| <b>Proposed 2011 SMFP</b> | <b>17,569</b>                                 | <b>5,194</b>                |

Fixed MRI Scanner utilization in Guilford County also remains high.

Per the Proposed 2009 SMFP, Guilford County's Fixed MRI Scanners were performing **4,880** Weighted Procedures per scanner.

Per the Proposed 2011 SMFP, Guilford County's Fixed MRI Scanners are performing **4,973** Weighted Procedures per scanner.

| <b>Guilford County Fixed MRI Scanners</b> |                               |                             |                                    |
|---|-------------------------------|-----------------------------|------------------------------------|
| <b>Name</b>                               | <b>Fixed Equivalent Value</b> | <b>Adjusted Scan Volume</b> | <b>Average Scans per Fixed MRI</b> |
| <b>High Point Regional</b>                | <b>2</b>                      | <b>6,353</b>                |                                    |
| <b>Moses Cone</b>                         | <b>2</b>                      | <b>11,321</b>               |                                    |
| <b>Wesley Long</b>                        | <b>1</b>                      | <b>4,102</b>                |                                    |
| <b>Cornerstone</b>                        | <b>1</b>                      | <b>4,042</b>                |                                    |
| <b>DRI</b>                                | <b>1</b>                      | <b>7,130</b>                |                                    |
| <b>DRI</b>                                | <b>1</b>                      | <b>7,096</b>                |                                    |
| <b>DRI</b>                                | <b>1</b>                      | <b>4,396</b>                |                                    |
| <b>Triad Imaging</b>                      | <b>1</b>                      | <b>5,291</b>                |                                    |
| <b>TOTALS</b>                             | <b>10</b>                     | <b>49,731</b>               | <b>4,973</b>                       |

Source: Proposed 2011 SMFP

| <b>Guilford County</b>    | <b>Weighted Scans per Fixed MRI Scanner</b> |
|---------------------------|---|
| <b>Proposed 2009 SMFP</b> | <b>4,880</b>                                |
| <b>Proposed 2011 SMFP</b> | <b>4,973</b>                                |

Since both Mobile and Fixed MRI scanners within Guilford County are operating with high utilization, current statistics confirm the immediate need for another Fixed MRI scanner to address demand.

In fact, an analysis of the data from the Proposed 2011 SMFP reveals that:

- SOS is performing more adjusted MRI scans on its Mobile MRI ( $4,996 / .99 = 5,046$ ) than the Average Number of Adjusted MRI scans performed on each of the Fixed MRI scanners in Guilford County ( $49,731 / 10 = 4,973$ );
- SOS is performing nearly 30% more Unweighted MRI scans than the Average Number of Unweighted MRI scans per Fixed MRI statewide ( $828,848 / 224 = 3700$ ).

These statistics are important evidence supporting the appropriateness of an Adjusted Need Determination for a Fixed MRI for Guilford County because each demonstrates that the historical utilization of the SOS Mobile MRI is more than sufficient to support a new Fixed MRI in Guilford County, even as judged against the highest planning Threshold of 4,805.

SOS has also performed an analysis of data from other Counties within North Carolina that are similar to Guilford County in terms of the number of Fixed MRI Scanners. In North Carolina, seventeen (17) Counties report four or more Fixed MRI Scanners; 104 total Fixed MRI Scanners are reported within these 17 Counties. These 104 Fixed MRI Scanners reported a total of 513,567 scans or an average of 3,668 Unweighted MRI scans per Fixed MRI. By contrast, SOS reported performing over 1,000 more Unweighted Scans than the average for the Fixed MRI Scanners in these Counties. Compared to 3,668 Average Unweighted Scans, SOS reported 4,797 Unweighted Scans on its Mobile MRI.

