



May 22, 2023

Greg Yakaboski, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
809 Ruggles Drive
Raleigh, NC 27603

Re: Comments regarding competing Statewide Mobile MRI CON Applications

Dear Mr. Yakaboski:

Enclosed please find comments prepared by Alliance Healthcare Services regarding the competing CON applications to develop a statewide mobile MRI program, to meet the need identified in the 2023 State Medical Facilities Plan (SMFP). We appreciate your consideration of these comments during your view of the nine applications.

J-12357-23 Emerge Ortho
J-12358-23 Emerge Ortho
J-12359-23 Emerge Ortho
F-12368-23 Carolina NeuroSurgery & Spine Associates CNSA (1)
F-12381-23 Carolina NeuroSurgery & Spine Associates CNSA (2)
G-12372-23 Novant Health, Inc & Novant Health-Norfolk, LLC (1)
G-12373-23 Novant Health, Inc & Novant Health-Norfolk, LLC (2)
J-12375-23 Pinnacle Health Services of North Carolina, LLC PHSNC Mobile MRI Scanner
J-12378-23 Duke

If you have any questions about the information presented here, please contact me at 805.325.3078.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tina Hinshaw', is written over a white background.

Tina Hinshaw
Regional VP Operations, Southeast Region
10 White Poplar Ct, Elon, NC 27244
Tina.hinshaw@akumin.com
805.325.3078

J-12357-23 Emerge Ortho, PA Blue Ridge/Foothills Route

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3 and 5 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

Criterion 3 and 5

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

Emerge Ortho is proposing multiple new sites but has only budgeted to develop a pad for one mobile host site. Our research and analysis of the layouts appear otherwise. Pad construction and/or power support appears to be needed at locations in pictures within the application, it appears pads are needed at Asheville, Hendersonville, as well as Waynesville. While their application shows pad placement at these new locations, their financials and letter of funding only references commitment of funds for one pad to be constructed. Please see the funding letter in Exhibit F.2. on page 101 from Donald Brelsford.

In addition, with lacking funds for pad construction, the utilization projections cannot be accomplished. Thus, utilization projections are unreasonable because there is inadequate support.

Because the utilization projections are unsupported, the financial projections are unreliable.

In summary, the application fails to conform to criterion 3 and 5.

J-12358-23 Emerge Ortho, PA Triad Route

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3 and 5 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

Criterion 3 and 5

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

Emerge Ortho is proposing multiple new sites but has only budgeted to develop a pad for one mobile host site. Our research and analysis of the layouts appear otherwise. Pad construction and/or power support appears to be needed at locations in pictures within the application, it appears pads are needed at Summerfield, Reidsville, and Asheboro. While their application shows pad placement at these new locations, their financials and letter of funding only references commitment of funds for one pad to be constructed. Please see the funding letter in Exhibit F.2. on page 115 from Donald Brelsford.

In addition, with lacking funds for pad construction, the utilization projections cannot be accomplished. Thus, utilization projections are unreasonable because there is inadequate support. Also note, that Emerge Ortho has no historical referral relationship or physical presence in Reidsville nor Summerfield, it is further support that the utilization projections are unreasonable.

Because the utilization projections are unsupported, the financial projections are unreliable.

In summary, the application fails to conform to criterion 3 and 5.

J-12359-23 Emerge Ortho, PA Triangle Route

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3 and 5 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

Criterion 3 and 5

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

Patient origin assumptions do not appear to follow a rational methodology. The assumptions on page 37 are inconsistent with the percentages in the tables on pages 38 and 39.

The utilization projections for the site in Dunn are overstated and unreliable because the applicant has no historical referrals for MRI.

The applicant fails to respond correctly to the performance standard B.2. as Emerge Ortho has an existing mobile MRI that serves counties in the service area.

In summary, the application fails to conform to criterion 3 and 5.

F-12368-23 Carolina NeuroSurgery & Spine Associates CNSA (1)

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3, 5 and 7 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

G.S. 131E-183(a)(7)

“The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.”

While CNSA utilizes existing mobile MRI service from its own mobile MRI and a third-party utilized asset, it should be noted that CNSA outlines in its introduction “While these two locations are the initial sites for the proposed mobile MRI scanner, CNSA intends to respond to the ongoing growth of its practice and the need of its patients; as such, it requests that the proposed scanner, if approved, be allowed to serve any existing or future CNSA office.” We ask the agency to take this into consideration as CNSA is overtly demonstrating that it intends to potentially provide ‘duplicative’ services in a county if it has an office presence regardless of the availability of MRI services offered by other hospitals or imaging providers.

Because CNSA omitted staff allocations for supervision, logistics coordination, and scheduling, therefore the financial projections are inaccurate and understated for operating costs.

In summary, the application fails to conform to Criterion 3, 5 and 7.

F-12381-23 Carolina NeuroSurgery & Spine Associates CNSA (2)

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3, 5, and 7 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

G.S. 131E-183(a)(7)

“The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.”

While CNSA repeatedly references its need for additional MRI service and inability to secure a MRI service vendor to meet its need, CNSA does not mention that it controls the schedule and refuses to schedule patients before 8am or after 5pm weekdays at its Greensboro location, where an additional 6-8 patients could be served each day. Based on historical knowledge of the number of timeslots available and patients served at three CNSA mobile MRI locations, its utilization projections are overstated.

