

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: April 10, 2018

Findings Date: April 10, 2018

Project Analyst: Celia C. Inman

Assistant Chief: Lisa Pittman

Project ID #: N-11445-18

Facility: Cape Fear Valley Hoke Hospital

FID #: 100392

County: Hoke

Applicants: Hoke Healthcare, LLC

Project: Develop a fixed MRI scanner in the existing acute care hospital in Hoke County pursuant to Policy TE-3

REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

N.C. Gen. Stat. §131E-183(a) The Agency shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (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 the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Hoke Healthcare, LLC, (HH), the applicant, proposes to develop an MRI service at Cape Fear Valley Hoke Hospital (CFV Hoke) through the acquisition of a fixed MRI scanner pursuant to Policy TE-3 in the 2018 State Medical Facilities Plan (SMFP). HH is wholly-owned by Cumberland County Hospital System, Inc., d/b/a Cape Fear Valley Health System (CFVHS).

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2018 SMFP. Therefore, there are no need determinations applicable to this review.

Policies

The following two policies are applicable to this review:

- Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Imaging Scanners
- Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities

Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Imaging Scanners (page 23 of the 2018 SMFP) states:

“Qualified applicants may apply for a fixed magnetic resonance imaging scanner (MRI).

To qualify, the health service facility proposing to acquire the fixed MRI scanner shall demonstrate in its certificate of need application that it is a licensed North Carolina acute care hospital with emergency care coverage 24 hours a day, seven days a week and that [sic] does not currently have an existing or approved fixed MRI scanner as reflected in the inventory in the applicable State Medical Facilities Plan.

The applicant shall demonstrate that the proposed fixed MRI scanner will perform at least 850 weighted MRI procedures during the third full operating year.

The performance standards in 10A NCAC 14C .2703 would not be applicable.

The fixed MRI scanner must be located on the hospital’s ‘main campus’ as defined in G.S. 131E-176(14n)a.”

Licensed North Carolina Acute Care Hospital with Emergency Care Coverage

CFV Hoke is an existing licensed North Carolina acute care hospital and the applicant provides a copy of the CFV Hoke 2017 Hospital License in Exhibit B.9. Furthermore, page 9 of CFV Hoke’s 2017 License Renewal Application (LRA) documents that CFV Hoke provides emergency care 24 hours per day, seven days per week.

No Existing or Approved Fixed MRI Scanner as Reflected in the Applicable SMFP

In Chapter 9 of the 2018 SMFP, Table 9P on page 153 shows that there are no existing or approved fixed MRI scanners at CFV Hoke or in the inventory of MRI scanners for Hoke County. Exhibit B.9 also contains a copy of a November 15, 2017 letter signed by the President of Hoke Healthcare documenting that CFV Hoke does not own an existing or approved fixed MRI.

Performance Standards of at Least 850 Weighted MRI Procedures

In Section B.1, page 13, the applicant states:

“The proposed fixed MRI scanner will perform at least 850 weighted MRI procedures during the third full operating year following completion of the project as shown in the following table.

CFV Hoke Weighted MRI Projections

	Partial Fiscal Year	1st Full Fiscal Year	2nd Full Fiscal Year	3rd Full Fiscal Year
	4/1/20-9/30/20	10/20-9/21	10/21-9/22	10/22-9/23
<i>Projected MRI Scans</i>	251	580	660	741
<i>Projected Weighted MRI Scans</i>	295	682	776	872

Detailed projections and related assumptions for utilization of the fixed MRI are included in Section Q, Table C and in Exhibit C.4.”

Located on Hospital’s “Main Campus” as Defined in G.S. 131E-176(14n)(a)

In Section B.1, page 13, the applicant states:

“The proposed fixed MRI scanner will be located in space currently utilized as a courtyard for CFV Hoke which is part of the existing CFV Hoke “main campus”. The line drawings for the project, included in Exhibit K.1, illustrate the location of the proposed fixed MRI scanner.”

Exhibit K.1 contains a site plan for the proposed fixed MRI scanner and related construction, showing that the proposed fixed MRI scanner will be within the hospital on the “main campus” as defined in G.S. 131E-176(14n)(a). In supplemental information requested by the Project Analyst during the expedited review of this application, the applicant documents that the site of the proposed MRI is on the main campus of CFV Hoke where clinical patient services and financial and administrative control over the entire facility is provided.

In summary, the applicant adequately demonstrates that it is a licensed North Carolina acute care hospital providing emergency care coverage 24 hours per day, seven days per week; that there is no existing or approved fixed MRI scanner at the facility as reflected in the 2018 SMFP; that it reasonably projects to perform at least 850 weighted MRI procedures in its third operating year; and that it is located on the hospital’s “main campus” as defined in G.S. 131E-176(14n)(a). Therefore, the application is consistent with Policy TE-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities (page 33 of the 2018 SMFP) states:

“Any person proposing a capital expenditure greater than \$2 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 are required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."

