



**Comments on Competing Application for One
Fixed MRI Scanner in New Hanover County**

May 31, 2023

**Competitive Comments on New Hanover County
Fixed MRI Scanner Applications**

Submitted by

Wilmington Health, PLLC (Wilmington Health)

In accordance with N.C. GEN. STAT. § 131E-185(a1)(1), Wilmington Health, PLLC (Wilmington Health) hereby submits the following comments related to competing applications filed to acquire and develop one fixed MRI scanner in New Hanover County, based on the need identified in the *2023 State Medical Facilities Plan (SMFP)*. Wilmington Health’s comments include “*discussion and argument regarding whether, in light of the material contained in the application and other relevant factual material, the application complies with the relevant review criteria, plans and standards.*” See N.C. GEN. STAT. § 131E-185(a1)(1)(c).¹ In order to facilitate the Agency’s ease in reviewing these comments, Wilmington Health has organized its discussion by issue, specifically noting the general Certificate of Need (CON) statutory review criteria and regulations creating the non-conformity relative to each issue as they relate to the competing application. Wilmington Health’s comments relate to the following application proposing to acquire and develop a fixed MRI scanner in New Hanover County:

- **Novant Health New Hanover Regional Medical Center (Novant), Project ID # O-012361-23**

Although the review includes multiple applicants that propose to meet the need for additional fixed MRI services in New Hanover County, only one can be approved. The comments below include substantial issues that Wilmington Health believes render the Novant application non-conforming with applicable statutory and regulatory review criteria.

¹ Wilmington Health is providing comments consistent with this statute; as such, none of the comments should be interpreted as an amendment to its application filed on April 17, 2023 (Project ID # O-012370-23).

GENERAL COMMENTS

Competition

In February 2022, the Agency released its findings for the 2021 SMFP need determination for one fixed MRI scanner for New Hanover County, for which there were four applicants: Delaney Radiologist Group (Project ID # O-12126-21), EmergeOrtho – Porters Neck (Project ID # O-12127-21), Wilmington Health at Porters Neck (Project ID # O-12139-21), and Novant Health New Hanover Regional Medical Center – Scotts Hill (Project ID # O-12124-21). When assessing each application relative to the “Competition (Access to a New or Alternate Provider)” comparative factor, the Agency stated that “[g]enerally, the application proposing to increase competition in the service area is the more effective alternative...The introduction of a new provider in the service area would be the most effective alternative.”² As all four applicants were already providers of MRI services in New Hanover County, the Agency found all four applications equally effective with respect to that comparative factor.

However, Novant Health has argued for a different interpretation of the “Competition” comparative factor in the context of other competitive CON reviews. For example, in competitive comments submitted by Novant on 12/1/2022 for 2022 SMFP need determination for 65 additional acute care beds in Mecklenburg County, Novant argued, with respect to the “Competition (Patient Access to a New or Alternate Provider)” comparative factor, that its application should be considered more effective than applications submitted by Atrium Health, due to Novant having fewer resources in the defined service area: “[r]egardless of the ultimate conclusion of this comparative analysis, [Atrium Health] will control a larger percentage of acute care beds in Mecklenburg County than it currently does”.³ Novant also stated that:

*The Agency has repeatedly recognized that improving competition in Mecklenburg County is an important issue, and has repeatedly determined that Novant Health is the more effective alternative with regard to competition in Mecklenburg County acute care bed reviews...The Agency should analyze competition in the same way it has in the last several reviews and determine that the NHPMC Application is the more effective alternative with respect to competition.*⁴

The Agency did, in fact, find Novant more effective with regards to competition when conducting its comparative analysis in that review.⁵

Novant argued similarly in competitive comments submitted on 09/30/2021 for the 2021 SMFP need determination for one fixed MRI scanner in Mecklenburg County. In comments against the application submitted by Carolinas Medical Center (“CMC”) for one fixed MRI scanner, Novant stated that “CMC and its affiliates currently own 12 of the fixed MRI scanners [in Mecklenburg County], while Novant Health and its affiliates own 11 of the fixed MRI scanners. Approval of the NHI Matthews application means that both systems would have an equal number of fixed MRI scanners in Mecklenburg County...Accordingly, the NHI

² Required State Agency Findings – 2021 New Hanover MRI Review, p. 109.

³ Competitive Comments on 2022 Mecklenburg County Acute Care Bed Applications Submitted by Novant Health, p. 7.

