

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: August 9, 2023

Findings Date: August 9, 2023

Project Analyst: Cynthia Bradford

Co-Signer: Gloria C. Hale

Project ID #: F-12366-23

Facility: Atrium Health Imaging Locust

FID #: 040560

County: Stanly

Applicant: West Stanly Imaging, LLC

Project: Acquire one fixed MRI scanner pursuant to the 2023 SMFP need determination

REVIEW CRITERIA

G.S. 131E-183(a): The Department 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

West Stanly Imaging, LLC, herein after referred to as “the applicant,” proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 State Medical Facilities Plan (SMFP) to be located at Atrium Health Imaging Locust (Atrium Locust) in Locust, Stanly County. Upon project completion, Atrium Locust will operate one fixed MRI scanner.

Need Determination

The 2023 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional fixed MRI scanners in North Carolina by service area. Application of the need methodology in the 2023 SMFP identified a need for one fixed MRI scanner in Stanly County. The application was submitted in response to the need determination in the 2023 SMFP for one fixed MRI scanner in Stanly County. Therefore, the application is consistent with the need determination in the 2023 SMFP.

Policies

Two policies in Chapter 4 of the 2023 SMFP are applicable to this application: *Policy GEN-3: Basic Principles* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

Policy GEN-3

Policy GEN-3 on page 30 of the 2023 SMFP states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

In Section B, pages 28-32, the applicant explains why it believes its application is consistent with Policy GEN-3. The applicant states it is committed to the provision of comprehensive, high quality, safe and cost-effective imaging services to persons in need of those services; the proposed MRI services will be accessible to all persons, including those in underserved groups, and will maximize healthcare value by developing the proposed fixed MRI scanner at an existing freestanding center, thereby lowering project costs.

Policy GEN-4

Policy GEN-4 on page 30 of the 2023 SMFP states:

“Any person proposing a capital expenditure greater than \$5 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 is 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 \$5 million. In Section B, pages 32-33, the applicant describes the project's plan to improve energy efficiency and water conservation. The applicant states,

"CMHA has demonstrated its commitment to a higher standard of excellence and will continue to do so relative to the proposed project. CMHA will work with experienced architects and engineers to develop this proposed project to ensure energy efficient systems are an inherent part of the proposed project to the degree possible with this limited renovation of leased space. The design team has Energy Star and Hospitals for a Healthy Environment Green Guide for HealthCare (GGHC) experience."

The Agency reviewed the:

- Application
- Exhibits to the application
- Information 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 based on the following:

- The applicant does not propose to develop more fixed MRI scanners than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 based on the following:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of fixed MRI services in Stanly County.
 - The applicant adequately documents how the project will promote equitable access to fixed MRI services in Stanly County.
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
 - The applicant adequately documents that it has a plan in place to ensure water and energy conservation in the development of the proposed project.

- The applicant states its plan will not adversely affect patient or resident health, safety or infection control.
- (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, persons with disabilities, the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust, a diagnostic center in Stanly County, for a total of one fixed MRI scanner upon project completion. The applicant currently operates one mobile MRI scanner at Atrium Locust but will cease its operation once the fixed MRI is operational.

Patient Origin

On page 331, the 2023 SMFP defines the fixed MRI scanner service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1*”. Therefore, for the purpose of this review, the fixed MRI scanner service area is Stanly County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin for MRI services for Atrium Health Imaging Locust.

Atrium Health Imaging Locust MRI SERVICES ONLY				
COUNTY	HISTORICAL FY2022 (1/1/2022-12/31/2022)		THIRD FULL FY OF OPERATION FOLLOWING PROJECT COMPLETION FY 2028 (1/1/2028-12/31/2028)	
	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Stanly	292	66.9%	1,878	64.6%
Cabarrus	104	23.9%	622	21.4%
Montgomery	0	0.0%	116	4.0%
Mecklenburg	11	2.5%	87	3.0%
Anson	0	0.0%	87	3.0%
Union	0	0.0%	49	1.7%
Other counties ^	29	6.7%	69	2.3%
Total	436	100.0%	2,908	100.0%

Source: Application pages 37-38.

Numbers may not sum due to rounding.

