

**Novant Health, Inc. and Novant Health Presbyterian Medical Center
12/1/2017 Comments on Carolinas HealthCare System Pineville
Mecklenburg County CON Application for a New MRI Scanner filed 10/16/17**

I. Overview

The 2017 State Medical Facilities Plan shows a need for one new MRI Scanner in Mecklenburg County based on a need determination. There are two competing CON Applications that were filed. First, Carolinas HealthCare System Pineville CON Application (CON Project I.D. #F-11425-17) and second, Novant Health Presbyterian Medical Center CON Application (CON Project I.D.#F-11443-17) This review is competitive and the CON Agency can only approve the award of one new MRI scanner in Mecklenburg County.

Novant Health Presbyterian Medical Center

Currently, Novant Health Presbyterian Medical Center has two fixed MRI scanners¹ in the NHPMC Radiology Department. NHPMC is seeking the state's approval to add a third MRI scanner in the NHPMC Radiology Department. The proposed MRI scanner is a Siemens MAGNETOM Aera with a capital cost of \$1,369,163. NHPMC proposes to spend \$3.5 Million to add a third fixed MRI scanner in the NHPMC Radiology Department. NHPMC has been designated a Level III Trauma Center and has also recently been granted advanced certification by The Joint Commission as a Comprehensive Stroke Center. TJC developed this Advanced Certification for Comprehensive Stroke Centers for hospitals that have specific abilities to receive and treat most complex stroke cases. NHPMC is the only hospital in Health Service Area III with this advanced certification. Immediate access to MRI scanners will be required to detect and diagnose strokes. NHPMC's MRI Imaging program is accredited by the American College of Radiology. Currently the two existing MRI scanners in the NHPMC Radiology Department are in operation seven days per week from 7:00am-11:00pm (two shifts per day) or 112 hours per week. From 2015 to 2017, orders from ED physicians have increased by 16%. The Novant Health Inpatient Care Specialists have ordered almost 1,000 MRI scans during the most recent 12 months. Currently, most of the tertiary hospitals in North Carolina, such as Novant Health Presbyterian Medical Center have at least 3+ fixed MRI scanners in their hospitals based on data in the 2018 Draft State Medical Facilities Plan, Table 9P.

Tertiary Hospitals with 3+ Fixed MRI Scanners

Hospital	# of Fixed MRI Scanners
CMC-NE	5
Cape Fear Valley	3
Duke University Medical Center	13
North Carolina Baptist Hosp	6
CMC-Main	5
First Health Moore Regional	3
New Hanover Regional Medical Center	4
Rowan Medical Center	4
Rex Healthcare	3

¹One MRI Scanner is a 1.5T MRI scanner and the second MRI scanner is a 3.0T MRI scanner. NHPMC operates one of the two 3.0T MRI scanners in Mecklenburg County. The MRI scanner that is located at Charlotte Orthopedic Hospital, a separate facility from NHPMC, is reported under the license of NHPMC.

Carolinas HealthCare System Pineville

CHS-Pineville is seeking to add one new fixed MRI scanner at the hospital for a total of two fixed MRI scanners. CHS-Pineville proposes to spend \$5,200,000 to add a second fixed MRI scanner. Currently CHS-Pineville operates one fixed MRI scanner and leased a mobile MRI starting in December 2016 when their existing fixed MRI scanner was undergoing repairs and replacement; the replacement MRI became operational in July 2017. CHS-Pineville continues to supplement with contracted mobile MRI services 3 days per month.

The proposed 2nd fixed MRI scanner is a Siemens Vida 3.0T Open Bore is \$2,676,842.

Conformity with CON Statutory Review Criteria

Criterion (1): NCGS 131E-183(a)(1): *The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on any health service, health service facility, health service facility beds, dialysis stations, or home health offices that may be approved.*

Since CHS-Pineville's utilization projections and assumptions are non-conforming with Criterion (3), the CHS-Pineville CON Application is derivatively non-conforming with Criterion (1).

Criterion (3): NCGS 131E-183(a) & 131E-183(b): *The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed and the extent to which all residents of the service area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups likely to have access to the services proposed.*

Comments regarding CMC-Pineville's Utilization Projections

CHS-Pineville's utilization projections are fatally flawed and fail to conform with several statutory review criteria.