⁴ Ibid.

⁵ As noted in the Required State Agency Findings – 2022 Mecklenburg Acute Care Bed Review.

application is the more effective alternative with respect to competition.”⁶ The Agency determined Novant to be more effective with respect to the Competition comparative factor in that instance, as well.⁷

Notably, Novant owns and operates more fixed MRI scanners than any other provider in New Hanover County, as listed in the *2023 SMFP*; in fact, the *2023 SMFP* lists it as operating five fixed MRI scanners in New Hanover County, including the fixed MRI scanner approved at Novant Health New Hanover Regional Medical Center – Scotts Hill pursuant to Project ID # O-12124-21, referenced above. By Novant’s own logic as stated in other competitive reviews, it follows that Novant is the least effective application with respect to this comparative factor. Wilmington Health believes that, if the Agency is to be consistent in its review of comparative factors, it will determine that Novant is the least effective alternative with respect to this comparative factor for this competitive review, as well.

Geographic Accessibility (Location within the Service Area)

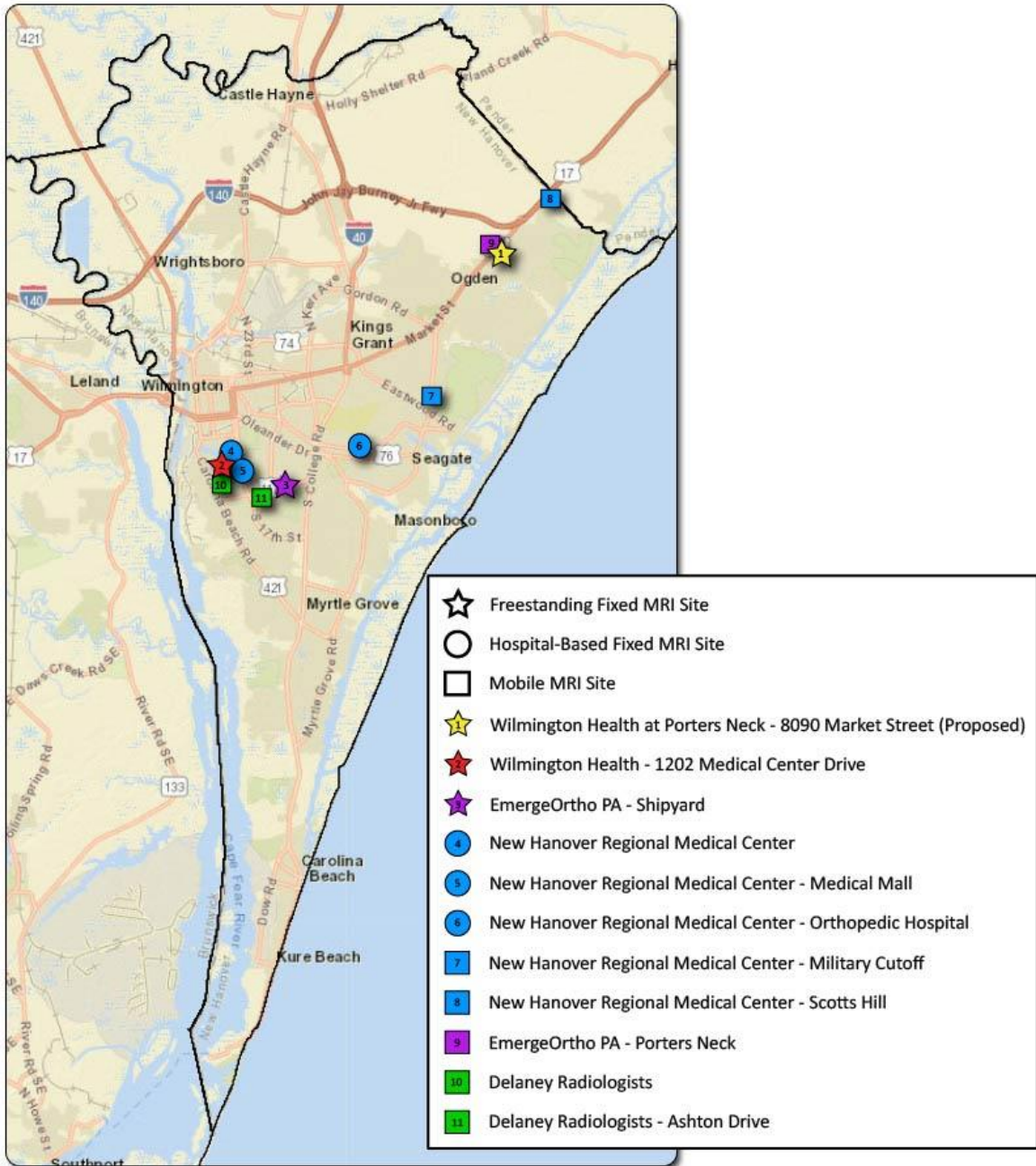
In its findings for the 2021 New Hanover fixed MRI scanner *SMFP* need determination, the Agency, with respect to the Geographic Accessibility comparative factor, identified that the existing fixed MRI scanners in New Hanover County were all located in the central part of the county. In light of this, it put forth that “the applications proposing to locate the fixed MRI scanner in Northern New Hanover County are more effective.”⁸