^Other for historical utilization includes, Anson Iredell, Montgomery, Moore, New Hanover, Rowan, and Union counties in North Carolina. Other for projected utilization includes Davidson, Iredell, Moore, New Hanover, and Rowan counties in North Carolina.

In Section C, pages 34 and 38, the applicant provides the assumptions and methodology used to project its patient origin, which it states is based on the historical patient origin of mobile MRI patients served at Atrium Locust and the historical patient origin of patients receiving outpatient MRI services at Atrium Health Stanly who are expected to shift to Atrium Locust. The applicant’s assumptions are reasonable and adequately supported because they are based on the applicant’s experience providing fixed MRI services to patients in the service area.

Analysis of Need

In Section C, on pages 40-45, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services.

- ***2023 State Medical Facilities Plan Need Determination*** - *There is increased demand for MRI services in Stanly County as demonstrated by the need for an additional fixed unit as published in the 2023 SMFP.*
- ***Need for Freestanding Fixed MRI Capacity at Atrium Health Imaging Locust*** - *The proposed fixed MRI scanner at Atrium Health Imaging Locust will not only introduce lower cost freestanding MRI services to Stanly County, but it also will create additional capacity that, in turn, will enhance timely access to the existing hospital-based MRI services provided at Atrium Health Stanly.*
- ***Growth and Aging of Population Residing in Locust Zip Code*** - *The population in the proposed service area is growing and aging, particularly in the Locust zip code.*

The information is reasonable and adequately supported based on the following:

- Stanly County’s weighted threshold, based on the SMFP need determination methodology, is 4,368 procedures per fixed equivalent scanner. Stanly County exceeded this threshold in FFY 2021 and, as a result, the 2023 SMFP identified the need for an additional fixed MRI scanner to be located in Stanly County. (page 41).
- Population growth and aging in the service area – the applicant states the population residing in Locust is projected to grow 1.3 percent between 2022 and 2027, over six times faster than Stanly County overall. In addition, the ZIP codes adjacent to the Locust ZIP code – Oakboro and Stanfield – are growing faster than the county overall. Stanly County’s age 65 and over cohort is projected to grow 2.3 percent annually over the next five years, or 12.3 percent overall. Locust’s aging population is projected to grow even faster (page 44).
- Access to freestanding MRI services is significant because most insurance companies tier out-of-pocket requirements depending on the type of facility where patients receive care. Insurance companies categorize hospital-based services in a higher tier than they do freestanding outpatient services, meaning that the patient’s out-of-pocket expenses are higher when receiving hospital-based care, regardless of whether the service is classified as inpatient or outpatient care. Since freestanding facilities are categorized in a lower tier, patients with high deductible health plans benefit from lower out-of-pocket expenses when they choose freestanding services. The proposed project will increase access to high-quality, affordable MRI services in Stanly County by offering a convenient, freestanding alternative to the existing hospital-based MRI scanner. (page 42).

Projected Utilization

In Section Q, Forms C.2a and C.2b, pages 108-109, the applicant provides historical and interim utilization for MRI services at Atrium Locust for fiscal years (CY 2022-2024), and interim and projected utilization for MRI services through CY2025 and all three project years (CY 2026-2028), as illustrated in the following table:

Atrium Health Imaging Locust - Historical and Projected Weighted MRI Utilization

	HISTORICAL AND INTERIM			INTERIM AND PROJECTED			
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
# Scanners	1	1	1	1	1	1	1
# Weighted MRI Scans	461	486	1,026	2,066	2,870	2,989	3,114

Source: Section Q, Forms C.2a and C.2b, pages 108-109

In Section Q, pages 111-117, “*Utilization Methodology and Assumptions*”, the applicant provides the assumptions and methodology used to project utilization, as summarized below:

- Step 1: Calculate a three-year Compound Annual Growth Rate (CAGR) for MRI services at Atrium Health Stanly – The applicant examined historical MRI utilization

at Atrium Health Stanly, both inpatient and outpatient weighted scans and calculated a three-year CAGR of 14.9% and 3.3%, respectively from FY 2019-2022. The applicant notes one-half of the historical inpatient weighted MRI utilization CAGR is 7.5%.