In other words, even with its present Mobile MRI arrangement, SOS is already performing scans at a level that far exceeds the average experience of the Fixed MRI Scanners in the 17 Counties with four or more Fixed MRI Scanners.

|  | <b>TOTAL<br/>UNWEIGHTED<br/>SCANS</b> | <b>TOTAL<br/>MRI<br/>SCANNERS</b>             | <b>AVERAGE #<br/>OF<br/>UNWEIGHTED<br/>SCANS PER<br/>MRI</b> |
|--|---------------------------------------|---|--|
| <b>17 COUNTIES<br/>w/ 4 OR MORE<br/>FIXED MRI<br/>SCANNERS</b> | <b>513,567</b>                        | <b>140<br/>FIXED MRI<br/>SCANNERS</b>         | <b>3,668</b>   |
| <b>SOS</b>   | <b>4,797</b>                          | <b>0.99 FIXED<br/>EQUIVALENT<br/>(MOBILE)</b> | <b>4,845</b>   |

Source: Proposed 2011 SMFP

Of the 140 Fixed MRI Scanners operational within these 17 Counties, only 30 of the Scanners performed on average more total scans per MRI than SOS was able to do with its Mobile service.

The SOS total scan volume at its one Mobile site exceeded the total scan volume per Fixed MRI for 110 of the 140 Scanners operating in these 17 Counties.

The following Table includes a Shaded Line over Asheville MRI: Only the Fixed MRI Scanners appearing above the Shaded Line performed Scans per MRI at levels higher than those reported by SOS. All of the 110 Fixed MRI Scanners listed below the Shaded Line reported Scans per MRI which were not as high as the performance of SOS on the Mobile Unit.

| Rank by Volume | Facility                    | Total Unweighted Scan Volume | # of Scanners | Average Scans per MRI |
|----------------|-----------------------------|------------------------------|---------------|-----------------------|
| 1              | Gaston Memorial Hosp        | 7452                         | 1             | 7452.0                |
| 2              | Raleigh Radiology           | 6869                         | 1             | 6869.0                |
| 3              | Triangle Ortho              | 6850                         | 1             | 6850.0                |
| 4              | Presbyterian                | 6794                         | 1             | 6794.0                |
| 5              | Ortho Carolina              | 6784                         | 1             | 6784.0                |
| 6              | Asheville Open MRI          | 6470                         | 1             | 6470.0                |
| 7              | Raleigh Neurology           | 6431                         | 1             | 6431.0                |
| 8              | Carolina Imaging            | 6217                         | 1             | 6217.0                |
| 9              | DRI                         | 6129                         | 1             | 6129.0                |
| 10             | DRI                         | 6092                         | 1             | 6092.0                |
| 11             | MRI Eastern Carolina        | 6079                         | 1             | 6079.0                |
| 12             | Presbyterian                | 5860                         | 1             | 5860.0                |
| 13             | Excel Imaging               | 5755                         | 1             | 5755.0                |
| 14             | Piedmont Imaging            | 5549                         | 1             | 5549.0                |
| 15             | Coastal Carolina Healthcare | 5541                         | 1             | 5541.0                |
| 16             | CMC Northeast               | 21487                        | 4             | 5371.8                |
| 17             | Wake Med                    | 10368                        | 2             | 5184.0                |
| 18             | CMC                         | 10333                        | 2             | 5166.5                |
| 19             | CMC                         | 4945                         | 1             | 4945.0                |
| 20             | Triad Imaging               | 4891                         | 1             | 4891.0                |
| 21             | Piedmont Imaging            | 4874                         | 1             | 4874.0                |
| 22             | Greenville MRI              | 4859                         | 1             | 4859.0                |
| 23             | Gaston Memorial Hosp        | 4849                         | 1             | 4849.0                |
| 24             | Asheville MRI               | 9658                         | 2             | 4829.0                |
| 25             | Duke Raleigh                | 4563                         | 1             | 4563.0                |
| 26             | Excel Imaging               | 4521                         | 1             | 4521.0                |
| 27             | Forsyth Memorial            | 13430                        | 3             | 4476.7                |