Even when accounting for the scanner at Novant Health New Hanover Regional Medical Center – Scotts Hill that is approved but currently under development, it still stands that nearly all of the fixed MRI scanners in New Hanover County (and all of the freestanding fixed MRI scanners) are in central New Hanover County, as seen in the map below; this map was also provided in Wilmington Health’s certificate of need application for one fixed MRI scanner pursuant to the *2023 SMFP* need determination for New Hanover County:

⁶ Comments Submitted by NHI Matthews, LLC In Opposition to Project ID # F-012117-21 Carolinas Medical Center, p. 10.

⁷ As noted in the Required State Agency Findings – 2021 Mecklenburg County MRI Review.

⁸ Required State Agency Findings – 2021 New Hanover MRI Review, p. 108.



Significantly, the location of Novant’s proposed project – Novant Health Regional Medical Center’s Main Campus (location #4 on the map above) – is *also* in central New Hanover County.

It follows, then, that if the Agency is to be consistent with its previous New Hanover County findings, it will find Novant less effective with regards to the Geographic Accessibility comparative factor, as Novant does not propose to locate its fixed MRI scanner in an underserved part of the county. Of note, Wilmington Health’s proposed location – Wilmington Health at Porters Neck – 8090 Market Street, location #1 on the map above – *is* located in the northern part of New Hanover County; as such, the Agency should find Wilmington Health’s application more effective with regards to this comparative factor.

Access by Service Area Residents

While the Agency has historically included the “Access by Service Area Residents” comparative factor in its comparative analysis in past MRI Reviews, Wilmington Health believes that this factor is not appropriate to be included in a review of applicants from New Hanover County. It should be noted that Wilmington Health, as detailed in its application, has historically served patients from multiple counties in addition to New Hanover County, including Pender, Onslow, and Brunswick counties, amongst others.⁹ Further, Wilmington Health has facilities in multiple counties in addition to only New Hanover County, and therefore provides access to patients beyond only New Hanover County, as evaluated by the Agency. Additionally, the need determination for one fixed MRI scanner for New Hanover County in the 2023 SMFP was not *solely* determined from patients originating from New Hanover County, but from patients treated in New Hanover County *regardless* of their county of origin. As such, using only New Hanover County as the “service area” when evaluating Access by Service Area Residents is inappropriate in this comparative context.

However, if the Agency chooses to evaluate the applicants based on this comparative factor, Wilmington Health believes that it should be found more effective that Novant, given that it projects to serve more patients from New Hanover County than Novant by each application’s PY3, respectively.

Access to Lower Cost Services

As detailed in the 2023 SMFP, there are seven total fixed MRI scanners in New Hanover County; out of those seven fixed MRI scanners, five are hospital based, while only two are freestanding scanners, one of which is located at Wilmington Health’s office at 1202 Medical Center Drive. As noted in Wilmington Health’s CON, hospital-based MRI services can be priced up to 70 percent higher than MRI services at freestanding imaging centers.¹⁰ Further, most insurance companies tier out-of-pocket requirements depending on the type of facility where patients receive care; hospital-based services are categorized at a higher tier than freestanding outpatient services, meaning that a patient’s out-of-pocket expenses are higher at hospitals, regardless of whether the service is classified as inpatient or outpatient care.

