

ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

Decision Date: September 28, 2023

Findings Date: October 5, 2023

Team Leader: Gloria C. Hale

Co-Signer: Lisa Pittman

Project ID #: J-12402-23

Facility: Wake Radiology UNC REX PET-CT Imaging Center

FID #: 230546

County: Wake

Applicants: WR Imaging, LLC

Wake Radiology Diagnostic Imaging, Inc.

Project: Develop a new diagnostic center by acquiring, replacing, and relocating an existing fixed PET scanner

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.

NA

WR Imaging, LLC and Wake Radiology Diagnostic Imaging, Inc., (hereinafter collectively referred to as the applicant or WRI), proposes to develop a new, freestanding diagnostic center by acquiring, replacing, and relocating an existing fixed PET scanner from UNC Health Rex Hospital to an existing medical office building on the campus of UNC Health Rex Hospital. The new, freestanding diagnostic center will be named Wake Radiology UNC REX PET-CT Imaging Center (WR Rex Imaging Center) and the replacement PET scanner will be a PET/CT scanner. Throughout these findings, the replacement scanner will be referred to as a PET scanner. Wake Radiology is part of a joint venture with UNC Health Rex Hospital. Wake Radiology, along with its hospital partner, UNC Health Rex Hospital, have partial ownership of WR Imaging, LLC which will own the PET/CT scanner.

The applicant does not propose to:

- develop any beds or services for which there is a need determination in the 2023 State Medical Facilities Plan (SMFP),
- acquire any medical equipment for which there is a need determination in the 2023 SMFP, or
- offer a new institutional health service for which there are any policies in the 2023 SMFP.

Therefore, Criterion (1) is not applicable to this review.

- (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

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

Patient Origin

On page 360, the 2023 SMFP defines the service area for fixed PET scanners as follows: “*A fixed PET scanner’s **service area** is the HSA in which it is located (Table 17F-1). Appendix A identifies the multicounty groupings that comprise the HSAs.*” (emphasis in original) The applicant proposes to relocate the fixed PET scanner in Wake County which, according to Appendix A on page 365 is in HSA IV. Thus, the service area for this proposal is HSA IV. Facilities may also serve residents of counties not included in their service area.

The following table, from Section C, page 30, illustrates historical patient origin for fiscal year 2022 (7/1/21 – 6/30/22) for the existing PET scanner at UNC Health Rex Hospital:

Historical Patient Origin, UNC Health Rex Hospital FY 2022

COUNTY	# OF PATIENTS	% OF TOTAL
Wake	2,794	67.3%
Johnston	286	6.9%
Franklin	163	3.9%
Sampson	161	3.9%
Harnett	153	3.7%
Nash	95	2.3%
Wayne	74	1.8%
Durham	57	1.4%
Other*	367	8.8%
Total	4,150	100.0%

*Includes other counties in North Carolina and other states. For the full list of other counties, see page 30 of application.

The following table illustrates projected patient origin for PET procedures for the first three full fiscal years of operation, CYs 2025-2027, from page 32 of the application:

WR Rex Imaging Center Projected Patient Origin

COUNTY	1 ST FULL FY (CY 2025)		2 ND FULL FY (CY 2026)		3 RD FULL FY (CY 2027)	
	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL	# OF PATIENTS	% OF TOTAL
Wake	1,807	67.3%	1,844	67.3%	1,881	67.3%
Johnston	185	6.9%	189	6.9%	193	6.9%
Franklin	105	3.9%	108	3.9%	110	3.9%
Sampson	104	3.9%	106	3.9%	108	3.9%
Harnett	99	3.7%	101	3.7%	103	3.7%
Nash	61	2.3%	63	2.3%	64	2.3%
Wayne	48	1.8%	49	1.8%	50	1.8%
Durham	37	1.4%	38	1.4%	38	1.4%
Other*	237	8.8%	242	8.8%	247	8.8%
Total	2,684	100.0%	2,739	100.0%	2,794	100.0%

* Includes many other counties in North Carolina and other states. For the full list of other counties, see page 32 of application.