CHS Pineville fails to demonstrate that its projected growth rates are based on reasonable assumptions.

CHS Pineville indicates that its projections are based on 1.2% growth rate, which is half of its compound annual growth rate for CY 2014 -CY 2017 (annualized). However, from CY 2016 to CY 2017, CHS-Pineville's MRI volume is expected to decline. Considering that CHS Pineville is relying on partial year data (January 1, 2017-July 31, 2017) to calculate its CAGR the potential for a more significant decrease exists and could impact the projections.

From CY 2016 to CY 2017, MRI outpatient volume is expected to decrease by at least 3.5%. This is unusual since CHS Pineville has access to a mobile MRI unit to serve outpatients. In addition,

outpatient/no contrast scans account for 50.2% of CHS Pineville’s overall unweighted MRI volume in the last 12 months. See application, page 62. CHS Pineville fails to adequately explain why these patients are not able to utilize mobile MRI services or fixed MRI services at CIS-South Park which only performed 3,670 unweighted MRI scans in the past 12 months. With the reported centralized scheduling (see application, page 50), the outpatient MRI procedures could easily be routed to an outpatient facility like CIS South Park, which is less than 6-7 miles away and has available MRI capacity.

CHS Pineville provides a considerable amount of service to patients from York (28.6%) and Lancaster (10.0%) Counties in South Carolina, or roughly 3,000 patients annually. Carolinas Healthcare System currently offers MRI services at its facility, CIS-Rock Hill, which is located in York County, South Carolina. Considering that over 50% of CHS Pineville’s MRI patients are classified as outpatient/no contrast, it would appear that utilization of CIS-Rock Hill would provide a more convenient option for South Carolina patients. However, CHS Pineville did not discuss this option as an alternative that was considered on pages 71-72 of the application.

CHS Pineville fails to demonstrate that the projections for the CIS Huntersville facility, which involves significant patient shifting from other hospital sites, are based on reasonable assumptions.

As indicated on page 2 of Exhibit C.11-1, CHS Pineville utilizes a similar methodology for all facilities with the exception of CIS Huntersville, which is CON approved for a new fixed MRI scanner. Without the patient shifting and the use of much higher growth rates, the projections for the newly approved fixed MRI scanner at CIS Huntersville would not exceed the required performance standards. There are numerous issues that raise concerns about the validity of the projections for this fixed MRI scanner, including:

- Without the shifted MRI patient procedures (729 no contrast + 605 contrast scans = 1,334 unweighted scans or 1,576 weighted procedures), CIS Huntersville’s weighted volume in Year 3 would be 4,008 scans.
- CHS Pineville assumes that the non-Medicaid patient population to be served by CIS Huntersville will grow at 7.0% for outpatient/no contrast and 5.8% outpatient/with contrast from CY 20 to CY 21. These patients will be shifted from CMC, CMC Mercy, and CHS University. However, these percentages are unsupported by the growth rate information presented for each hospital site in the application. See the chart below:

Facility	CY 2014 - CY 2017 CAGR
CMC	3.1%
CMC Mercy	2.4%
CHS University	4.1%

- The projected methodology for the patient shift is further inconsistent with the methodology used for each hospital site. For each facility, CHS Pineville utilizes ½ of the CAGR to

project MRI volume by hospital site. CHS Pineville fails to provide any current data to substantiate the use of an annual increase of 7.0% and 5.8% for the shifted outpatient procedures to be performed at CIS Huntersville.

- A review of the projected volume as set forth on page 2 of Exhibit C.11-1 indicates that the projections are not consistently increased by 7.0% and 5.8% as discussed in the CHS Pineville application. As the chart below demonstrates, the percentages vary between CY 2018 and CY 2020 for the shifted outpatient MRI volume.

CIS Huntersville Projected MRI Utilization

	CY 2018	CY 2019	% Change	CY 2020	% Change	CY 2021	% Change
Existing OP No Contrast	2151	2302	7.0%	2463	7.0%	2636	7.0%
Existing OP No Contrast	828	876	5.8%	927	5.8%	980	5.7%
Shifted OP No Contrast	476	573	20.4%	681	18.8%	729	7.0%
Shifted OP No Contrast	409	487	19.1%	572	17.5%	605	5.8%
Total	3864	4237	9.7%	4643	9.6%	4950	6.6%

See Exhibit C.11-1, page 2.