- **Step 2:** Calculate a three-year CAGR for MRI services at Atrium Locust – The applicant examined historical inpatient weighted MRI utilization at Atrium Locust and calculated a three-year CAGR of 5.5% from FY 2019-2022.
- **Step 3:** The applicant utilized historical growth rates to project future MRI utilization using the historical outpatient weighted CAGRs for both Atrium Health Stanly and Atrium Locust and used one-half the historical inpatient weighted CAGR for Atrium Health Stanly.
- **Step 4:** Project MRI utilization at Atrium Locust – The applicant applied the historical CAGR of 5.5% to project future MRI utilization at Atrium Locust for FY 2024. The applicant states that one additional day of mobile MRI capacity will come online in FY2024. This is illustrated in the following table:

Atrium Health Imaging Locust				
Projected Weighted Mobile MRI Utilization with Additional Day of Operation				
	CY22	CY23	CY24	CY25
Total Outpatient Weighted Scans Based on Historical CAGR	461	486	513	5.5%
Total Outpatient Weighted Scans with Second Mobile Day			1,026	

Source: CMHA internal data, Section Q, page 113

- **Step 5:** The applicant assumes that in CY2024 75% of incremental outpatient volume will be due to outpatient volume shift to Atrium Locust from Atrium Health Stanly and 25% of its outpatient volume will be from outpatient shift from Atrium Health Cabarrus and CMC. The 75% incremental volume shift to Atrium Stanly is illustrated in the following table:

Atrium Health Stanly Projected Outpatient Shift to Mobile MRI at Atrium Health Imaging Locust in CY 2024				
	CY2022	CY2023	CY2024	CAGR
Total Inpatient Weighted Scans	1,593	1,712	1,840	7.5%
Total Outpatient Weighted Scans	3,397	3,509	3,625	3.3%
Shift to Second Mobile Day in CY 2024			-385	
Total Adjusted Outpatient Weighted Scans	3,397	3,509	3,240	

Source: CMHA internal data, Section Q, page 114

The applicant then projected the baseline utilization of the mobile MRI scanner at Atrium Health Imaging Locust following the addition of a second day of operation in CY 2024.

Atrium Health Imaging Locust Projected Baseline Weighted Mobile MRI Utilization with an Additional Day of Operation						
	CY24	CY25	CY26	CY27	CY28	CAGR
Total Outpatient Weighted Scans	1,026	1,082	1,141	1,204	1,270	5.5%

Source: CMHA internal data, Section Q, page 114

The applicant states,

“It is important to note that the baseline volume projected above would be the future utilization of the mobile scanner with an additional day of operation and without the development of the proposed fixed scanner. However, Atrium Health Imaging Locust will discontinue use of the mobile MRI scanner if the proposed project is approved, and the volume projected to be served by the mobile will shift to the proposed fixed scanner.”

- **Step 6:** Project a shift of half of outpatient scans at Atrium Health Stanly to Atrium Locust in CY2025 based on the distribution of the population that is closer or equally distant to Atrium Locust.

Atrium Health Imaging Locust Projected Weighted Fixed MRI Utilization				
		PY1	PY2	PY3
	CY25*	CY26	CY27	CY28
Shifted from Atrium Health Stanly	1,255	1,728	1,785	1,844
Shifted from Mobile MRI	811	1,141	1,204	1,270
Total Weighted Scans	2,066	2,870	2,989	3,114

Source: Section Q, page 115

*April through December utilization

- **Step 7:** Accounting for shifted outpatient volume to Atrium Locust, Atrium Health Stanly’s projected MRI utilization is illustrated as follows:

Atrium Health Stanly Projected Weighted MRI Utilization After Shift to Atrium Health Imaging Locust					
			PY1	PY2	PY3
	CY24	CY25	CY26	CY27	CY28
Total Outpatient Weighted Scans	3,240	2,092	1,728	1,785	1,844
Total Inpatient Weighted Scans	1,840	1,977	2,125	2,284	2,454
Total Weight Scans	5,080	4,069	3,853	4,069	4,298

Source: Section Q, page 116

Under the performance standards in the Criteria and Standards for MRI Services, the proposed fixed MRI scanner at Atrium Health Imaging Locust and the existing fixed MRI scanner at Atrium Health Stanly must perform at least 3,058 weighted scans each by Project Year 3.