|    |                               |       |   |        |
|----|-------------------------------|-------|---|--------|
| 28 | Raleigh MRI                   | 4394  | 1 | 4394.0 |
| 29 | Medical Imaging Center        | 4362  | 1 | 4362.0 |
| 30 | Moses Cone                    | 8588  | 2 | 4294.0 |
| 31 | Wake Med Cary                 | 4232  | 1 | 4232.0 |
| 32 | Raleigh MRI                   | 4152  | 1 | 4152.0 |
| 33 | NC Baptist                    | 20740 | 5 | 4148.0 |
| 34 | Presbyterian                  | 8019  | 2 | 4009.5 |
| 35 | Durham Diagnostic Imaging     | 3930  | 1 | 3930.0 |
| 36 | Iredell Memorial              | 3910  | 1 | 3910.0 |
| 37 | DRI                           | 3886  | 1 | 3886.0 |
| 38 | First Health                  | 11608 | 3 | 3869.3 |
| 39 | Asheville Open MRI            | 3856  | 1 | 3856.0 |
| 40 | Lenox Baker                   | 3846  | 1 | 3846.0 |
| 41 | Carolina Imaging              | 3723  | 1 | 3723.0 |
| 42 | Pinehurst Surgical            | 3702  | 1 | 3702.0 |
| 43 | Presbyterian                  | 3692  | 1 | 3692.0 |
| 44 | Lenox Baker                   | 3686  | 1 | 3686.0 |
| 45 | Mission Hospital              | 7350  | 2 | 3675.0 |
| 46 | Greenville MRI                | 3665  | 1 | 3665.0 |
| 47 | Lenox Baker                   | 3623  | 1 | 3623.0 |
| 48 | Gaston Memorial Hosp          | 3598  | 1 | 3598.0 |
| 49 | Cornerstone                   | 3589  | 1 | 3589.0 |
| 50 | PCMH                          | 10755 | 3 | 3585.0 |
| 51 | CMC                           | 14056 | 4 | 3514.0 |
| 52 | Mountain Neurologic           | 3483  | 1 | 3483.0 |
| 53 | Gaston Memorial Hosp          | 3462  | 1 | 3462.0 |
| 54 | Mecklenburg Diagnostic        | 3408  | 1 | 3408.0 |
| 55 | Lenox Baker                   | 3360  | 1 | 3360.0 |
| 56 | New Hanover Regional          | 13392 | 4 | 3348.0 |
| 57 | Lenox Baker                   | 3316  | 1 | 3316.0 |
| 58 | Catawba Valley Medical Center | 6629  | 2 | 3314.5 |
| 59 | DUMC                          | 16559 | 5 | 3311.8 |
| 60 | Rex                           | 9740  | 3 | 3246.7 |
| 61 | Wesley Long                   | 3228  | 1 | 3228.0 |
| 62 | UNC                           | 25543 | 8 | 3192.9 |
| 63 | Atlantic Ortho                | 3176  | 1 | 3176.0 |
| 64 | CFVMC                         | 9437  | 3 | 3145.7 |
| 65 | Piedmont Healthcare           | 3090  | 1 | 3090.0 |
| 66 | Carolinas Imaging             | 2865  | 1 | 2865.0 |
| 67 | Carolina East Med Center      | 5618  | 2 | 2809.0 |
| 68 | Durham Regional               | 5539  | 2 | 2769.5 |
| 69 | Rowan Regional                | 11078 | 4 | 2769.5 |
| 70 | Raleigh Radiology             | 2743  | 1 | 2743.0 |