Overall, CHS Pineville failed to demonstrate that the projections for CIS Huntersville as contained in this application are based on reasonable assumptions and methodology and should be found non-conforming with Criterion 3.

CHS Pineville fails to demonstrate that the CIS mobile unit will reach the required 3,328 weighted volume threshold in Year 3

In order for the CIS mobile unit to reach the required volume threshold in Year 3, MRI volume is projected at the following host sites; Carolinas Medical Center (CMC), Carolinas Neurological Clinic (CNC) and St. Luke's. As stated in the CHS Pineville application, a CIS mobile unit previously served CNC until the mobile unit (F-6868-03) was removed from the service area prior to filing the CIS-Huntersville fixed MRI CON application in 2016. See Exhibit C.11-1, page 14. According to CHS Pineville, CNC has been served by an Alliance mobile unit since May 2016. There are two important issues related to the projected CNC host site volume.

- CHS Pineville does not provide any documentation that CNC will terminate its contract with Alliance Imaging for mobile MRI services and utilize the CIS mobile unit as projected.

- The reported MRI volume in the draft 2018 SMFP indicates a decrease in MRI volume of -14.4% in the last two years. However, CHS Pineville utilizes the exact number of weighted scans from the 2017 SMFP for CNC (1,152 weighted MRI procedures). There will be no change in the amount of service as the CIS mobile unit will offer CNC 2 days per week of mobile service. The assumptions fail to demonstrate that the higher projection of 1,152 weighted MRI scans at CNC is reasonable.

By failing to document that CNC will agree to be a host site for the CIS mobile unit and terminate its existing mobile MRI services agreement with Alliance Imaging, it is not reasonable for CHS Pineville to assume that the CIS mobile unit will service CNC as a mobile host site. As such, the projected MRI volume attributed to CNC should not be considered and without that volume the CIS mobile projections fail to meet the volume threshold set forth in 10A NCAC.2703(b)(5), which requires 3,328 weighted scans in Year 3 of operation.

CIS Mobile MRI Unit Projected MRI Utilization	
Site	CY 21 Weighted MRI Volume
CMC	1,820
CNC	1,152
St. Luke's	877
Total	3,848
Less CNC	(1,152)
Weighted Total	2,697

See Exhibit C.11-1, page 15.

There is also reasonable doubt regarding the projected MRI volume for St. Luke's in Polk County. According to data in the draft 2018 SMFP, St. Luke's performed 1,206 weighted scans during October 1, 2015-September 30, 2016. On page 63 of CHS Pineville application, the most recent 12-month data indicates that the weighted MRI volume at St. Luke's has dramatically decreased to 877 scans, or -27%. Although in this case, CHS Pineville utilized the lower weighted projection of 877 scans it fails to account for this significant decrease by estimating that St. Luke will continue to perform exactly 877 weighted MRI scans for the next four years. Overall, CHS Pineville utilized the exact same projection for each mobile MRI host site from CY 2018 through CY 2021, without providing any reasonable assumptions to support the projected numbers.

CHS Pineville fails to demonstrate that the projections for the CIS South Park are based on reasonable assumptions.

CHS Pineville utilizes the distribution percentage for contrast and non-contrast studies based on partial year data for CY 2017 in its projections for CIS South Park. A review of CIS South Park's historical performance related to contrast and non-contrast MRI studies performed at the facility raises questions about the validity of using the CY 2017 annualized data.

	2016 SMFP	2017 SMFP	Draft 2018 SMFP 2015-16 data	CY 2017 Annualized
Outpatient No Contrast	1706	1889	2195	2037
Percentage	67.1%	64.9%	61.4%	54.6%
Outpatient With Contrast	837	1020	1363	1694
Percentage	32.9%	35.1%	38.3%	45.4%

To put this percentage in perspective, CIS South Park has the highest percentage of outpatient contrast scans for all of the freestanding fixed MRI scanners currently in operation in Mecklenburg County by nearly 15%.