While the Agency did not consider a freestanding provider to be more effective than a hospital-based provider when evaluating which applicant to be more effective relative to the “Scope of Services” comparative factor during their 2021 Review, it nevertheless stands that freestanding providers have significant cost and accessibility benefits to patients, which thereby gives them a significant advantage in the ability to offer patients more accessible and cost-effective scope of services; out of the four applicants for the 2023 SMFP New Hanover County fixed MRI need determination, only Novant is a hospital-based provider. Additionally, there are already five hospital-based MRI scanners in New Hanover County. It would behoove the Agency, therefore, to consider approving an applicant proposing a freestanding fixed MRI service, as opposed to an applicant – such as Novant – proposing a hospital-based service.

⁹ As noted in Project ID # O-012370-23, p. 36.

¹⁰ <https://www.hfma.org/payment-reimbursement-and-managed-care/pricing/52656/>.

ISSUE-SPECIFIC COMMENTS

1. Novant Health fails to account for the historical volume of all MRI scanners located at its facilities when projecting the volume of its proposed project.

In Step 3 of its “Utilization Methodology and Assumptions,” Novant provides historical utilization data for its four locations in New Hanover County: NH New Hanover Main, NH New Hanover – Medical Mall, NH New Hanover – Orthopedic Hospital, and NH Scotts Hill. However, for NH Scotts Hill, Novant has shared no data, even though a mobile MRI scanner, owned and operated by Alliance Healthcare Services, has been located at that facility for at least some of the years noted on Novant’s historical data tables.

While Novant is not required to list or quantify the data of this mobile MRI scanner as per the Magnetic Resonance Imaging Performance Standards (10A NCAC 14C .2703), it should be noted that the adjusted total scans performed by this scanner at NH Scotts Hill for the 2021 fiscal year were significant, at 2,991 adjusted scans, and impact future fixed MRI volumes. The current volume performed by the mobile MRI scanner at NH Scotts Hill will shift to Novant’s scanner currently approved and under development at NH Scotts Hill (Project ID # O-12124-21). Novant does not state what will happen with the mobile MRI scanner after the approved fixed MRI scanner becomes operational or how that available capacity will impact its existing fixed scanners; this is necessary in order to accurately and holistically assess the totality of Novant’s projected MRI volume across all of its facilities and MRI scanners.

There is precedent in the Agency’s considering the volume of an existing mobile MRI scanner in an applicant’s utilization projections when the applicant has failed to address this issue. In its findings for the 2021 Wake County MRI *SMFP* need determination, the Agency, when evaluating Wake Radiology’s application (Project ID # J-012068-21) and its conformity with Criterion 3, noted that “the applicant neither discusses or addresses the impact of continuing to operate an additional mobile MRI scanner (leased from Alliance) in Wake County on the applicants projected utilization of its proposed new fixed MRI scanner...nor the impact on the applicants, or the applicant’s related entities, fixed and mobile MRI scanners in Wake County.”¹¹ In short, this non-conformity also applies to Novant, as it, too, failed to document what would happen with its mobile MRI scanner and how it may impact the volume of its other sites.

As such, the Novant application is non-conforming with N.C. Gen. Stat. § 131E-183(a)(3), (5) and (6), as well as the performance standards for MRI scanners.

2. Novant Health does not project utilization growth rates that are reasonable or adequately supported.

Total MRI Scans

In Step 4 of its “Utilization Methodology and Assumptions,” Novant provides utilization projections through Project Year 3 (FY 2027) for each of its facilities, listed above, along with a compound annual growth rate (CAGR) for each facility, included in the “Spreadsheet” following its

¹¹ Required State Agency Findings – 2021 Wake County MRI Review, p. 14

Methodology and Assumptions. Also included in that Spreadsheet are the sums of the MRI scans from all Novant facilities; that table is included below.

**NH New Hanover
Utilization Methodology and Assumptions
Spreadsheet**

Step 4.