In Section C, page 32 and Form C in Section Q, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions and methodology are reasonable and adequately supported because they are based on the historical experience of UNC Health Rex Hospital in providing outpatient, oncology-related outpatient PET services.

Analysis of Need

In Section C, pages 34-39, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Continued Evolution of the Joint Venture Partnership with UNC Health Rex Hospital – the applicant states that its joint venture partnership with UNC Health Rex Hospital has increased access to lower cost outpatient imaging since its inception and that freestanding outpatient services offer all payors a lower charge structure than inpatient

services. This, in turn, results in lower out-of-pocket expenses for patients. Thus, the proposed acquisition will expand the benefits of its joint venture with UNC Health Rex Hospital to PET services (page 35).

- **Oncology Services and Historical Utilization at UNC Health Rex Hospital** – the applicant states that the proposed PET/CT scanner will primarily serve oncology patients and it will be state-of-the-art, enhancing the ability to pinpoint abnormal activity and deliver accurate diagnoses. In addition, the applicant states that PET utilization at UNC Health Rex Hospital is supported by its comprehensive cancer program and that the number of cancer patients at UNC Health Rex Hospital has increased from FY2020 to FY2023 annualized at a Compound Average Growth Rate (CAGR) of 6.3%, which is higher than the projected CAGR of 5.3% for the 65 and older population of Wake County for 2023 to 2027 (pages 35-36).
- **Cancer Incidence and PET Applications in Oncology** – the applicant states that HSA IV has a higher age-adjusted cancer incidence rate than both the state overall and the nation at 477 cases per 100,000, compared to 469.9 and 449.4 cases per 100,000, respectively. In addition, PET services are used not only for diagnosis of cancer, but advancements in the technology have the potential to help guide treatment, determine a patient’s prognosis, and guide decisions in treatment planning and treatment response (pages 36-37).
- **Historical PET Trends in HSA IV** – the applicant states that HSA IV has experienced tremendous growth in PET volume from 2017 through 2023, evidenced by the highest number of need determinations for PET scanners in the State Medical Facilities Plan (SMFP) of all the HSAs. In addition, the applicant provides a table showing that UNC Health Rex Hospital had the second highest number of PET procedures per PET scanner of the five providers in HSA IV in FFY2021. The applicant states that this shows that two PET scanners (one existing and one approved) are needed to maintain PET capacity at UNC Health Rex (pages 38-39).

Projected Utilization

In Section Q, Form C, page 105, the applicant provides projected utilization for the proposed replacement fixed PET scanner through the first three operating years of the proposed project (CY 2025-CY 2027) as summarized in the following table:

WR Rex Imaging Center PET Scanner, Projected Utilization

	INTERIM PARTIAL FY* (10/1/24 – 12/31/24)	1ST FULL FY (CY 2025)	2ND FULL FY (CY 2026)	3RD FULL FY (CY 2027)
Fixed PET scanner	1	1	1	1
Number of Procedures	664	2,684	2,739	2,794

* The applicant states, in Section Q, page 105, that the PET scanner will become operational in October 2024. The number of procedures was calculated based on total volume for 9 months of SFY2025 divided by 9, then multiplied by 3.

The applicant provides its assumptions and methodology for projecting utilization for its proposed replacement PET scanner in Section Q, pages 102-105, summarized as follows:

The applicant provides historical utilization for the existing PET scanner at UNC Health Rex Hospital that it proposes to be acquired, replaced, and relocated, and calculates the CAGR as shown in the following table from page 102:

UNC Health Rex Hospital, Historical PET Utilization

	SFY2019	SFY2020	SFY2021	SFY2022	SFY2023*	CAGR
Oncology-related outpatient PET procedures	2,182	2,340	2,576	2,682	3,004	8.3%
All other PET procedures	1,079	948	1,269	1,468	1,519	8.9%
Total PET procedures	3,261	3,288	3,845	4,150	4,523	8.5%

Source: UNC Health Rex internal data

*Annualized based on July through March utilization

The applicant states, on page 102, 66.4% of all PET procedures performed at UNC Health Rex Hospital were oncology-related outpatient PET procedures in SFY2023 annualized, as illustrated in the table below.