Based on the reasonable assumptions detailed above, Atrium Health Imaging Locust is expected to perform 3,114 total weighted scans and Atrium Health Stanly is expected to perform 4,298 weighted scans in CY2028, exceeding the performance standard.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant relied on its historical MRI utilization as the starting point for projecting future utilization.
- The applicant relied on population growth projections from reliable sources to determine population growth in the service area.
- The applicant reasonably projected a shift of MRI outpatients from proximate hospitals to Atrium Locust based on proximity, scheduling availability, and preference for a lower cost, freestanding facility.

Access to Medically Underserved Groups

In Section C, page 52, the applicant states:

“Consistent with all CMHA facilities, West Stanly Imaging provides services to all persons in need of medical care, regardless of race, color, religion, national origin, sex, age, disability, or source of payment...”

... CMHA will continue to serve this population as dictated by the mission of CMHA, which is the foundation for every action taken. The mission is simple, but unique: To improve health, elevate hope, and advance healing –for all. This includes the medically underserved.”

On page 53, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	% OF TOTAL PATIENTS
Low-income persons	
Racial and ethnic minorities	
Women	80.1%
Persons with disabilities	
Persons 65 and older	36.9%
Medicare beneficiaries	37.6%
Medicaid recipients	4.0%

Source: Section C, page 53

*The applicant states it does track low-income persons or persons with disabilities.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant states that it will provide access to all underserved groups, consistent with all Charlotte Mecklenburg Hospital Authority (CMHA) facilities.
- The applicant provides supporting documentation of the access it provides and programs to assist the underserved in Exhibit L.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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, persons with disabilities, and other underserved groups and the elderly to obtain needed health care.

NA

The applicant does not propose to reduce a service, 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 acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

In Section E, pages 66-67, 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:

- Develop the MRI at Another Location – The applicant considered locating the proposed fixed MRI scanner at one of its other Stanly County imaging locations but determined that the location is too distant to accommodate the growing population in Locust and does not have space at the existing site. Therefore, this is not the most effective alternative.
- Add Mobile MRI Days at Atrium Locust – The applicant states Atrium Health Imaging Locust has plans to add mobile days as they become available, but its mobile capacity is limited by the vendor’s availability which is challenging when demand is growing quickly like it is in Stanly County. Further, given the nature of the mobile service, increasing the number of operational days is not the best option when demand is high enough to support a fixed scanner.

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 provides reasonable and adequately supported information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. West Stanly Imaging, LLC (hereinafter certificate holders) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall acquire no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Health Imaging Locust.**
- 3. Upon completion of the project, Atrium Health Imaging Locust shall have no more than one fixed MRI scanner.**
- 4. The certificate holder shall 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.

5. Progress Reports:

- a. Pursuant to G.S. 131E-189(a), the certificate holders shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
- b. The certificate holder shall complete all sections of the Progress Report form.**
- c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
- d. The first progress report shall be due on January 1, 2024.**

6. The certificate holder 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.

7. The certificate holder 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 one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

Capital and Working Capital Costs

In Section Q, Form F.1a, the applicant projects the total capital cost of the project as shown in the table below.

Construction Costs	\$1,775,000
Architect/ Engineering Fees	\$189,000
Medical Equipment	\$2,607,000
Non-Medical Equipment	\$3,000
Furniture	\$9,000
Consultant Fees	\$77,000
Miscellaneous Costs	\$719,000
Total	\$5,379,000

In Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Non-medical and miscellaneous costs, including information systems and security, are based on the experience of CMHA, the parent entity, with similar projects.
- In Exhibit C.1-2, the applicant provides an equipment quote for the proposed MRI scanner.
- In Exhibit F.1, the applicant provides a construction cost estimate signed by the project architect which includes a cost break down that matches the construction cost listed on Form F.1a.

In Section F.3, page 70, the applicant states there will be no working capital costs because it is an existing facility currently offering mobile MRI services, staffed by West Stanly Imaging, LLC.

Availability of Funds

In Section F, page 68, the applicant states the capital cost will be funded through the accumulated reserves of West Stanly Imaging, LLC.