	Historical	Projected					Annual Growth
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
NH New Hanover							
MRI Scans	8,726	9,104	9,499	9,911	10,341	10,790	4.3%
MRI shifted to Scotts Hill		425	866	884	901	919	
MRI Scans after Shift to Scotts Hill		8,679	8,633	9,027	9,440	9,871	
Adjusted MRI Ratio	1.59	1.59	1.59	1.59	1.59	1.59	
Adjusted MRI Scans	13,891	13,817	13,743	14,371	15,028	15,714	
MRI Scanners	2	2	2	3	3	3	
Adjusted MRI Scans per MRI Scanner	6,946	6,908	6,872	4,790	5,009	5,238	
NH New Hanover - Medical Mall							
MRI Scans	2,117	2,297	2,492	2,704	2,934	3,183	8.5%
Adjusted MRI Ratio	1.11	1.11	1.11	1.11	1.11	1.11	
Adjusted MRI Scans	2,341	2,540	2,756	2,990	3,244	3,520	
MRI Scanners	1	1	1	1	1	1	
Adjusted MRI Scans per MRI Scanner	2,341	2,540	2,756	2,990	3,244	3,520	
NH New Hanover - Othopedic Hospital							
MRI Scans	5,726	5,825	5,926	6,028	6,132	6,238	1.7%
Adjusted MRI Ratio	1.14	1.14	1.14	1.14	1.14	1.14	
Adjusted MRI Scans	6,507	6,619	6,734	6,850	6,968	7,089	
MRI Scanners	1	1	1	1	1	1	
Adjusted MRI Scans per MRI Scanner	6,507	6,619	6,734	6,850	6,968	7,089	
NH Scotts Hill							
MRI Scans		425	1,806	3,685	4,211	4,322	
Adjusted MRI Ratio		1.14	1.14	1.14	1.14	1.14	
Adjusted MRI Scans		483	2,052	4,188	4,785	4,912	
MRI Scanners		1	1	1	1	1	
Adjusted MRI Scans per MRI Scanner		483	2,052	4,188	4,785	4,912	
All Novant Health MRI Scanners Located in New Hanover County	Historical	Projected					
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Total MRI Scans	16,569	17,226	18,857	21,444	22,717	23,614	
Total Adjusted MRI Scans	22,739	23,459	25,285	28,399	30,026	31,234	
Total Fixed MRI Scanners	4	5	5	6	6	6	

Source: Novant Utilization Methodology and Assumptions.

While Novant does not provide a CAGR for the total MRI scans for “All Novant Health MRI Scanners Located in New Hanover County,” the CAGR from FY 2022 to FY 2027 is 7.34 percent, as shown below.

**Novant Total Projected MRI Scans Utilization
Including CAGR**

	<i>FY 2022</i>	<i>FH 2027</i>	<i>CAGR</i>
Total MRI Scans	16,569	23,614	7.34%

Source: Novant Utilization Methodology and Assumptions.

In other words, in order to meet the minimum utilization requirements, Novant projects the MRI scans across all its facilities to grow 7.34 percent from 2022 through 2027. This growth rate is neither reasonable nor adequately supported based on any information provided in Novant’s application. No other historical MRI growth rate, either for a Novant facility or for any New Hanover County demographic, reaches or exceeds this 7.34 percent growth rate, and Novant fails to provide any reasonable basis for this projection.

For example, in Step 1, Novant provides the historical county-wide growth data for MRI scans from FY 2016 through FY 2021, replicated below.

NH New Hanover
Utilization Methodology and Assumptions
Spreadsheet

Step 1.

	Historical					
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
MRI Scans	29,319	30,571	33,439	40,406	29,903	34,925
5-Year CAGR	3.56%					

Source: Novant Utilization Methodology and Assumptions.

The growth rate for these historical scans is 3.56 percent, well short of the 7.34 percent projected growth rate across all MRI scans.

Further, none of the historical growth rates for any of Novant’s facilities that offered MRI services – New Hanover Main, New Hanover Medical Mall, or New Hanover Orthopedic Hospital, all shown in Step 3 of Novant’s “Utilization Methodology and Assumptions” – reach 7.34 percent. This includes the historical growth rate across all Novant facilities, which Wilmington Health has calculated to be only 2.9 percent, shown in the table below.

Step 3.	Historical						5-Year CAGR
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	
NH New Hanover							
MRI Scans	7,057	7,384	8,761	8,187	8,496	8,726	4.3%
Adjusted MRI Scans	10,089	10,544	12,333	11,568	13,656	13,891	
Adjusted MRI Ratio	1.43	1.43	1.41	1.41	1.61	1.59	
MRI Scanners	2	2	2	2	2	2	
NH New Hanover - Medical Mall							
MRI Scans	2,008	2,052	2,173	3,001	2,686	2,117	1.1%
Adjusted MRI Scans	2,370	2,450	2,581	3,554	2,961	2,341	
Adjusted MRI Ratio	1.18	1.19	1.19	1.18	1.10	1.11	
MRI Scanners	1	1	1	1	1	1	
NH New Hanover - Orthopedic Hospital							
MRI Scans	5,256	5,289	5,344	5,232	5,388	5,726	1.7%
Adjusted MRI Scans	6,256	6,320	6,400	6,371	6,136	6,507	
Adjusted MRI Ratio	1.19	1.19	1.20	1.22	1.14	1.14	
MRI Scanners	1	1	1	1	1	1	
NH Scotts Hill							
MRI Scans							
Adjusted MRI Scans							
Adjusted MRI Ratio							
MRI Scanners							

Source: Novant Utilization Methodology and Assumptions.