**UNC Health Rex Hospital
 Oncology PET Procedures SFY2023***

	Number of PET Procedures	% of Total PET Procedures
Oncology-related inpatient PET procedures	301	6.7%
Oncology-related outpatient PET procedures	3,004	66.4%
Total Oncology-related PET procedures	3,305	73.1%
Total PET procedures	4,523	100.0%

*Annualized based on July through March utilization

The applicant projects, on page 103, that all PET procedures at UNC Health Rex Hospital will increase by 2% each year, equal to the CAGR of Wake County’s projected population, 2023-2028. See the table on page 103 for Wake County’s population projections. The applicant projects oncology-related outpatient PET procedures, all other PET procedures, and total PET procedures at UNC Health Rex Hospital by applying the 2% CAGR, SFY2023 annualized through SFY2028. The results of these calculations are provided in a table on page 103.

The applicant states, on page 102, that 85% of oncology-related outpatient PET procedures will shift to WR Rex Imaging Center. The applicant calculates the number of oncology-related outpatient PET procedures to be performed at WR Rex Imaging Center from SFY2025 through

SFY2028 by multiplying the total number of oncology-related outpatient PET procedures to be performed at UNC Health Rex Hospital by 85%, as illustrated in the table below.

**WR Rex Imaging Center, Projected PET Utilization
 SFY 2025-SFY 2028**

	SFY 2025	SFY 2026	SFY 2027	SFY 2028
UNC Health Rex oncology-related outpatient PET procedures	3,127	3,190	3,254	3,320
85% of oncology-related outpatient procedures (shift)	1,993 [^]	2,711	2,766	2,822

Source: Table on page 104

[^]Represents 3 months of utilization during SFY2025. See calculation on page 104.

The applicant states, on page 105, that WR Rex Imaging Center’s fiscal years will be calendar years, and as such, converts its projected utilization for partial interim year 2024 and the first three operating years of the project to calendar years, as illustrated in the following table.

**WR Rex Imaging Center, Projected PET Utilization
 CY 2025-CY 2028**

	CY 2024*	CY 2025	CY 2026	CY 2027
PET procedures	664	2,684	2,739	2,794

*The applicant will operate the proposed PET scanner for 3 months of CY2025. The utilization of CY 2024 is calculated as the total volume for the 9 months of SFY 2025, divided by 9 and multiplied by 3.

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

- The applicant’s utilization projections are supported by the historical utilization of the existing PET scanner operating at UNC Rex Hospital.
- The applicant’s utilization projections are supported by population growth projections in the service area.
- The lower cost of the proposed outpatient imaging services supports a shift in oncology-related outpatient PET procedures.
- The applicant’s utilization projections are conservative, given the historical CAGR of 8.3% for oncology-related outpatient PET procedures.

Access by Medically Underserved Groups

In Section C, page 46, the applicant states WRI ensures access to care for all patients regardless of income status, ability to pay, racial/ethnic origin, gender, age, physical or mental conditions, or any other characteristic that would classify a person as underserved or medically indigent.

On page 46, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

GROUP	ESTIMATED PERCENTAGE OF TOTAL PATIENTS DURING THE 3 RD FULL FY
Low Income Persons*	
Racial and Ethnic Minorities	27.8%
Women	52.4%
Persons With Disabilities*	
Persons 65 and older	61.4%
Medicare Beneficiaries	62.2%
Medicaid Recipients	3.1%

Numbers may not sum due to rounding.