Exhibit F.2-1 contains a letter signed by the Executive Vice President and Chief Financial Officer for The Charlotte-Mecklenburg Hospital Authority (CMHA), which commits to funding the capital cost from accumulated reserves of CMHA. Exhibit F.2-2 contains the most recent CMHA audited financial statements documenting the availability of the necessary funds. CHMA is the parent company of West Stanly Imaging, LLC.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the following:

- The applicant provides documentation of CHMA's commitment to use the necessary funding toward development of the proposed project.

- The applicant documents the availability of sufficient financial resources to fund the proposed capital cost.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Section Q Form F.2b, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years (FY), January 1 to December 31, following project completion. The following table shows the projections for the MRI services:

Atrium Health Imaging Locust			
MRI SERVICES ONLY	1ST FY	2ND FY	3RD FY
	1/1/26-12/31/26	1/1/27-12/31/27	1/1/28-12/31/28
# of Scans (Weighted)	2,870	2,989	3,114
Gross Revenue	\$3,558,385	\$3,818,194	\$4,097,410
Net Revenue	\$1,189,317	\$1,276,153	\$1,369,475
Average Net Revenue per Weighted MRI Scan	\$414	\$427	\$440
Operating Costs	\$887,981	\$912,335	\$926,007
Average Operating Costs per Weighted MRI Scan	\$309	\$305	\$297
Net Income	\$301,336	\$363,819	\$443,468

Source: Section Q, Form F.2b

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 128-129. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant explains how it accounts for projected operating expenses and explains its revenue projections.
- Projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the capital cost is based on reasonable and adequately supported assumptions.

- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal.
 - 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 revenues and operating expenses for all the reasons described above
- (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 one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

On page 331, the 2023 SMFP defines the fixed MRI scanner service area as “... the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1”. Therefore, for the purpose of this review, the fixed MRI scanner service area is Stanly County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners located in the Stanly County service area, summarized from Table 17E-1, page 350 of the 2023 SMFP:

STANLY COUNTY FIXED MRI SCANNERS			
FACILITY	# OF FIXED MRIS	TOTAL # OF MRI SCANS	AVERAGE # OF SCANS/UNIT
Atrium Health Stanly	1	3,580	3,580
Total Stanly County MRI Scanners	1	3,580	3,580

Source: Table 17E-1, page 350, 2023 SMFP

In Section G, page 78, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved fixed MRI services in Stanly County. The applicant states:

“The 2023 SMFP includes a need determination for one fixed MRI scanner in Stanly County. Given that the only two existing MRI scanners in Stanly County are owned and operated by CMHA or a related entity, the need in the 2023 SMFP was generated exclusively by the highly utilized scanners at CMHA-related facilities. The proposed MRI scanner at Atrium Health Imaging Locust will be the first freestanding fixed MRI scanner in Stanly County and will operate five days per week, providing a lower cost, convenient option for MRI services close to home. Thus, the proposed project will not result in any unnecessary duplication.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed fixed MRI scanner.

- The applicant adequately demonstrates the need for the proposed fixed MRI scanner at Atrium Locust in addition to the existing MRI scanner in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

In Section Q, Form H, page 130, the applicant provides projected full-time equivalent (FTE) positions for its MRI services, as illustrated in the following table:

POSITION	ATRIUM LOCUST PROJECTED STAFFING			
	CURRENT STAFF AS OF 12/31/22	1 ST FY FY 2026	2 ND FY FY 2027	3 RD FY FY 2028
MRI Technologist	.2	.9	.9	.9
MRI Technologists Assistant	.2	.9	.9	.9
Patient Access	.9	.9	.9	.9
Ultrasound Technologists	.9	.9	.9	.9
CT Technologists	.9	.9	.9	.9
Mammography Technologists	.8	.8	.8	.8
Radiology Technologists	.9	.9	.9	.9
Total	4.9	6.2	6.2	6.2

The assumptions and methodology used to project staffing are provided in Sections H and Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3(b). In Section H, pages 80-82, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant currently operates a mobile MRI scanner at this location one day a week and has projected sufficient staff to operate the proposed fixed MRI scanner once it is operational.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

Ancillary and Support Services

In a table in Section I, page 84, the applicant identifies the necessary ancillary and support services for the proposed fixed MRI services. In Section I, pages 84-85 the applicant explains how each ancillary and support service is and will be available and supporting documentation is provided in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services are and will be made available because these services are currently provided for patients of Atrium Health Imaging Locust, either onsite, through centralized services of CMHA or through the lease, and will continue to be after the proposed project is developed.