The proposed capital expenditure for this project is greater than \$2 million and less than \$5 million; therefore, Policy GEN-4 is applicable to this review. In Section B.11, page 15, the applicant states that the MRI project was designed to be in compliance with all applicable federal, state, and local building codes, and requirements for energy efficiency and consumption, including Policy GEN-4. The applicant further states:

"The primary site, built less than three (3) years ago, was constructed to ensure energy efficiency and cost-effective utilities, including water conservation. As discussed in Question 1 in Section C, the proposed development of a fixed MRI involves construction of space in an existing courtyard at CFV Hoke. The new space will be built taking into consideration energy efficiencies and water conservation opportunities available at this time."

The applicant provides an architect's letter dated November 15, 2017 in Exhibit B.11 which documents the incorporation of energy saving features into the construction plans. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information publicly available during the review and used by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- the applicant adequately demonstrates it is a “qualified applicant”,
 - the applicant adequately demonstrates it will perform at least 850 weighted MRI procedures during the third full operating year,
 - the applicant adequately demonstrates the MRI will be developed on the hospital’s main campus, and
 - the applicant provides a written statement that demonstrates that the project includes an a plan for energy efficiency and water conservation.
- (2) Repealed effective July 1, 1987.
- (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, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop an MRI service at CFV Hoke through the acquisition of a fixed MRI scanner pursuant to Policy TE-3 in the 2018 SMFP. In Section C.1, pages 16-18, the applicant describes the proposed project as follows:

“The proposed project is for the acquisition and development of a new fixed MRI at CFV Hoke. CFV Hoke is proposing to acquire a SIGNA Artist 1.5T 96-Channel MR System. ... MRI technology has become the “standard of care” for many diagnoses and, as such, is needed as a diagnostic tool in a community hospital in order to provide comprehensive imaging services. In addition, because MRI services are not available at CFV Hoke, inpatients, outpatients, and Emergency Department patients requiring the service must be transferred or travel to CFVMC in Cumberland County.

The fixed MRI will be located in space adjacent to the existing Radiology Department at CFV Hoke which currently is an open courtyard.”

Patient Origin

On page 142, the 2018 SMFP defines the service area for fixed MRI scanners as “a single county, except where there is no licensed acute care hospital located within the county.” Thus, the service area consists of Hoke County. Providers may serve residents of counties not included in their service area.

In Section C.2, page 18, the applicant states, “*CFV Hoke does not currently provide MRI Services.*” CFV Hoke’s 2017 License Renewal Application (LRA) documents that CFV Hoke does not provide MRI services.

In Section C.3, page 18, the applicant provides the projected patient origin for the first three project years (PY), FFY2021-FFY2023, as summarized in the table below.

Projected Patient Origin for MRI Services CFV Hoke

County	Project Year 1 10/2020-9/2021		Project Year 2 10/2021-9/2022		Project Year 3 10/2022-9/2023	
	# Patients	Percent	# Patients	Percent	# Patients	Percent
Hoke	250	43.2%	285	43.2%	320	43.2%
Cumberland	234	40.3%	266	40.3%	299	40.3%
Robeson	26	4.5%	30	4.5%	33	4.5%
All Other*	69	12.0%	79	12.0%	89	12.0%
TOTAL	580	100.0%	660	100.0%	741	100.0%

Source: Table 8, Exhibit C and page 18 of the application.

*The applicant states that “*All Other*” represents other Cumberland County and Robeson County zip codes and other North Carolina counties based upon CFV Hoke patient origin history included in the annual LRA.

Page 24 of the application and Table 9, in Exhibit C, identify the zip codes of the population that CFV Hoke proposes to serve as follows:

ZIP	Town	County
28376	Raeford	Hoke
28303	Fayetteville	Cumberland
28304	Fayetteville	Cumberland
28306	Fayetteville	Cumberland
28311	Fayetteville	Cumberland
28314	Fayetteville	Cumberland
28348	Hope Mills	Cumberland
28357	Lumber Bridge	Hoke/Robeson
28371	Parkton	Robeson
28377	Red Springs	Hoke/Robeson
28386	Shannon	Hoke/Robeson

The map on page 19 of the application illustrates the location of the ZIP codes identified above. In Section C.3(c), page 19, the applicant discusses the proposed population to be served with the fixed MRI scanner, stating that it will include residents from Hoke County, several ZIP codes in southwest Cumberland County, and several ZIP codes in Robeson County, some of which overlap into Hoke County. The applicant further states, “... *the service area is consistent with the existing inpatient, outpatient and radiological services patient origin at CFV Hoke and the service area for Hoke Imaging.*”

Hoke Imaging is a CFVHS freestanding imaging center in Hoke County adjacent to CFV Hoke, operated by CFV Hoke. The applicant states that it also compared the proposed MRI

population to be served to the actual CFV Hoke inpatients served in 2017 and the CFV Hoke inpatients which were originally projected to be served by CFV Hoke and found the proposed population to be served comparable to both, with the addition of two Cumberland County ZIP codes, 28303 and 28311. The applicant's assumptions are reasonable and adequately supported.

Analysis of Need

In Section C.4 of the application, the applicant discusses the need for a fixed MRI scanner at CFV Hoke. On page 25, the applicant states that the impetus driving the proposed development of fixed MRI services at CFV Hoke is the need the population has for accessible services. The applicant further states:

“The proposed project responds to one of the central purposes of the CON Law: to improve access to care and to promote efficient, cost-effective solutions to providing needed services.”