*The applicant states UNC Health Rex does not maintain data that includes 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 because it is based on the FY2022 historical experience of UNC Health Rex Hospital's PET services.

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, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

C

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

In Section D, page 53, the applicant explains why it believes the needs of the population utilizing the services to be relocated will adequately met following completion of the project. On page 53, the applicant states,

“...UNC Health Rex Hospital will continue to serve patients currently utilizing its PET services through its joint venture relationship with Wake Radiology on the same campus. ...the proposed project will result in a freestanding option on the same

campus, enabling UNC Health Rex Hospital to better serve many of its outpatient oncology patients currently utilizing the existing PET scanner.

...UNC Health Rex Hospital was previously approved to develop a second fixed PET scanner pursuant to the need identified in the 2019 SMFP. ...that fixed PET scanner will be developed in the main hospital building...According to the most recent progress report, this scanner will become operational on September 1, 2023, or before the existing scanner is acquired by Wake Radiology as proposed in this application.”

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

- The proposed PET scanner to be relocated will be housed on the same campus and will provide a lower cost, freestanding, outpatient imaging option.
- UNC Health Rex Hospital was approved for a fixed PET scanner which is expected to become operational in September 2023 which will provide PET procedures at the hospital.

Projected Utilization

In Section Q, page 101, the applicant provides projected utilization for PET services at UNC Health Rex Hospital, as illustrated in the following table.

	INTERIM FY (7/1/23 – 6/30/24)	INTERIM FY (7/1/24 – 6/30/25)	1ST FULL FY (7/1/2025 - 6/30/26)
Fixed PET scanner, # of units	2*	1	1
Number of Procedures	4,614	2,714	2,091

*UNC Health Rex Hospital was previously approved to develop a second fixed PET scanner pursuant to the need identified in the 2019 SMFP which will become operational in UNC Health Rex Hospital fiscal year 2024. The proposed project, in part to relocate a PET scanner from UNC Health Rex Hospital, becomes operational at WR Rex Imaging Center fiscal year 2025.

To project utilization of PET services at UNC Health Rex Hospital, the applicant provides historical utilization for the existing PET scanner at UNC Health Rex Hospital that it proposes to acquire, replace, and relocate, and calculates the CAGR as shown in the following table from page 102:

UNC Health Rex Hospital, Historical PET Utilization

	SFY2019	SFY2020	SFY2021	SFY2022	SFY2023*	CAGR
Oncology-related outpatient PET procedures	2,182	2,340	2,576	2,682	3,004	8.3%
All other PET procedures	1,079	948	1,269	1,468	1,519	8.9%
Total PET procedures	3,261	3,288	3,845	4,150	4,523	8.5%

Source: UNC Health Rex internal data

*Annualized based on July through March utilization

The applicant states, on page 102, 66.4% of all PET procedures performed at UNC Health Rex Hospital were oncology-related outpatient PET procedures in SFY2023 annualized, as illustrated in the table below.

**UNC Health Rex Hospital
 Oncology PET Procedures SFY2023***

	Number of PET Procedures	% of Total PET Procedures
Oncology-related inpatient PET procedures	301	6.7%
Oncology-related outpatient PET procedures	3,004	66.4%
Total Oncology-related PET procedures	3,305	73.1%
Total PET procedures	4,523	100.0%

Source: Page 103 of application

*Annualized based on July through March utilization

The applicant projects, on page 103, that all PET procedures at UNC Health Rex Hospital will increase by 2% each year, equal to the CAGR of Wake County’s projected population, 2023-2028. See the table on page 103 for Wake County’s population projections. The applicant projects oncology-related outpatient PET procedures, all other PET procedures, and total PET procedures at UNC Health Rex Hospital by applying the 2% CAGR, SFY2023 annualized through SFY2028. The results of these calculations are provided in a table on page 103.