Coordination

In Section I, page 85, the applicant describes its existing and proposed relationships with other local health care and MRI providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because the applicant currently coordinates its services with the existing health care system and will continue to do so following the acquisition of the proposed fixed MRI scanner.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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, Criterion (9) 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 an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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 one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

In Section K, page 88, the applicant states that the project involves constructing 1,367 square feet of new space. Line drawings are provided in Exhibit C.1-1.

In Section K, pages 88-89, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal by renovating existing space rather than constructing new space.

In Section K, page 89, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services. The applicant states they have set aside revenue to fund projects such as the one proposed in this application.

On page 89, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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 persons with disabilities, 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, page 92, the applicant provides the historical payor mix during FY 2022 for its existing fixed MRI services at Atrium Locust, as shown in the table below:

Atrium Health Imaging Locust HISTORICAL PAYOR MIX, FY 2022	
PAYOR CATEGORY	SERVICES AS % OF TOTAL
Self-Pay	3.4%
Charity Care	
Medicare	35.6%
Medicaid	3.3%
Insurance	53.9%
Other	3.8%
Total	100.0%

Source: Section L, page 92

In Section L, page 93, the applicant provides the following comparison:

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	80.1%	49.9%
Male	19.9%	50.1%
Unknown	0.0%	0.0%
64 and Younger	63.1%	80.8%
65 and Older	36.9%	19.2%
American Indian [^]		0.5%
Asian [^]		2.0%
Black or African American [^]		11.7%
Native Hawaiian or Pacific Islander [^]		0.3%
White or Caucasian [^]		84.0%
Other Race [^]		1.5%
Declined / Unavailable		0.0%

[^] The third-party vendor that provides billing services for Atrium Health Imaging Locust does not maintain data that includes patients' racial and ethnic information.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application

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 persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 94, the applicant states it has no such obligation.

In Section L, page 95, the applicant states that no patient civil rights equal access complaints have been filed against West Stanly Imaging, LLC in the 18 months immediately preceding the application deadline.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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, pages 95-96, the applicant projects the following payor mix for Atrium Locust as a whole and Atrium Locust MRI services during the third full fiscal year of operation following completion of the project, as shown in the tables below:

Atrium Locust Projected Payor Mix, FY 2028

PAYOR CATEGORY	ENTIRE FACILITY AS % OF TOTAL
Self-Pay	3.5%
Medicare	37.6%
Medicaid	4.0%
Insurance	51.2%
Other	3.7%
Total	100.0%

Source: Application page 95

Atrium Locust MRI Services Projected Payor Mix, FY 2028

PAYOR CATEGORY	MRI SERVICES AS % OF TOTAL
Self-Pay	3.8%
Medicare	43.2%
Medicaid	6.3%
Insurance	43.6%
Other	3.1%
Total	100.00%

Source: Application page 96

As shown in the tables above, during the third full fiscal year of operation, the applicant projects that 3.5% of total services provided by Atrium Locust will be provided to self-pay patients, and 37.6% and 4.0% of total services will be provided to Medicare and Medicaid patients, respectively.

Additionally, during the third full fiscal year of operation, the applicant projects that 3.8% of MRI services provided by Atrium Locust will be provided to self-pay patients, and 43.2% and 6.3% of total MRI services will be provided to Medicare and Medicaid patients, respectively.