On page 21, the applicant states that it currently operates a full spectrum of radiology services on both an inpatient and outpatient basis, exclusive of MRI. The applicant further states:

“The need for a fixed MRI at CFV Hoke is substantiated by CFVHHS's commitment to provide quality health care services at the community level to the residents of Hoke County and southwest Cumberland County, a rapidly growing population. The addition of MRI at CFV Hoke will result in a complete continuum of imaging services for residents of Hoke County and southwest Cumberland County that seek care at CFV Hoke.”

The applicant describes the factors which it states have influenced the current and future need for MRI services at CFV Hoke, including:

- absence of fixed MRI services at CFV Hoke (pages 21-22),
- emerging use of MRI in the Emergency Department (pages 22-23),
- expansion of medical and surgical specialties at CFV Hoke (page 23),
- population growth of Hoke County and the population to be served (page 24), and
- strong physician support from providers who treat residents of Hoke County in practice locations in Hoke and Cumberland counties (page 25).

The information provided by the applicant is reasonable and adequately supported for the following reasons:

- the applicant uses historical data that is clearly cited and reasonable demographical data to make the assumptions with regard to identifying the population to be served, and
- the applicant uses Agency accepted methodologies and reasonable assumptions to demonstrate the need the population projected to be served has for the proposed services.

Projected Utilization

In Section C, pages 25-29, the applicant provides its methodology and assumptions for projecting utilization of the proposed fixed MRI scanner through the first three years of operation following completion of the project, as summarized below.

Step 1: Identify Base MRI Volume for Residents of the CFV Hoke MRI Patient Population

On page 25, the applicant states that it collected data for the CFV Hoke MRI proposed population to be served to determine a base volume of MRI scans performed at Cape Fear Valley Health System (CFVHS) MRI imaging locations in Cumberland County for residents of the eleven county ZIP codes making up the CFV Hoke MRI proposed patient population as shown above and on page 24 of the application. The following table (page 25) summarizes that data and includes Valley Regional Imaging, of which CFVHS is a minority owner.

**MRI Procedures from CFV Hoke MRI Proposed Patient Population
 at CFVHS Imaging Locations
 FFY2017**

	IP	OP	Patient Volumes
Hoke County ZIP Code			
CFVMS	170	176	346
Valley Regional Imaging		263	263
All Other ZIP Codes			
CFVMS	2,895	1,845	4,740
Total All	4,547	2,911	7,458

Source: CFVHS Internal Data; VRI data; Exhibit C.4. Table 1

Based on the verbiage in the application and the tables in Exhibit C, the Project Analyst questions the use of CFVMS in the table above. Also, the tables referred to in Exhibit C as the basis for the above table are not self-explanatory as to how the data ties together to result in the table above. The line items in the above table do not sum to the total shown in the table. In supplemental data requested by the Project Analyst during the expedited review of this application, the applicant confirmed CFVMS was a typographical error and should have been CFVMC. The applicant also further clarified the data tables presented, stating that the total figure was a typographical error and provided the following table with correct totals.

	IP	OP	Patient Volumes
Hoke County ZIP Code			
CFVMC	170	176	346
Valley Regional Imaging		263	263
All Other ZIP Codes			
CFVMC	2,895	1,845	4,740
Total All	3,065	2,284	5,349

Further, the applicant states that the above typographical error had no effect upon the projections, as provided.

Step 2: Estimate Percent Outpatient MRI Volume Shift from Cumberland County to CFV Hoke

The applicant states it reviewed patient origin for “imaging services” presently provided at CFV Hoke and Hoke Imaging to identify total radiology volume from the proposed population to be served, and patient origin for comparable imaging services presently provided at CFVHS imaging centers in Cumberland County to identify total radiology volume from the proposed CFV Hoke MRI proposed population to be served. The applicant states that the combination of the above variables reflect the total number of residents from the CFV Hoke population choosing to receive imaging services from CFVHS facilities in Hoke and Cumberland County. This imaging volume by ZIP is provided in Table 9, page 132 of the Exhibits

The applicant then states that it determined the percentage of Hoke County residents choosing to remain in Hoke County for imaging services when available, and the percent of other area residents choosing to utilize imaging services at CFV Hoke when available. The applicant states that Exhibit C.4, Table 9 reflects that approximately 60% of the Hoke County residents (and 15% of the Cumberland and Robeson county ZIP codes) that chose CFVHS as their medical provider, chose to utilize services in Hoke County when possible. The applicant bases the projection for the shift in MRI services to CFV Hoke on these percentages regarding total imaging services. For the Hoke County resident shift projection, the applicant projected an increased shift in MRI volume by 5% to 65%, to address the expected increase in orthopedic services for Hoke County residents at CFV Hoke. The applicant states that it also assumes a 65% volume shift from VRI for Hoke County residents, but does not assume a shift from VRI for the Cumberland and Robeson county procedures, and assumes only a 15% shift from CFVMC for those procedures. The base figures represent FFY2017 data.