Facility	Outpatient with Contrast Scans*	Total MRI Scans	% Contrast
CIS South Park	1694	3730	45.4%
CIS Huntersville	866	2817	30.7%
CIS Ballantyne	1176	4003	29.4%
Other Freestanding Fixed Providers in Mecklenburg County (Data from draft 2018 SMFP)			
Carolina Neurosurgery & Spine	493	4188	11.8%
NHI Ballantyne	651	2431	26.7%
NHI South Park	705	3575	19.7%
OrthoCarolina Spine Center	1756	7889	22.3%

*Based on CY 2017 data provided in the CHS Pineville application for each facility.

CHS Pineville provides no discussion regarding this unusually high percentage of contrast scans in an outpatient setting, which raises concerns regarding the accuracy of the CY 2017 annualized data. Not only is CIS South Park's contrast percentage extremely high in comparison to other fixed freestanding MRI providers in Mecklenburg County, it is also greatly surpasses those percentages being performed at CHS's acute care facilities.

Facility	CY 2017 Outpatient With Contrast Percentage
CHS Pineville	16.9%
CMC	34.4%
CMC Mercy	23.5%
CHS University	26.3%

See Exhibit C.11-1, pages 1, 5, 9 and 10.

Without explanation in the CHS Pineville application, it would appear the utilization of contrast percentage based on CY 2017 annualized data is unsupported and unreasonable. The higher contrast percentage when used in MRI methodology results in a substantial increase in procedure weights, which results in a higher weighted total for a facility.

In summary, there are a number of issues related to the various components of the CHS Pineville need methodology that raises concerns about the reasonableness of the methodology itself and the assumptions. For these reasons, the CHS Pineville application should be found non-conforming with Criterion 3.

Criterion (4) NCGS 131E-183(a)(4): *Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.*

Since CHS-Pineville's utilization projections and assumptions are non-conforming with Criterion (3), the CHS-Pineville CON Application is derivatively non-conforming with Criterion (4).

Criterion (5) NCGS 131E-183(a)(5): *Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based on reasonable projections of the costs and charges for providing health services by the person proposing the service.*

Since CHS-Pineville's utilization projections and assumptions are non-conforming with Criterion (3), the CHS-Pineville CON Application is derivatively non-conforming with Criterion (5).

Criterion (6) NCGS 131E-183(a)(6): *The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.*

Since CHS-Pineville's utilization projections and assumptions are non-conforming with Criterion (3), the CHS-Pineville CON Application is derivatively non-conforming with Criterion (6).

Criterion (9) NCGS 131E-183(a)(9): *An applicant proposing to provide a substantial portion of the project’s services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant services to these individuals.*

In response to CON Application C, Question 3(a), CHS-Pineville provides projected patient origin for-MRI scans to be performed at CHS Pineville during the first three years of operation of their proposed new MRI scanner. CHS Pineville states current MRI scan patient origin and indicates that CHS Pineville does not expect that the CHS MRI scan patient origin will change in the future.

The CHS Pineville MRI scan patient origin, current and proposed is listed in the table below:

Patient Origin for MRI Procedures at CHS Pineville

County	Current* # of Patients (MRI Procedures)	Current & Proposed Percent of Total	Project Year 1 # of MRI Pts (MRI Px)	Project Year 2 # of MRI Pts (MRI Px)	Project Year 3 # MRI Scans (MRI Px)
Mecklenburg	4,075	46.7%	4,145	4,204	4,255
York (SC)	2,491	28.6%	2,539	2,570	2,601
Lancaster (SC)	869	10.0%	886	897	908
Union (NC)	597	6.8%	608	616	623
Gaston	165	1.9%	168	170	172
Other	522	6.0%	532	538	545
TOTAL	8,718	100.0%	8,887	8,995	9,104

*NOTE: Current year is CY 2016.

It appears that CHS Pineville is “proposing to provide a substantial portion of the project’s services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas. The above MRI scan patient origin table indicates that almost 40% of CHS Pineville’s MRI scans are performed for patients outside of Mecklenburg County and outside of Health Service Area III. Based on the MRI current and proposed CHS Pineville MRI scan patient origin, 38.6% of CHS Pineville’s MRI scan patient are residents of South Carolina. CHS-Pineville has not documented the special needs and circumstances that warrant services to these individuals. In CY 2016 CHS Pineville provided 3,360 MRI scans to residents of York and Lancaster County South Carolina. By the end of Project Year 3, CHS Pineville projects to have provided 3,509 scans to South Carolina residents. Thus, the CHS-Pineville CON Application is non-conforming with Criterion (9).

