



March 16, 2015

Christopher Ullrich, MD, Chairman  
North Carolina State Health Coordinating Council  
c/o North Carolina Division of Health Service Regulation  
Medical Facilities Planning Branch  
2714 Mail Service Center  
Raleigh, North Carolina 27699-2714

Re: Comments Opposing the Petition Filed by J. Arthur Doshier Memorial Hospital Related to a Fixed MRI Scanner in Brunswick County

Dear Dr. Ullrich and Members of the State Health Coordinating Council:

Alliance Healthcare Services does not support the petition submitted by J. Arthur Doshier Memorial Hospital ("Doshier") to modify the policies of the State Medical Facilities Plan and the MRI methodology. The petition submitted by Doshier should be denied because the petition lacks merit and the requested changes, if approved, would undermine the integrity of the State Medical Facilities Plan. Policy changes and need determinations should never be formulated simply to provide a specific hospital an undeserved opportunity to acquire a duplicative MRI scanner. There are numerous incorrect statements contained in the petition that are addressed in the following comments.

Alliance Healthcare Services ("Alliance") is not holding Doshier hostage by providing the MRI scanner through a services agreement that was negotiated in good faith and in response to the hospital's request for additional services. The MRI location and hours of service were established by written agreement with Doshier. At the end of the current service agreement, Doshier has the option of continuing to obtain a grandfathered MRI scanner from Alliance or another provider with grandfathered MRI units. Doshier can choose whether it's next MRI scanner is new or refurbished, and whether it is installed in the building or a modular unit on the hospital campus. Doshier could also choose to utilize a mobile MRI scanner fewer days per week as a less costly alternative to continuing to operate an underutilized fixed MRI.

The Doshier petition lacks credibility due to false statements and incorrect mathematical representations:

- It is incorrect for Doshier to claim that it is the only hospital in the state that does not own its fixed MRI because Alliance leases an MRI scanner to at least one other hospital.
- If Alliance were to relocate the fixed MRI scanner from Brunswick County to another service area, then the increase in the MRI inventory for that service area would be far greater than four percent. (Also, Doshier is incorrect to state that  $1/261$  equals 3.8 %.)

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Phone: 336-349-6250  
Fax: 336-349-6260

Mailing Address  
Post Office Box 2154  
Reidsville, NC 27323-2154

- Doshier falsely states that there are no options for upgrading the MRI equipment or changing the equipment location under the services agreement; these options can easily be addressed in an amendment to the services agreement.
- Brunswick County is not unique with regard to travel times during the summer months because numerous NC counties are located on the coast and have periods of peak travel congestion.
- The Doshier petition erroneously asserts that Duplin, Bladen, and Martin Counties might somehow benefit from the proposed changes in this petition but, unlike Brunswick, these counties have smaller populations and have no fixed MRI scanner through a services agreement.
- Doshier wrongly contends that Emergency Departments at Critical Access Hospitals have routine need for immediate access to a fixed MRI scanner.

The 2015 State Medical Facilities Plan shows that Brunswick County has two hospitals each with one fixed MRI scanner. These scanners are operating at far below the threshold that would trigger a need for an additional fixed MRI. If the Doshier petition were approved then two adverse consequences would result: first, Doshier would have an opportunity to submit a CON application using its contrived performance threshold that is substantially lower than the genuine threshold that would be applicable to Brunswick Community Hospital. This inequity would likely lead to a costly CON appeal. Secondly, if Doshier were to obtain CON approval then Alliance would have to seek a new location for its MRI scanner. However, there is surplus capacity of the existing fixed and mobile MRI scanners throughout the majority of North Carolina. So wherever the Alliance scanner could be relocated it would likely add to the existing surplus capacity.

Approval of the Doshier petition would provide no benefits in terms of safety and quality, access or value. The Alliance grandfathered MRI scanner that is contracted to serve Doshier is a 1.5 Tesla GE scanner that is well maintained and provides quality images. As documented in the attached 2015 Registration and Inventory Form the existing MRI scanner provides access to both inpatients and outpatients.

The following information regarding the MRI scanner is provided on the hospital's website:

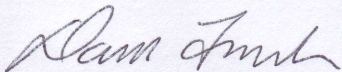
◆ MRI: Our brand new MRI - a GE HDE 1.5 tesla machine is housed at our Doshier Medical Plaza on Long Beach Road. MRI is a noninvasive imaging test that aids in the diagnosis and treatment for medical conditions. Magnetic resonance imaging utilizes radio frequency pulses without radiation to show detailed images of soft tissues and internal body structures. Our relationship with Alliance Imaging has given us the ability to offer this state of the art technology partnering with Doshier Memorial Hospital. This location and technology is more convenient to our community and provides immediate support to the professional community to provide for your healthcare.

The current services agreement between Alliance and Doshier provides access to a full time, high quality fixed MRI scanner without increasing the statewide inventory or adding excess MRI capacity to another service area. In contrast, the approval of the Doshier petition would lead to

additional capital costs as well as costly duplication of services. It is pure speculation by Doshier to claim it can own and operate a fixed MRI scanner at a lower cost as compared to its current contract service. The petition includes no projections based on reasonable assumptions that Doshier can perform 1,716 weighted MRI scans or that it can achieve genuine actual cost savings. During the previous year, Doshier performed a total of 1,246 weighted procedures. It is entirely unrealistic for the hospital to expect MRI utilization to increase by approximately 38 percent over the next four to five years. None of the imaging services provided at Doshier Hospital has increased at such a rapid pace.

For all of the reasons described above. Alliance respectfully requests that the State Health Coordinating Council deny the Doshier petition and make no changes to the SMFP policies related to MRI scanners. Please contact me at 336 349-6250 if you have any questions or if there is additional information I can provide. Thank you for your consideration.

Sincerely,



David French  
Consultant to Alliance Healthcare Services