Step 3: Calculate Estimated MRI Volume Shift from Cumberland County to CFV Hoke

Outpatient MRI Volume

The applicant provides the following data to reflect base outpatient MRI volume shifts from existing CFVHS imaging facilities to CFV Hoke based upon the assumptions in Steps 1 and 2 above.

**Estimated Outpatient MRI Volume Shift
 FFY2017**

	Outpatient Volumes
Hoke County ZIP Codes at CRVMC	
CFVMC	176
Percent Shift	65%
CFVMC Volume Shift	114
Hoke County Volume at VRI	
VRI	263
Percent Shift	65%
VRI Volume Shift	171
CFV Hoke MRI SA ZIPs, excluding Hoke County	
2017 Total	1,845
Percent Shift	15%
VRI Volume Shift	277
Projected Base Year Outpatient Volume Shift of Hoke MRI Proposed Population to CFV Hoke MRI	562

Source: Exhibit C.4. Table 1

Inpatient MRI Volume

The applicant states that based on a review of inpatient MRI percentages for the seven counties surrounding CFVHS and counties with populations similar to Hoke County (Exhibit C.4, Table 3), it assumes an inpatient MRI percentage of 11% of total MRI volume to project future inpatient MRI volume at CFV Hoke. Thus, the 114 and 277 outpatient volume figures above represent 89% of the applicant's total projected CFV Hoke MRI procedures from within CFV Hoke's defined MRI patient population. On page 27 of the application, the applicant provides the following data to reflect base inpatient and outpatient MRI volume shifts from Cumberland County to Hoke County to project future MRI volume for CFV Hoke.

**Estimated Inpatient MRI Volume Shift
 FFY2017**

	Inpatient Volumes	Outpatient Volume	Total Base Volume Shift
Hoke County ZIP Codes at CRVMC			
CFVMC		176	
Percent Shift		65.0%	
CFVMC Volume Shift	14	114	128
Hoke County Volume at VRI			
VRI		263	
Percent Shift		65.0%	
VRI Volume Shift	0	171	171
Hoke MRI SA ZIPs, excluding Hoke County			
2017 Total		1,845	
Percent Shift		15.0%	
VRI Volume Shift	34	277	311
Projected Base Year inpatient Volume Shift of Hoke MRI Population to CFV Hoke MRI	48	562	610

Source: Exhibit C.4. Table 1

The applicant states that the base inpatient and outpatient volume of 610 (562 + 48) procedures, as illustrated above and in the table on page 27, represents the MRI procedures that would have reasonably been performed at CFV Hoke if CFV Hoke currently had MRI equipment.

Step 4: Estimate In-Migration from Other Counties and ZIP Codes to CFV Hoke MRI

The applicant states that it analyzed in-migration from other counties and ZIP codes to existing imaging services at CFV Hoke at 12% of total imaging procedures in FFY2017. Therefore, the 610 procedures from Step 3 represents 88% of the total procedures ($610 / .88 = 693$) resulting in 693 total MRI procedures, with in-migration from patients outside the CFV Hoke designated MRI patient population.

Step 5: Calculate Future MRI Volume at CFV Hoke

The applicant assumes the project will become operational on October 1, 2020. Therefore, the project years are FFY2021-FFY2023.

The applicant calculates the projected growth rate in Exhibit C.4 Table 6 and states:

“Note that the projected growth rate of 1.1% is very conservative when compared to actual MRI growth in Hoke County, the CFVHS Service Area and North Carolina. MRI growth rates for these three areas are included in Exhibit C.4. Table 13 and the CAGR from 2011 to 2016 for all three areas exceeded 1.1%. Further, the CAGR from 2014 to 2016 for all three exceed 3.0%.”

The applicant provides the following table (page 28), which shows the projected total MRI procedures, using the 1.1% annual growth rate calculated in Exhibit C.4 Table 13.

Projected MRI Volume CFV Hoke

	FFY 2017	Growth Rate	FFY 2018	FFY 2019	FFY 2020	Partial 4/20-9/20	FFY 2021	FFY 2022	FFY 2023
Total MRI Volume	693	1.1%							
Projected Volume			701	709	717	358	725	733	741
Ramp Up						70%	80%	90%	100%
Projected Volume						251	580	660	741

Source: Exhibit C.4, Table 2

The applicant projects weighted MRI procedures with a 1.18 weighting factor calculated in Exhibit C.3 Table 2, which provides MRI volumes and MRI weighted volumes for the seven counties surrounding the CFVHS Service Area and counties with population similar to Hoke County. The following table shows the projected weighted MRI procedures.

CFV Hoke Weighted MRI Projections

	Weighting Factor	Partial 4/20-9/20	FFY 2021	FFY 2022	FFY 2023
Projected MRI Scans		251	580	660	741
Weighting Factor	1.18				
Projected Weighted MRI Scans		295	682	776	872

Source: Exhibit C.4, Table 2, Totals may not sum due to rounding

As shown in the tables above, the applicant projects weighted MRI volume of 872 in the third full fiscal year of operation, which is more than the 850 weighted procedures, as required by Policy TE-3.