On page 95, the applicant provides the assumptions used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the applicant's historical payor mix for all of Atrium Locust services and MRI services, including outpatient MRI services at Atrium Health Stanly expected to shift to Atrium Locust.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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, page 97, the describes the means by which a person will have access to the proposed additional fixed MRI services at Atrium Locust.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

In Section M, page 98, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M-1. The applicant adequately demonstrates that health professional training programs in the area have and will continue to have access to the facility for training purposes.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (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

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

On page 331, the 2023 SMFP defines the fixed MRI scanner service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1*”. Therefore, for the purpose of this review, the fixed MRI scanner service area is Stanly County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners located in the Stanly County service area, summarized from Table 17E-1, page 350 of the 2023 SMFP:

STANLY COUNTY FIXED MRI SCANNERS			
FACILITY	# OF FIXED MRIS	TOTAL # OF MRI SCANS	AVERAGE # OF SCANS/UNIT
Atrium Health Stanly	1	3,580	3,580
Total Stanly County MRI Scanners	1	3,580	3,580

Source: Table 17E-1, page 350, 2023 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 100, the applicant states:

“As a freestanding facility, Atrium Health Imaging Locust provides its existing mobile MRI services at a lower out-of-pocket cost to most patients. The proposed fixed MRI scanner at Atrium Health Imaging Locust will promote competitive access to lower cost MRI services not currently available in Stanly County.”

Regarding the expected effects of the proposal on cost effectiveness, in Section B.20.c, page 31, the applicant states:

“As a freestanding facility, Atrium Health Imaging Locust will provide MRI services at a lower out-of-pocket cost to most patients. Insurance companies categorize

hospital-based services in a higher tier than they do freestanding services, meaning that the patient's out-of-pocket expenses are lower when receiving non-hospital-based care. As the first freestanding fixed MRI scanner in Stanly County, the proposed MRI scanner at Atrium Health Imaging Locust will promote competitive access to lower cost MRI services."

See also Sections C, F, and Q of the application and any exhibits.

Regarding the expected effects of the proposal on quality in the service area, in Section B.20.a, page 28, the applicant states:

"CMHA's commitment to providing quality care is further demonstrated by its Performance Improvement and Risk Management Plans included in Exhibits B.20-1 through B.20-2. As Atrium Health Imaging Locust expands its services, these plans will continue to ensure that quality care is provided to all patients."

See also Sections C and O of the application and any exhibits.

Regarding the expected effects of the proposal on access by medically underserved groups in the service area, in Section B.20.b, page 28, the applicant states:

"CMHA has long-promoted economic access to its services as it historically has provided services to all persons in need of medical care, regardless of race, sex, creed, age, national origin, handicap, or ability to pay as demonstrated in CMHA's Non-Discrimination Policies provided in Exhibit B.20-3."

See also Sections C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services and the applicant's record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Atrium Locust in Stanly County, for a total of one fixed MRI scanner upon project completion.

In Section Q Form O, the applicant identifies the health service facilities located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 38 hospitals, imaging centers and diagnostic centers located in North Carolina.

In Section O, page 104, the applicant states that, during the 18 months immediately preceding the submittal of the application, incidents related to quality of care occurred in one of these facilities. The applicant states that all the problems have been corrected. According to the files in the Acute and Home Care Licensure and Certification Section, DHSR, during the 18 months immediately preceding submission of the application through the date of this decision, incidents related to quality of care occurred in one of these facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all 38 facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (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.

C

The Criteria and Standards for Magnetic Resonance Imaging Scanners, promulgated in 10A NCAC 14C .2700, are applicable to this review.

SECTION .2700 - CRITERIA AND STANDARDS FOR MAGNETIC RESONANCE IMAGING SCANNER

10A NCAC 14C .2703 PERFORMANCE STANDARDS

- (a) *An applicant proposing to acquire a fixed MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*
- (1) *identify the existing fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*
- C- According to the 2023 SMFP, Table 17E-1, page 350, the applicant owns and operates one fixed MRI scanner at Atrium Health Stanly, located in the Stanly County fixed MRI scanner service area.
- (2) *identify the approved fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*
- NA- There are no approved fixed MRI scanners owned or operated by the applicant or a related entity located in the Stanly County fixed MRI service area.
- (3) *identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed fixed MRI scanner service area during the 12 months before the application deadline for the review period;*
- C- According to the 2023 SMFP, Table 17E-1, page 350, there is one mobile MRI scanner owned or operated by Atrium Health - West Stanly Imaging, LLC., a related entity, that provided mobile MRI services at host sites in the Stanly County proposed fixed MRI scanner service area during the 12 months before the application deadline for this review.
- (4) *identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area;*
- NA- Neither the applicant nor a related entity has been approved to own or operate an additional mobile MRI scanner that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area.
- (5) *provide projected utilization of the MRI scanners identified in Subparagraphs (a)(1) through (a)(4) of this Paragraph and the proposed fixed MRI scanner during each of the first three full fiscal years of operation following completion of the project;*