Also, as CNSA omitted staff allocations for technologists (for number of hours of operation outlined on page 32), supervision, logistics coordination, and scheduling, therefore the financial projections are inaccurate and understated for operating costs.

In summary, the application fails to conform to criterion 3, 5 and 7.

G-12372-23 Novant Health, Inc & Novant Health-Norfolk, LLC (1)

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3 and 5 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

From a general standpoint, this application’s proposal to utilize this mobile in Wake County is duplicative of the existing fixed and mobile sites. Furthermore, there are two pending fixed mobile MRI CONs for this same area resulting in available capacity.

Novant Health fails to demonstrate that its proposal would not result in unnecessary duplication of MRI service.

In summary, the application fails to conform to criterion 3 and 5.

G-12373-23 Novant Health, Inc & Novant Health-Norfolk, LLC (2)

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3 and 5 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

G.S. 131E-183(a)(7)

“The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.”

As outlined on Page 28, Pinnacle currently provides support services and specifically notes services for which vendors will be utilized. Pinnacle omits costs related to logistics (movement services-vendor operating costs nor in the staffing model).

Cannon Memorial Hospital (as part of the Appalachian Regional Healthcare System) does not need additional mobile service due to the recent approval of a freestanding fixed MRI (D-11899-20) in adjoining Watauga County. In the past, Cannon Memorial received mobile MRI service but chose to discontinue.

As of 5/17/2023, it does not appear that Open MRI of Asheville has reported its utilization for fixed MRI based on the draft inventory report from the planning section of DHSR. Therefore, it is not clear that additional capacity is necessary nor if the volume projection is reasonable.

The Providence Imaging Center appears from its website to be focused primary on breast care. The application volume projections appear to be focused on general MRI. Further, the projections on page 66 show this specialized site will outperform Cannon Memorial Hospital which has a broader scope of services. With this in mind, the volume projections are inconsistent.

The application has omitted Form H and fails to demonstrate the availability of staff for the proposed project.

In summary, the application fails to conform to criterion 3, 5, and 7.

J-12375-23 Pinnacle Health Services of North Carolina, LLC PHSNC Mobile MRI Scanner

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3, 5, and 7 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

G.S. 131E-183(a)(7)

“The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.”

As outlined on Page 28, Pinnacle currently provides support services and specifically notes services for which vendors will be utilized. Pinnacle omits costs related to logistics (movement services-vendor operating costs) in its operating costs as well as its staffing model.

On page 38, Pinnacle points to two factors to justify need. “Need for increased access to alternate mobile MRI provider” and “North Carolina is a large state geographically, with many rural communities which have limited access to healthcare services, including magnet resonance imaging”. This application does not address the rural communities that need access nor does Pinnacle acknowledge that the Pinnacle sites that receive mobile MRI services today will continue to receive the same number of days per week under its application. Also, Pinnacle does not mention that it controls the schedule for the mobile days of service and has the ability to increase access to patients without restriction.

The utilization projections for the site in Kernersville are overstated and unreliable because the applicant does not take into consideration the fixed MRI that is located within the facility.

Pinnacle is proposing at least one location that has not offered mobile imaging and has not accounted for the development of a pad. Upon review of Google Earth, pad construction and/or power support appears to be needed at Cary and Greensboro. The financials and letter of funding only references commitment of funds for a portion of the asset, not the construction costs. Please see the funding letter in Exhibit F.2. on page 128 from Cannon King.

In addition, with lacking funds for pad construction, the utilization projections cannot be accomplished. Thus, utilization projections are unreasonable because there is inadequate support.



Also, Pinnacle omitted staff allocations for logistics (driver and/or coordination) or a vendor to transport the mobile unit multiple times each week, therefore the financial projections are inaccurate and understated for operating costs.

In summary, the application fails to conform to criterion 3, 5, and 7.

J-12378-23 Duke

Please consider the following comments regarding compliance. Our review of the application focuses on criterion 3, 5, and 6 as we believe these are the most significant. However, there may be other inconsistencies causing nonconformity to other criteria.

G.S. 131E-183(a)(3)

“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 area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.”

G.S. 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 upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

G.S. 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.”

While Duke points to the high level of MRI utilization of mobile MRIs (page 71) as a reason for applying for a mobile MRI CON, it fails to demonstrate that its proposal would not result in unnecessary duplication of MRI service.

The host sites and service days (page 51) are inconsistent with statements made early in the application (page 30) thus utilization projections are unreasonable because there is inadequate support.

Duke is proposing at least one location (Duke Mebane-page 51) that would be located on a medical campus that has not been built. As Duke omitted construction costs for pad, the financial projections are inaccurate and understated for capital costs (page 135)

Also of note, the timeline for the Duke application shows the equipment becoming operational in December 2025 and services being offered in January 2025. These dates are inconsistent. Depending on which of the dates is accurate, the Duke application appears to show that the mobile MRI route would not become operational until late 2025, nearly a year after other applications.

In summary, the application fails to conform to criterion 3, 5, and 6.