|                              |                             |         |     |                |
|------------------------------|-----------------------------|---------|-----|----------------|
| 71                           | Davis Regional              | 2710    | 1   | 2710.0         |
| 72                           | Memorial Mission St Joseph  | 2659    | 1   | 2659           |
| 73                           | Physicians East             | 2634    | 1   | 2634.0         |
| 74                           | High Point Regional         | 5074    | 2   | 2537.0         |
| 75                           | Mint Museum                 | 2228    | 1   | 2228.0         |
| 76                           | Frye Regional               | 4374    | 2   | 2187.0         |
| 77                           | Lake Norman Regional        | 4117    | 2   | 2058.5         |
| 78                           | Carolinas Imaging           | 1897    | 1   | 1897.0         |
| 79                           | Cabarrus Diagnostic Imaging | 1870    | 1   | 1870.0         |
| 80                           | Wake Radiology              | 1761    | 1   | 1761.0         |
| 81                           | Wake Forest Baptist Imaging | 1710    | 1   | 1710.0         |
| 82                           | Access Medical              | 1706    | 1   | 1706.0         |
| 83                           | Mecklenburg Diagnostic      | 1595    | 1   | 1595.0         |
| 84                           | Asheville Ortho             | 1268    | 1   | 1268.0         |
| 85                           | Excel Imaging               | 677     | 1   | 677.0          |
| 86                           | Medical Imaging Center      | 633     | 1   | 633.0          |
| 87                           | Skyland MRI                 | 376     | 1   | 376.0          |
| 88                           | Southern Piedmont Imaging   | 0       | 1   | 0.0            |
| 89                           | Coastal Carolina Healthcare | 0       | 1   | 0.0            |
| 90                           | Piedmont Imaging            | 0       | 1   | 0.0            |
| 91                           | Wake Radiology              | 0       | 1   | 0.0            |
| Totals                       |                             | 513,567 | 140 |                |
| <b>Average Scans per MRI</b> |                             |         |     | <b>3,668.3</b> |

Source: Proposed 2011 SMFP

The reported scan volume for SOS is a full 30% higher than the average scan volume for the Fixed MRI Scanners operating in these 17 Counties.

Despite these compelling statistics, without an Adjusted Need Determination, SOS will have no opportunity to present its unique circumstances to the CON Section in an effort to secure CON Approval for the acquisition of its own Fixed MRI. Without an Adjusted Need Determination, SOS will continue with the dubious distinction of being the only remaining Mobile host site in North Carolina with Adjusted scan volumes exceeding the Utilization Threshold that still must rely totally upon Contracted Mobile MRI services to serve its patients.

In addition to all of the above-referenced statistics, it can be shown that Guilford County is an appropriate service area for an Adjusted Need Determination by comparing Guilford to the Counties for which the Proposed 2011 SMFP identifies a need. The Proposed 2011 SMFP identifies need for one (1) new Fixed MRI scanner in Gaston, Mecklenburg, and the service area consisting of Pitt/Greene/Hyde Counties. When compared to Guilford County, the data from these Counties supports the requested adjusted Need.

### Gaston County

| Fixed MRI Scanners   | Unweighted MRI Scans | # of Fixed MRI Scanners | Average Unweighted MRI Scans per Fixed MRI |
|----------------------|----------------------|-------------------------|--|
| Gaston Memorial Hosp | 7452                 | 1                       |  |
| Gaston Memorial Hosp | 4849                 | 1                       |  |
| Gaston Memorial Hosp | 3598                 | 1                       |  |
| Gaston Memorial Hosp | 3462                 | 1                       |  |
| TOTALS               | 19,361               | 4                       | 4,840                                      |

### Mecklenburg County

| Fixed MRI Scanners     | Unweighted MRI Scans | # of Fixed MRI Scanners | Average Unweighted MRI Scans per Fixed MRI |
|------------------------|----------------------|-------------------------|--|
| CMC                    | 14,056               | 4                       |  |
| CMC                    | 10,333               | 2                       |  |
| CMC                    | 4,945                | 1                       |  |
| Presbyterian           | 8,019                | 2                       |  |
| Presbyterian           | 5,860                | 1                       |  |
| Presbyterian           | 6,794                | 1                       |  |
| Presbyterian           | 3,692                | 1                       |  |
| Carolinas Imaging      | 1,897                | 1                       |  |
| Carolinas Imaging      | 2,865                | 1                       |  |
| Mecklenburg Diagnostic | 3,408                | 1                       |  |
| Mecklenburg Diagnostic | 1,595                | 1                       |  |
| Mint Museum            | 2,228                | 1                       |  |
| Ortho Carolina         | 6,784                | 1                       |  |
| TOTALS                 | 72,476               | 18                      | 4,026                                      |