Projected utilization is reasonable and adequately supported for the following reasons:

- the applicant bases projected utilization upon historical data for the proposed population and like populations surrounding Hoke County; and the applicant’s experience in providing the proposed service, and
- the applicant applies reasonable growth assumptions.

Access

Underserved groups is defined in Criterion (13), as:

“Medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority.”

The 2017 SMFP (page 2) states, *“The SHCC assigns the highest priority to a need methodology that favors providers delivering services to a patient population representative of all payer types in need of those services in the service area.”*

In Section C, pages 33-34, the applicant discusses access to the proposed services. On page 33, the applicant states:

“CFV Hoke is wholly owned by CFVHS. CFVHS, is a safety-net provider for residents of Hoke County. The CFVHS policy is that all services are available to all patients upon the request of physicians with appropriate privileges, regardless of race, sex, income status, ability to pay, disability, age, or other underserved characteristics.”

The applicant states that CFV Hoke’s Medicare, Medicaid, charity and bad debt totaled \$53,806,291 for fiscal year ended September 30, 2017.

In Section L.1, page 62, the applicant states that 63.4%, 11.5% and 65.5% of CFV Hoke’s existing services were provided to women, persons 65 and older, and non-Caucasians, respectively.

On page 34, the applicant further states that low income persons, racial and ethnic minorities, women, handicapped persons, the elderly and other underserved groups, will have access to MRI services at CFV Hoke. CFVHS financial policies are provided in Exhibit C.10.

In Section L.3, page 64, the applicant provides a table showing the projected payor mix for the proposed services, as summarized below.

**CFV Hoke MRI Projected Payor Mix
April 1, 2020 – March 31, 2023**

Payor	Percentage
Commercial Ins/Managed Care	21.0%
Medicaid	13.6%
Medicare	49.5%
Military	7.8%
Other Government	0.4%
Self-Pay	7.6%
Total	100.0%

The applicant states that the projected payor mix is based upon the historical MRI payor mix for the residents of the defined population to be served by CFV Hoke MRI services.

The projected payor mix is reasonable and adequately supported for the following reasons:

- the applicant uses historical data with regard to access to project the extent to which all residents of the area, including underserved groups are likely to have access to the services proposed, and

- the applicant adequately demonstrates that its proposed project delivers services to a service area patient population representative of all payor types in need of those services.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information publicly available during the review and used by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately identifies the population to be served.
- The applicant adequately explains why the population to be served needs the services proposed in this application.
- Projected utilization is reasonable and adequately supported.
- The applicant projects the extent to which all residents, including underserved groups, will have access to the proposed services (payor mix) and adequately supports its assumptions.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce or eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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.

C

The applicant proposes to develop an MRI service at CFV Hoke through the acquisition of a fixed MRI scanner pursuant to Policy TE-3 in the 2018 SMFP. In Section E.2, pages 43-44, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

1. Wait until a need is identified in the annual SMFP – the applicant states this was not an effective alternative because it would not occur for many years and the subsequent review would be a competitive review with no guarantee that CFV Hoke would receive the MRI. The applicant states the need is now; therefore, this is not a reasonable alternative.
2. Acquire mobile MRI services at CFV Hoke – the applicant states that MRI services are needed at CFV Hoke on a full time basis and it is not financially feasible to contract for mobile services on a full-time basis. In addition, the applicant states that a mobile unit would not be adjacent to the existing radiology department, fracturing the continuity of care within the radiology department. Thus, the applicant states this is not a reasonable alternative.
3. Develop a fixed MRI scanner at CFV Hoke, pursuant to Policy TE-3, as proposed – the applicant states that this is the only alternative available to CFV Hoke to develop the project on the “main campus” under the existing hospital license, utilizing existing courtyard space to expand radiology services. The applicant states that the expense to expand the existing radiology department was less than new construction and was determined to be the most effective alternative.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- the applicant demonstrates that waiting for the SMFP to identify a need for additional MRI services does not provide MRI services to the identified population to be served in a timely manner and therefore is not an effective alternative,
- the applicant demonstrates that mobile MRI services on a full-time basis is more expensive and the resulting MRI location for mobile services would not be adjacent to radiology services, fracturing imaging services,
- the applicant demonstrates that renovating existing space and enclosing the courtyard is the least costly alternative to provide MRI services adjacent to the hospital’s existing radiology services,
- the applicant provides adequate documentation regarding the development of the proposed project, including all related costs, and
- the data cited is reasonable and supports the assumptions made with regard to the least costly or most effective alternative for development of the proposed project.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Hoke Healthcare, LLC shall materially comply with all representations made in the certificate of need application and any supplemental responses. In the event that representations conflict, Hoke Healthcare, LLC shall materially comply with the last made representation.**
 - 2. Hoke Healthcare, LLC shall acquire no more than one fixed MRI scanner to be located at CFV Hoke Hospital as part of this project.**
 - 3. Hoke Healthcare, LLC shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 - 4. No later than three months after the last day of each of the first three full years of operation following initiation of the services authorized by this certificate of need, Hoke Healthcare, LLC shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 5. Hoke Healthcare, LLC shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (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.