Patient Origin for MRI Procedures at Novant Health Presbyterian Medical Center

County	Current* # of Patients (MRI Procedures)	Current & Proposed Percent of Total	Project Year 1 # of MRI Pts (MRI Px)	Project Year 2 # of MRI Pts (MRI Px)	Project Year 3 # MRI Scans (MRI Px)
Mecklenburg	4,484	66.8%	5,314	5,484	5,660
Union (NC)	487	6.9%	549	566	585
Gaston	325	4.6%	366	378	390
York (SC)	331	4.7%	374	386	398
Cabarrus	166	2.4%	191	197	203
Iredell	171	2.4%	191	197	203
Lincoln	117	1.7%	135	140	144
Lancaster (SC)	115	1.6%	127	131	136
Rowan	114	1.6%	127	131	136
Cleveland	58	0.8%	64	66	68
Catawba	48	0.7%	56	57	59
Other**	397	5.7%	461	476	491
TOTAL	7,013	100%	7,956	8,210	8,473

*Source: Response to NHMPC CON Application Questions C.2 (a) and C.3(a)

**NOTE: includes Alexander, Alleghany, Anson, Ashe, Bladen, Brunswick, Buncombe, Burke, Caldwell, Craven, Cumberland, Davidson, Davie, Edgecombe, Forsyth, Guilford, Halifax, Haywood, Henderson, Johnston, Macon, Montgomery, New Hanover, Pasquotank, Polk, Richmond, Robeson, Rockingham, Scotland, Surry, Transylvania, Vance, Wake, Watauga, Wayne, Wilkes, and other states including Georgia, South Carolina, Tennessee, Virginia.

Based on the MRI scan data supplied in the PMC and CHS-Pineville, two-thirds of the MRI scan patients served by NHPMC are from Mecklenburg County, NC. Based on the MRI patient origin for CHS in the table above, less than 50% of the MRI scan patients served by CHS-Pineville are from Mecklenburg County. Furthermore, CHS-Pineville serves a lesser portion of MRI patients located in Health Service Area III, since 39% (28.6%/York County + 10% Lancaster County) of CHS-Pineville's MRI scans are performed for residents of two South Carolina counties. Health Service Area III includes the following eight North Carolina Counties: Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, and Union. NHPMC's MRI patient origin table show that NHPMC serves patients from all 8 of the counties in Health Service Area III. NHPMC does provide some South Carolina residents with MRI scans; however, only 6.3% of NHPMC's MRI patients are from South Carolina in contrast to 39% of CHS-Pineville's MRI patients that are South Carolina residents. NHPMC also proposes to provide a greater portion of its MRI scans to Mecklenburg County residents than CHS-Pineville and NHPMC also projects to provide MRI services to patients in each of the eight counties in Health Service Area III, whereas CHS-Pineville identifies only three of the eight HSA III counties where it will provide MRI services.

Criterion (12) NCGS 131E-183(a)(12): Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health by other

persons, and that applicable energy saving features have been incorporated into the construction plans.

The construction cost proposed by CHS-Pineville in its CON Application in Form F.1a is \$1,970,000 including \$1,800,000 for construction/renovation and \$170,000 for architect/engineering fees. In comparison the construction/renovation costs proposed by NHPMC in Form F.1a. are \$1,715,980 including construction/renovation costs and construction/renovation contingency dollars and also including \$142,500 in architect/engineering fees. Overall Novant Health Presbyterian Medical Center proposes the lower cost alternative in terms of construction and renovation costs. The proposed NHPMC construction/renovation costs are \$254,020 less than those proposed by CHS-Pineville. Thus, NHPMC's construction/renovation costs represent the most reasonable alternative when compared to CHS-Pineville's construction/renovation costs.