**Pitt/Greene/Hyde Counties**

| Fixed MRI Scanners   | Unweighted MRI Scans | # of Fixed MRI Scanners | Average Unweighted MRI Scans per Fixed MRI |
|----------------------|----------------------|-------------------------|--|
| PCMH                 | 10,755               | 3                       |  |
| Greenville MRI       | 3,665                | 1                       |  |
| Greenville MRI       | 4,859                | 1                       |  |
| MRI Eastern Carolina | 6,079                | 1                       |  |
| Physicians East      | 2,634                | 1                       |  |
| <b>TOTALS</b>        | <b>27,992</b>        | <b>7</b>                | <b>3,999</b>                               |

**Guilford County**

| Fixed MRI Scanners  | Fixed Equivalent Value | Unweighted Scan Volume | Average Scans per Fixed MRI |
|---------------------|------------------------|------------------------|-----------------------------|
| High Point Regional | 2                      | 5,074                  |                             |
| Moses Cone          | 2                      | 8,588                  |                             |
| Wesley Long         | 1                      | 3,228                  |                             |
| Cornerstone         | 1                      | 3,589                  |                             |
| DRI                 | 1                      | 6,092                  |                             |
| DRI                 | 1                      | 6,129                  |                             |
| DRI                 | 1                      | 3,886                  |                             |
| Triad Imaging       | 1                      | 4,891                  |                             |
| <b>TOTALS</b>       | <b>10</b>              | <b>41,477</b>          | <b>4,147</b>                |

Source: Proposed 2011 SMFP

The data from the Proposed 2011 SMFP shows that Guilford County’s Fixed MRI scanners are more highly utilized on average than the Fixed MRI scanners in two of the three service areas where the Standard Methodology has identified a need.

| County           | Average Unweighted Scans per Fixed MRI |
|------------------|--|
| Pitt/Greene/Hyde | 3,999                                  |
| Mecklenburg      | 4,026                                  |
| Guilford         | 4,147                                  |
| Gaston           | 4,840                                  |

Guilford County is an appropriate geographic area for an Adjusted Need Determination based on the high average utilization of the MRI Scanners serving the County.

***Evidence that the requested adjustment is consistent with the three Basic Principles governing the development of the N.C. State Medical Facilities Plan: Safety and Quality, Access and Value.***

The requested adjustment is consistent with the Basic Principles of Safety and Quality, Access and Value which govern the development of the SMFP. If the requested adjustment is made, SOS will be in a position to apply for CON Approval to convert its highly utilized Mobile MRI to a Fixed MRI which will enhance its ability to serve patients in a more convenient and cost-effective manner.

**Safety and Quality**

When SOS applied for a Fixed MRI CON Approval in 2009, the CON Section noted with approval the following information from the SOS CON Application:

*“SOS physicians and management staff routinely perform chart audits of patients seen at the SOS Murphy Wainer location. Chart audits ensure that each patient visit and care plan is fully documented. This serves as an opportunity for the care team to review the care plan and ensure appropriate treatment plans have been prescribed.*

*Many of the physicians from SOS Murphy Wainer are also surgeons with privileges at Moses Cone and Orthopaedic Surgical Center. Patients from SOS Murphy Wainer may be referred for surgery if other treatment plans are not successful or are not an option. Both surgery centers have extensive Peer Review processes in place.*

*SOS Murphy Wainer has achieved ACR accreditation for the mobile MRI currently in use at the facility. SOS has committed to achieving ACR accreditation for the new MRI system after it becomes operational. ACR accreditation is a nationally recognized quality assurance program and assures the patient that the highest standards of care are in place.”*

The CON Section determined that SOS adequately demonstrated that it will promote safety and quality in the delivery of the proposed services. An Adjusted Need Determination that allows for consideration of a proposal by SOS for conversion of its Mobile Service to a Fixed MRI is consistent with the enhancing safety and quality in service delivery.