C

The applicant proposes to acquire a fixed MRI scanner, pursuant to Policy TE-3 in the 2018 SMFP and locate it in undeveloped space in an existing courtyard adjacent to the radiology department at CFV Hoke. The project will be composed of renovation of an existing covered patio and new construction.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant states the total capital cost for the proposed project is projected to be as follows:

CFV Hoke Proposed MRI Capital Cost

Cost Category	Projected Capital Cost
Construction/Renovation	\$1,750,000
Landscaping	\$3,000
Architect/Engineering Fees	\$195,000
Medical Equipment	\$1,795,685
Non-Medical Equipment	\$62,200
Furniture	\$45,000
Other (Contingency)	\$115,115
TOTAL CAPITAL COST	\$3,966,000

Source: Section Q, Form F.1a of the application.

In Section F.3, pages 47-48, the applicant states that start-up costs are expected to be \$18,000 and initial operating expenses are estimated to be \$40,000, for total working capital required of \$58,000. Exhibit F.1 contains the architect's letter documenting the construction cost and associated contingency.

Availability of Funds

In Section F.2, page 47, the applicant states:

“CFV Hoke is wholly owned by CFVHS. CFVHS will be financing the project through accumulated reserves.”

Exhibit F.2 contains a letter from CFVHS CFO, Sandra Williams, documenting CFVHS' intent to finance the proposed project. The availability of the funds is reflected in the CFVHS 2016 Audited Financial Statements provided in Exhibit F.2, showing cash and cash equivalents of \$49,175,000, current assets of \$221,330,000, and a net position of \$445,401. The applicant adequately demonstrates that sufficient funds will be available for the capital and working capital needs of the project.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In the pro forma financial statements, Form F.4, the applicant projects that the MRI service operating expenses will exceed revenues in the first two full fiscal years of operation of the project and revenues will exceed operating expenses in the third full fiscal year. Form F.4 shows the net cash flow (net income exclusive of depreciation) for the project will be positive in each of the first three operating years, as shown in the table below.

Projected Revenue and Expenses for CFV Hoke MRI Services

	PY1 FFY2021	PY2 FFY2022	PY3 FFY2023
Total MRI Procedures	580	660	741
Average Gross Revenue/Procedure	\$ 4,083	\$ 4,164	\$ 4,247
Total Gross Revenue (Charges)	\$ 2,367,870	\$ 2,748,362	\$ 3,147,374
Deductions from Gross Revenue	\$ 1,873,647	\$ 2,174,723	\$ 2,490,453
Total Net Revenue	\$ 494,223	\$ 573,639	\$ 656,921
Total Operating Expenses	\$ 554,095	\$ 595,860	\$ 598,289
Operating Expense/Procedure	\$ 955	\$ 903	\$ 807
Net Income (Loss)	\$ (59,872)	\$ (22,221)	\$ 58,632
Net Cash Income	\$ 267,172	\$ 304,823	\$ 385,676

The assumptions used by the applicant in preparation of the pro forma financial statements are reasonable, including projected utilization, costs and charges. See Section Q of the application for the assumptions used regarding costs and charges. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Furthermore, the applicant provides Form F.3 Revenues and Expenses for CFV Hoke, which shows the facility’s revenues exceed operating expenses by more than \$1 million in each of the project’s first three operating years. The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- the applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions,
- the applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal, and
- the applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of costs and charges.

- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to acquire a fixed MRI scanner, pursuant to Policy TE-3 in the 2018 SMFP, to be located on the CFV Hoke main hospital campus.

On page 142, the 2018 SMFP defines the service area for fixed MRI scanners as “a single county, except where there is no licensed acute care hospital located within the county.” Thus, the service area consists of Hoke County. Providers may serve residents of counties not included in their service area.

Per the 2018 SMFP, there are no fixed MRI scanners and two mobile MRI scanners serving Hoke County – both operated by First Health Moore Regional Hospital-Hoke Campus (FHMRH-HC). The following table identifies the provider, fixed MRI magnet equivalent, and utilization of each of the mobile MRI scanners, summarized from Table 9P of the 2018 SMFP.

MRI Scanner Inventory and Utilization – Hoke County FY 2016		
Location	Fixed Equiv.	Weighted Scans
FHMRH-HC	0.63	1,153
FHMRH-HC	0.26	460

The applicant proposes to acquire one fixed MRI scanner, pursuant to Policy TE-3. In Section G of the application, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities in Hoke County for the following reasons:

- the applicant adequately demonstrates in its application that it is in conformity with Policy TE-3, and
- the applicant adequately demonstrates that the fixed MRI scanner it proposes to develop in Hoke County is needed to serve CFV Hoke’s inpatients and CFVHS’s outpatients seeking MRI services in Hoke County.

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (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.

C

In Section Q, Form H, the applicant provides the projected incremental full-time equivalent (FTE) staffing needed to add the proposed MRI services to CFV Hoke’s existing radiological services for each of the first three operating years, as summarized in the table below.

Position	FFY2021 FTE	FFY2022 FTE	FFY2023 FTE
MRI Technologists	2.0	2.0	2.0
TOTAL	2.0	2.0	2.0

Source: Form H in Section Q of the application.