- C- In Section Q, pages 115-116, the applicant provides projected utilization for all of its existing and proposed fixed and mobile MRI scanners during each of the first three full fiscal years of operation following project completion.
- (6) *provide the assumptions and methodology used to project the utilization required by Subparagraph (a)(5) of this Paragraph;*
- C- In Section Q, “*Utilization Methodology and Assumptions*”, the applicant provides assumptions and methodology for all of its existing and proposed fixed and mobile MRI scanners during each of the first three full fiscal years of operation following project completion.
- (7) *project that the fixed MRI scanners identified in Subparagraphs (a)(1) and (a)(2) of this Paragraph and the proposed fixed MRI scanner shall perform during the third full fiscal year of operation following completion of the project:*
- (a) *3,494 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanner in the fixed MRI scanner service area;*
- (b) *3,058 or more adjusted MRI procedures per fixed MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area; or*
- (c) *1,310 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*

There is currently one existing fixed MRI scanner in the fixed MRI scanner service area; thus, Subparagraph (b) applies to this review.

- C- In Section Q, pages 115-116, the applicant projects to provide 4,298 adjusted MRI procedures on its fixed MRI scanner at Atrium Health Stanly and 3,114 adjusted MRI procedures on its proposed fixed MRI scanner at Atrium Health Locust during the third full fiscal year of operation following project completion. This exceeds 3,058 adjusted MRI procedures per fixed MRI scanner in the fixed MRI scanner service area. The full methodology and assumptions are provided in Section Q. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.
- (8) *project that the mobile MRI scanners identified in Subparagraphs (3) and (4) of this Paragraph shall perform 3,120 or more adjusted MRI procedures per mobile MRI scanner during the third full fiscal year of operations following completion of the project.*
- NA- In Section Q, page 116, the applicant states that the mobile MRI scanner at Atrium Health Imaging Locust will discontinue services and leave the service area on April 1, 2025 when the proposed fixed MRI scanner begins serving patients.
- (b) *An applicant proposing to acquire a **mobile MRI** scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*

- (1) *identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed mobile MRI scanner service area during the 12 months before the application deadline for the review period;*
- (2) *identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed mobile MRI scanner service area;*
- (3) *identify the existing fixed MRI scanners owned or operated by the applicant or a related entity that are located in the proposed mobile MRI scanner service area;*
- (4) *identify the approved fixed MRI scanners owned or operated by the applicant or a related entity that will be located in the proposed mobile MRI scanner service area;*
- (5) *identify the existing and proposed host sites for each mobile MRI scanner identified in Subparagraphs (b)(1) and (b)(2) of this Paragraph and the proposed mobile MRI scanner;*
- (6) *provide projected utilization of the MRI scanners identified in Subparagraphs (b)(1) through (b)(4) of this Paragraph and the proposed mobile MRI scanner during each of the first three full fiscal years of operation following completion of the project;*
- (7) *provide the assumptions and methodology used to project the utilization required by Subparagraph (b)(6) of this Paragraph;*
- (8) *project that the mobile MRI scanners identified in Subparagraphs (b)(1) and (b)(2) of this Paragraph and the proposed mobile MRI scanner shall perform 3,120 or more adjusted MRI procedures per MRI scanner during the third full fiscal year of operations following completion of the project; and*
- (9) *project that the fixed MRI scanners identified in Subparagraphs (b)(3) and (b)(4) of this Paragraph shall perform during the third full fiscal year of operations following completion of the project:*
 - (a) *3,494 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*
 - (b) *3,058 or more adjusted MRI procedures per fixed MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area;*
 - (c) *1,310 or more adjusted MRI procedures per fixed MRI scanner if there are no fixed MRI scanners in the fixed MRI scanner service area.*

-NA- The applicant does not propose to acquire a mobile MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period.