### **Promotion of Equitable Access**

With regard to access by medically underserved patients, in 2009, the CON Section noted that, at SOS:

*“All persons will have access to the facility...Specifically, low income persons, racial and ethnic minorities, women, handicapped persons, elderly and other traditionally underserved persons including the medically indigent, the uninsured and the underinsured are treated by the physicians of SOS. SOS does not discriminate in any fashion.”*

The requested adjustment, if included within the 2011 SMFP, will allow SOS to again propose the development of a Fixed MRI which the CON Section previously concluded would promote equitable access for patients with limited financial resources and other medically underserved persons.

### **Maximizing Healthcare Value**

When SOS applied in 2009 to convert its Mobile MRI to a Fixed Unit, the CON Section observed that:

*“SOS has not increased its patient charges since 1998; in other words, despite rising costs of doing business, SOS has held their patient charges constant for MRI scans for more than 10 years...The SOS contract with Alliance Imaging costs SOS \$3,900 per day, six days per week. Elimination of this costly contract will enable SOS to lower patient charges by 10% within the MRI department...”*

*Reduced patient charges will result in lower patient insurance copays. Most patient health insurance plans require the patient to pay a percentage of the charge as a copay. By reducing the overall patient charge for the MRI scan, the patient copay will also be reduced. In today's economic environment patients are certain to realize the benefit from this reduction in charges.”*

The CON Section found, in 2009, that SOS adequately demonstrated the need the population to be served has for the proposed fixed MRI scanner and adequately demonstrated that the proposal will maximize healthcare value.

If the requested adjustment is made to the 2011 SMFP, the Adjusted Need Determination will allow SOS to file a CON Application and set forth a proposal consistent with the key Policy considerations of quality, access and value.

## CONCLUSION

In summary, an Adjusted Need is supported by the following facts:

- SOS is uniquely situated in that it is the sole remaining Mobile Host Site in North Carolina that exceeds the Utilization Threshold for a Fixed MRI but continues to be dependent on Contracted Mobile Services;
- At one location, SOS is providing more scans on average than each of the Fixed MRI scanners in Guilford County;
- SOS is performing nearly 30% more unweighted MRI scans than the average for Fixed MRI Scanners statewide;
- When compared with the 17 Counties with 4 or more Fixed MRI Scanners, SOS' utilization exceeds that of 110 of the 140 Fixed MRI Scanners;
- A Need was included for a Fixed MRI for Guilford County in the 2009 SMFP – at that time, Mobile MRI Scanners were averaging 4,528 scans per MRI; 2011 Data shows an average of 5,194 scans per MRI;
- In the Proposed 2009 SMFP, Fixed MRI Scanners in Guilford County were performing 4,880 weighted scans per Fixed MRI; 2011 Data shows an average of 4,973 weighted scans per Fixed MRI;
- The geographic area of Guilford County is appropriate for an Adjusted Need Determination in that the utilization of the Guilford Fixed MRI Scanners is higher than the utilization of the Fixed MRI Scanners in two out of three of the service areas showing a Need Determination per the Standard Methodology.

Over the years, the Mobile MRI serving SOS has exceeded the applicable Utilization Threshold used in the Standard Methodology to identify a need for a new Fixed MRI. Over the past several years, SOS physicians have referred approximately 5,000 patients per year for scans on the Mobile MRI serving SOS. If SOS has an opportunity to apply for and receive CON Approval for its own Fixed MRI, the SOS physicians will rely upon the new SOS Fixed MRI to furnish the services historically demanded by their patients – in other words, an Adjusted Need will allow SOS to file a CON Application documenting how a Fixed MRI at SOS will be very well-utilized, will enhance patient service and will promote cost-effective delivery of MRI services. Approval of SOS for conversion of its Mobile MRI Service to a Fixed MRI will have virtually no impact on the utilization of other MRI scanners in the State. Without the requested Adjusted Need, SOS will have no option but to continue its present arrangements for the provision of Mobile MRI services with the negative financial effects and operational issues that come with such an arrangement.

The SOS Petition for an Adjusted Need Determination is supported by the SOS physicians and the community. In particular, SOS thanks GOC for its showing of support for the SOS Petition.

For the above-stated reasons, SOS respectfully requests an Adjusted Need Determination in the 2011 SMFP to identify a Need for one (1) new Fixed MRI for Guilford County.