In Section H.1, page 53, the applicant states that the assumptions and methodology used to determine staffing needs are in Form H, Section Q. However, the form merely shows the number of projected MRI technologists needed without any discussion of the need or lack of need for additional clinical and non-clinical staffing. However, in the letter in Exhibit I.1 from the President of CFV Hoke, Dr. Wells states:

“The CON Application includes all additional clinical staff needed to provide fixed MRI services at CFV Hoke in the staffing tables in Section H. No other additional ancillary or support services staff will be needed in existing departments at CFV Hoke as a result of the proposed project.”

In Section H.2, page 53, the applicant describes its experience and process for recruiting and retaining staff. In Section H.4, pages 54-55, the applicant discusses radiologists and physician coverage needed for the project. On page 55, the applicant identifies Leroy Roberts, M.D., as the Medical Director for imaging services. A letter from Dr. Roberts expressing his interest in serving as the Medical Director for MRI services at CFV Hoke is included in Exhibit H.4b. The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

C

In Section I.1, page 56, the applicant identifies and describes the manner in which it will provide the necessary ancillary and support services. Exhibit I.1 contains a letter from the President of CFV Hoke documenting that all ancillary services necessary to support the proposed fixed MRI scanner at CFV Hoke will be provided as needed.

Exhibit H.4a. of the application contains numerous letters from physicians expressing support for the proposed project. The applicant adequately demonstrates that necessary ancillary and support services are available and that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (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 service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, this criterion is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO.

In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not a HMO.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project 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 services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes to acquire a fixed MRI scanner, pursuant to Policy TE-3 in the 2018 SMFP and locate it in undeveloped space in an existing courtyard adjacent to the radiology department at CFV Hoke. The project will be composed of renovation of an existing covered patio and new construction.

Exhibit K.1 contains line drawings depicting the areas of renovation and new construction. The applicant states there will be 1,750 square feet of new construction and 1,975 square feet of existing space renovation.

Exhibit F.1 contains a certified cost estimate from an architect that estimates construction costs and contingency that are consistent with the project capital cost projections provided by the applicants in Section Q, Form F.1a of the application. In Section K.4, pages 60-61, the applicant describes the methods that will be used by the facility to maintain efficient energy operations and contain the costs of utilities. In Section E, pages 43-44, the applicant discusses why the proposed alternative is the most cost effective alternative for the proposed project. The discussion regarding costs and charges found in Criterion (5) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on the review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- the applicant provides adequate documentation on the renovation/construction costs related to the development of the proposed project,
- the applicant provides adequate documentation on its projected costs and charges,
- the applicant adequately demonstrates that the cost, design, and means of construction represents a reasonable alternative, and that the construction project will not unduly increase the costs of providing health services at CFV Hoke, and
- the applicant includes a written statement demonstrating that energy saving features will be incorporated into the construction plan.

(13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs 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 show:

(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;

C

In Section L.1, page 62, the applicant provides a table showing that CFV Hoke currently serves a population composed of the following percentages of CFV Hoke's total services:

- 63.4% women,
- 11.5% 65 and older
- 65% non-caucasian

On page 63, the applicant reports the payor mix for the entire facility during the last full fiscal year (FFY2017), as summarized below.

**CFV Hoke Hospital
FFY2017
As a Percent of Total Gross Revenue**

Payor Source	Entire Facility
Self-Pay / Indigent / Charity	14.2%
Medicare	20.6%
Medicaid	26.7%
Commercial Insurance/ Managed Care	28.0%
TRICARE	9.5%
Other, including Workers Compensation	1.0%
Total	100.0%

Totals may not sum due to rounding

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

- (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 access complaints against the applicant;

C

Recipients of Hill-Burton funds were required to provide uncompensated care, community service and access by minorities and handicapped persons. In Section L.2(a), page 63, the applicant states that it is not obligated under any applicable federal regulations to provide uncompensated care, community service, or access by minorities and handicapped persons. On page 63, the applicant states that charity care is included in the 14.2% Self-Pay, as shown in the table on that page. The applicant discusses its charity care and financial assistance policies on page 64.

In Section L.2(c), page 63, in response to, "*Identify each patient civil rights equal access complaint filed...*", the applicant states that this question is not applicable. However, it is applicable to the applicant and the facility. In supplemental information requested during the expedited review of this application, the applicant states that

there have been no civil rights equal access complaints filed against the facility and/or any similar facilities owned by a related entity in North Carolina in the last five years.

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (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

C

In Section L of the application, the applicant provides the information required by this criterion. The following table illustrates the projected payor mix for the proposed MRI services during the third operating year (FFY2023):

Payor Category	MRI Services as Percent of Total
Self-Pay/Charity	7.6%
Medicare	49.5%
Medicaid	13.6%
Commercial/Managed Care	21.0%
Other	8.2%
Total	100.0%

As shown in the table above, during the third full fiscal year of operation, the applicant projects 7.6% of total services will be provided to self-pay and charity patients, 49.5% to Medicare patients and 13.6 % to Medicaid patients.