Novant Total Historical MRI Scans Utilization Including CAGR

	<i>FY 2027</i>	<i>FH 2022</i>	<i>CAGR</i>
Total MRI Scans	14,321	16,569	2.9%

Source: Novant Utilization Methodology and Assumptions.

Even considering the population growth rate of New Hanover County – a rapidly growing and aging population – does not yield any rates comparable to the total projected growth rate across all Novant MRI scans. In Section C.4 of its application, Novant, citing the North Carolina Office of State Budget and Management (NC OSBM), states that “New Hanover’s population is expected to increase by 6.3 percent over the five-year period” of 2023 to 2028.¹²

¹² Project ID # O-012361-23, p. 47.

**Projected Population Growth
New Hanover County**

	2018	2023	2028 (Projected)	2018 - 2023	2023 - 2028
				Percent Growth	Percent Growth
<18 Population	41,836	41,639	41,886	-0.5%	0.6%
18-44 Population	89,097	95,104	100,310	6.7%	5.5%
45-64 Population	55,284	56,523	60,431	2.2%	6.9%
65+ Population	38,976	44,974	50,595	15.4%	12.5%
Total Population	225,193	238,240	253,222	5.8%	6.3%
Percent <18	18.6%	17.5%	16.5%		
Percent 18-44	39.6%	39.9%	39.6%		
Percent 45-64	24.5%	23.7%	23.9%		
Percent 65+	17.3%	18.9%	20.0%		

Source: NC Office of State Budget and Management, March 2023.

Source: Novant Section C.4, p. 47.

When calculated as a compound annual growth rate, however, this is a CAGR of only 1.23 percent.

Similarly, Novant also provides the “Six-county tertiary care service area” population data and projected the growth rate of that demographic to be 7.2 percent, considering this six-county area to be Brunswick, Columbus, Duplin, New Hanover, Onslow, and Pender counties.

**Projected Population Growth
Six-county Tertiary Care Service Area**

	2018	2023	2028 (Projected)	2018 - 2023	2023 - 2028
				Percent Growth	Percent Growth
<18 Population	158,334	167,654	171,614	5.9%	2.4%
18-44 Population	264,669	281,919	298,357	6.5%	5.8%
45-64 Population	165,703	175,556	187,888	5.9%	7.0%
65+ Population	125,447	149,018	172,078	18.8%	15.5%
Total Population	714,153	774,147	829,937	8.4%	7.2%
Percent <18	22.2%	21.7%	20.7%		
Percent 18-44	37.1%	36.4%	35.9%		
Percent 45-64	23.2%	22.7%	22.6%		
Percent 65+	17.6%	19.2%	20.7%		

Source: NC Office of State Budget and Management, March 2023.

Source: Novant Section C.4, p. 48.

However, this total growth rate as a compound annual growth rate is only 1.40 percent.

The highest possible growth rate that Novant includes is the projected 65 and older projected growth rate for the above-mentioned six-county tertiary care service area, at 15.5 percent. However, this CAGR is only 2.92 percent. The table below shows the calculated CAGRs for each of the rates detailed above.

Projected Population CAGRs for New Hanover County

Service Area	2023	2028	CAGR
New Hanover County Total Population	238,240	253,222	1.23%
Six County Tertiary Care Service Area Total Population	774,147	829,937	1.40%
Six County Tertiary Care Service Area 65+*	149,018	172,078	2.92%

Source: Novant Section C.4, pp. 47-48.

*Represents the population with the highest growth rate.

Of note, the historical CAGRs for these demographics also fall well short of 7.34 percent, as seen below.

Historical Population CAGRs for New Hanover County

Service Area	2018	2023	CAGR
New Hanover County Total Population	225,193	238,240	1.11%
Six County Tertiary Care Service Area Total Population	714,153	774,147	1.62%
Six County Tertiary Care Service Area 65+*	125,447	149,018	3.50%

Source: Novant Section C.4, pp. 47-48.