In addition, CHS-Pineville is proposing to purchase an MRI scanner (Siemens MAGNETOM Vida) with a capital cost of \$2,676,842. NHPMC is proposing to purchase a (Siemens MAGNETOM Aera) with a capital cost of \$1,369,163. The cost of NHPMC's proposed Siemens MRI scanner is \$1.3Million less than the capital cost of the CHS-Pineville.

Criterion (13) NCGS -131E-183(a)(13)(a)(b)(c)(d): *The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of the medically underserved group, such as indigent or low income persons, Medicare and Medicaid recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible the applicant shall:*

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved.*
- (b) Its past performance in meeting its obligation if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights equal access complaints against the applicant;*
- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and*

To compare the MRI Scan payor mix for the two competing applicants, please see the table below.

Payor	NHPMC MRI Scan Payor Mix	CHS-Pville MRI Scan Payor Mix
Self Pay	5.0%	4.9%
Medicare	41%	45.6%
Medicaid	11%	5.6%
Commercial/Mged Care	41%	42.6%
Other	2.0%	1.3%

NHPMC's MRI Scan payor mix proposes to serve a higher percentage of Self-Pay (5%) and Medicaid (11%) patients. CHS-Pineville proposes to serve a slightly higher percentage of Medicare patients.

(d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physician.

Criterion (18a) NCGS 131E-183(a)(18a): *The applicant shall demonstrate that the effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application for a services on which competition would not have a favorable impact.*

Since CHS-Pineville's utilization projections and assumptions are non-conforming with Criterion (3), the CHS-Pineville CON Application is derivatively non-conforming with Criterion (18a).

Summary

If the CON Agency determines after an individual review of each of the competing CON applications, that both are conforming with all CON statutory review criteria and regulations, then further review will be necessary. The Agency has the authority to identify comparative factors as part of its review of CON Applications. As discussed above in these comments:

- For the Medicaid and Self-Pay (medically underserved population) payor mixes, Novant Health Presbyterian Medical Center offers higher payor mix percentages than CHS Pineville
- Based on the MRI scan data patient origin data supplied by NHPMC and CHS-Pineville, two-thirds of the MRI scan patients served by NHPMC are from Mecklenburg County, NC. Based on the MRI patient origin for CHS in the table above, less than 50% of the MRI scan patients served by CHS-Pineville are from Mecklenburg County.
- The NHPMC CON Application proposes a lower total project capital cost (\$3,534,994) to cover the cost of installing a new MRI scanner in existing space at NHPMC; total capital cost proposed by CHS-Pineville is significantly higher at \$5,200,000. The NHPMC total project capital cost is \$1,665,006 30% lower than that proposed by CHS-Pineville.
- CHS-Pineville also proposes to purchase an MRI scanner with a much greater capital cost (\$2,676,842) than the capital cost (\$1,369,163) for MRI scanner proposed by NHPMC. The MRI

scanner selected by NHPMC costs \$1,307,679 less than the scanner selected by CHS-Pineville. Moreover, the CHS-Pineville MRI scanner has a capital cost that is 48% higher than the PMC scanners. In other words, the NHPMC MRI scanner cost is more cost effective.

- The NHPMC MRI Scanner CON application includes referring physician support letters from 12 distinct medical and surgical specialties. The CHS-Pineville MRI scanner includes referring physician support letters from only 7 different types of medical and surgical specialists. Thus, NHPMC's referring physician support letters demonstrate that an established base of referring physicians for MRI studies is already established.
- The construction cost proposed by CHS-Pineville in its CON Application in Form F.1a is \$1,970,000 including \$1,800,000 for construction/renovation and \$170,000 for architect/engineering fees. In comparison the construction/renovation costs proposed by NHPMC in Form F.1a. are \$1,715,980 including construction/renovation costs and construction/renovation contingency dollars and also including \$142,500 in architect/engineering fees. Overall Novant Health Presbyterian Medical Center proposes the lower cost alternative in terms of construction and renovation costs. The proposed NHPMC construction/renovation costs are \$254,020 less than those proposed by CHS-Pineville. Thus, NHPMC's construction/renovation costs represent the most reasonable alternative when compared to CHS-Pineville's construction/renovation costs.

For the reasons noted above in these comments the NHPMC MRI proposal is the more geographically accessible (see comments in Criterion (9)), cost effective, and reasonable project.