On page 64, the applicant states that the projected payor mix is based on the historical payor mix for MRI services in the defined CFV Hoke MRI ZIP code service area population choosing CFVHS imaging locations for MRI services.

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and

- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- the projected payor mix is based on the historical payor mix of patients in the applicant defined MRI service area, and
 - the applicant adequately demonstrates that medically underserved populations will have access to the proposed services.
- (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 physicians.

C

In Section L.5, page 64, the applicant describes the range of means by which a person will have access to the proposed MRI services, stating, “Patient must be referred by a physician.”

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

In Section M, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant lists the professional training programs it affiliates with on pages 66-68. Exhibit M.2 contains a letter of support from the Radiography Program Director at Robeson Community College expressing their intention to utilize CFV Hoke as a training site.

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the applicant adequately demonstrates the proposed services will accommodate the clinical needs of health professional training programs in the area. Therefore, the applicant adequately demonstrates that the application is conforming to this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

- (18a) The applicant shall demonstrate the expected 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 is for a service on which competition will not have a favorable impact.

C

On page 142, the 2018 SMFP defines the service area for fixed MRI scanners as “*a single county, except where there is no licensed acute care hospital located within the county.*” Thus, the service area consists of Hoke County. Providers may serve residents of counties not included in their service area.

Per the 2018 SMFP, there are no fixed MRI scanners and two mobile MRI scanners serving Hoke County – both operated by First Health Moore Regional Hospital-Hoke Campus (FHMRH-HC). The following table identifies the provider, fixed MRI magnet equivalent, and utilization of each of the mobile MRI scanners, summarized from Table 9P of the 2018 SMFP.

MRI Scanner Inventory and Utilization – Hoke County FY 2016		
Location	Fixed Equiv.	Weighted Scans
FHMRH-HC	0.63	1,153
FHMRH-HC	0.26	460

The applicant proposes to acquire one fixed MRI scanner, pursuant to Policy TE-3. The applicant adequately demonstrates in its application that it is in conformity with Policy TE-3 and that the fixed MRI scanner it proposes to develop in Hoke County is needed to serve CFV Hoke’s inpatients and CFVHS’s outpatients seeking MRI services in Hoke County.

In Section N of the application, the applicant describes the expected effects of the proposed services on competition in the service area and discusses how any enhanced competition in the service area will promote the cost-effectiveness, quality and access to the proposed services.

The applicant states:

“At the present time, there is no fixed MRI at CFV Hoke. The proposed project will foster competition with larger acute care hospitals in Harnett, Cumberland and surrounding counties by continuing to promote cost effectiveness, quality, and access to services in the proposed service area. The fixed MRI scanner will also promote MRI access for Emergency Department patients, as the fixed MRI scanner will be available whenever it is needed.”

The applicant further states:

“The proposed MRI services will be coordinated with existing radiological services at CFVHS to achieve economies of scale, scope, and expertise to ensure that CFVHS continues to be a strong and viable competitor in the broader health care marketplace.

...

In addition, this project will provide increased efficiencies in operation by improving patient flow and continuity in the delivery of patient care services.

...

MRI services at CFV Hoke will also be held to the same quality standards as existing CFVHS radiology services.

...

CFVHS and CRV Hoke have existing strategies with specific activities designed to assure services will be accessible by indigent patients without regard to ability to pay. CFV Hoke does not discriminate in the provision of services on the basis of age, race, religion, disability, or the patient’s ability to pay.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates:

- the cost-effectiveness of the proposal (see Sections F and Q of the application and any exhibits),
- quality services will be provided (see Section O of the application and any exhibits), and
- access will be provided to underserved groups (see Section L of the application and any exhibits).

Conclusion

The Agency reviewed the:

- application,
- exhibits to the application,
- supplemental responses to requests for clarifying information, and
- information which was publicly available during the review and used by the Agency.

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

CFVHS owns and operates MRI services at the following facilities:

- Cape Fear Valley Health System – Cumberland County
 - Cape Fear Valley Medical Center
 - Cape Fear Valley Pavilion North (licensed under CFVMC)
- Harnett Health- Harnett County (CFVHS manages these facilities)
 - Betsy Johnson Memorial Hospital
 - Central Carolina Hospital.

In addition, CFVHS owns a minority share in Valley Regional Imaging, a freestanding imaging center in Fayetteville (Cumberland County) which provides MRI services.

In Section O.3, pages 73-74, the applicant states that the MRI services at each of the above facilities is accredited and “*surveyed by the FDA (MQSA Inspection) and The North Carolina Department of Health and Human Services and CMS and are in good standing with no issues.*” According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, none of the CFVHS related facilities is currently out of compliance with a CMS Condition of Participation, nor have any other incidents occurred within the eighteen months immediately preceding submission of the application through the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State on any facility owned and operated by the CFVHS.

The applicant provides sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming with this criterion.

- (21) Repealed effective July 1, 1987.

- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The applicant proposes to develop a fixed MRI scanner at CFV Hoke pursuant to Policy TE-3 in the 2018 State SMFP. Per Policy TE-3, *“The performance standards in 10A NCAC 14C .2703 would not be applicable.”*