*Represents the population with the highest growth rate.

In short, there is no basis for Novant’s projecting a 7.34 percent CAGR for all of its facilities, and it has overstated its projected total MRI volume.

Medical Mall

In Step 4 of its “Utilization Methodology and Assumptions,” Novant provides utilization projections through Project Year 3 (FY 2027) for NH New Hanover – Medical Mall, listed above, along with its compound annual growth rate (CAGR), included in the “Spreadsheet” following its Methodology and Assumptions. Novant lists this growth rate as 8.5 percent.

However, this growth rate for Medical Mall is not reasonably or adequately supported based on the historical utilization data that Novant includes for that facility. Novant shows the historical CAGR from FY 2017 through FY 2022 to be only 1.1 percent for Medical Mall, as viewable in Step 3, above. Further, Medical Mall appears to have only exceeded the fixed MRI scanner Performance Standard of 3,364 or more adjusted MRI procedures per fixed MRI scanner (as set by 10A NCAC 14C .2703 (a)(1)(A)) once, in FY 2020; however, even this figure is only achievable in Novant’s calculations due to Novant using the weighting values from the 2022 SMFP, and not the revised weighting values as detailed in the 2023 SMFP. When using the 2023 SMFP weightings, the adjusted MRI scans for Medical Mall for FY 2022 are as follows:

**Adjusted MRI Scans – NH New Hanover – Medical Mall
2022 and 2023 SMFP Weightings**

	<i>FY20</i>
Outpatient – No Contrast	1,619
Outpatient – Contrast	1,382
Adjusted MRI Scans – 2022 SMFP Weightings*	3,554
Adjusted MRI Scans – 2023 SMFP Weightings**	3,294

Source: 2022 SMFP.

* As defined in the “Application of the Methodology” for Magnetic Resonance Imaging Scanners in the 2022 SMFP, “Adjusted Total” scans are calculated by multiplying the number of complex (i.e.: with contrast) outpatient procedures by 1.4, then adding the number of base outpatient scans with no modifier. NH New Hanover – Medical Mall does not perform inpatient scans, so as such, those modifiers are not applicable to the above calculation.

** As defined in the “Application of the Methodology” for Magnetic Resonance Imaging Scanners in the 2023 SMFP, Total Adjusted Scans, or “adjusted scans of each type,” are calculated by multiplying the number of complex (i.e.: with contrast) outpatient procedures by (40/33), then adding the number of base outpatient scans with no modifier.

When using the weightings for the 2023 SMFP, Medical Mall does *not* meet the revised fixed MRI Performance Standard (3,294 < 3,364) in FY 2020.

Of note, Novant justifies this 8.5 percent growth rate by claiming that the scanner at Medical Mall is “fully staffed, and a 2nd shift is planned to open this summer allowing for the near future recovery to pre-COVID-19 MRI scan levels.”¹³ However, as seen in the tables above, Medical Mall’s pre-COVID-19 levels *also* did not meet the fixed MRI Performance Standards; the highest its adjusted MRI scans were in either of the three pre-COVID years of data presented was in FY 2019, when Medical Mall totaled 2,581 adjusted MRI scans, or 2,173 non-adjusted MRI scans. In fact, the only year in which Medical Mall showed high utilization was in FY 2020, the year most likely to be impacted by the COVID-19 pandemic, and therefore the year to most likely contain data anomalies. In particular, it is likely that Novant directed patients needing MRI services to this facility instead of the hospital, to prevent patients from coming to the hospital unnecessarily during the pandemic. Thus, this one-year high volume mark is not indicative of what is reasonable to expect in the future.

Novant did not consider a reasonable alternative to the proposed project, which would be to decant high utilization at its Main hospital campus to its Medical Mall campus; as evidenced by the historical utilization data presented in its application, that facility has the capacity to account for some of the volume currently at that location.

Therefore, the Novant application is non-conforming with N.C. Gen. Stat. § 131E-183(a)(3), (4), (6) and (18a), as well as the performance standards for MRI scanners.

In summary, based on the issues detailed above, the Novant application is non-conforming with the review criteria established under N.C. GEN. STAT. § 131E-183, specifically Criteria (3), (4), (5), (6), and (18a), as well as the performance standards for MRI scanners.

¹³ Ibid, Step 4 of Utilization Methodology and Assumptions.