The applicant states, on page 103, that 85% of oncology-related outpatient PET procedures will shift to WR Rex Imaging Center. The applicant calculates the number of oncology-related outpatient PET procedures to be shifted to WR Rex Imaging Center from SFY2025 through SFY2028 by multiplying the total number of oncology-related outpatient PET procedures to be performed at UNC Health Rex Hospital by 85%. The results of this calculation are illustrated in the table below.

Projected Shift of PET Procedures to Proposed Project

	SFY2025	SFY2026	SFY2027	SFY2028
Total PET procedures before shift	4,707	4,802	4,899	4,998
85% of oncology-related PET procedures (shift)	1,993 [^]	2,711	2,766	2,822
PET procedures remaining at UNC Health Rex Hospital	2,714	2,091	2,133	2,176

Source: Page 104 of application

[^]The proposed PET scanner will initiate services on October 1, 2024, or 3 months after the start of SFY2025. This number represents 9 months of volume projected to shift in SFY 2025 [(3,127 x .85) x (9/12) = 1,993].

The applicant states, on page 104, that its approved PET scanner is expected to become operational on September 1, 2023 and will serve some oncology-related outpatients that require or prefer a hospital-based setting. Those patients would represent the 15 percent that are not projected to shift to the proposed WR Rex Imaging Center. In addition, other types of PET imaging patients will be served by the newly-operational PET scanner.

The utilization of both PET scanners, one at UNC Health Rex Hospital and one proposed at WR Rex Imaging Center, will each exceed the performance standard target of 2,080 PET procedures by SFY 2026 and thus will be well utilized, as illustrated in the following table.

	SFY2023*	SFY2024	SFY2025	SFY2026	SFY2027	SFY2028
UNC Health Rex Hospital	4,523	4,614	2,714	2,091	2,133	2,176
Proposed PET scanner at WR Rex Imaging Center	0	0	1,993	2,711	2,766	2,822
Total	4,523	4,614	4,707	4,802	4,899	4,998

Source: Page 104 of application

*Annualized based on July through March utilization

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

- The applicant’s utilization projections are supported by the historical utilization of the existing PET scanner currently operating at UNC Health Rex Hospital.
- The applicant’s utilization projections are supported by population growth projections in the service area.
- The lower cost of the proposed outpatient imaging services supports a shift in oncology-related outpatient PET procedures.
- The applicant accounts for the approved, soon to be operational PET scanner that is projected to be in use at UNC Rex Hospital on September 1, 2023.

Access to Medically Underserved Groups

The applicant states, in Section D, page 54,

“The proposed project is not expected to have any negative impact on the access of underserved groups who seek PET services on the UNC Health Rex Hospital main campus.

...

...the proposed project is part of a multi-facility joint venture between Wake Radiology and UNC Health Rex, which work together to ensure that barriers to access, particularly for the medically underserved, are ameliorated and that patients receive the care they need in the most appropriate setting.

...

The patients who need to receive a PET scan at UNC Health Rex will continue to have the same access they do currently; UNC Health Rex operates one PET scanner today, and following the development of the proposed project, it will continue to operate one PET scanner, serving patients who may not be clinically appropriate for the Wake Radiology scanner, or patients who may otherwise choose care at UNC Health Rex.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use PET services will be adequately met following completion of the project for the following reasons:

- The applicant states that its joint venture with UNC Health Rex will ensure that barriers to access for the medically underserved will be addressed.
- The applicant states that UNC Health Rex currently provides PET services at UNC Health Rex Hospital to all clinically appropriate patients and states it will continue to do so with its new, approved PET 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 the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated, or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

- (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.

CA

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

In Section E, pages 58-59, the applicant describes two alternatives it considered and explains why each is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

Maintain the status quo – the applicant states this is not an effective alternative because it would not have the benefit of providing a lower cost and more accessible alternative for PET procedures that would be provided in an outpatient setting. In addition, the status quo does not give patients a choice, that is they would only have access to a hospital-based PET service. Therefore, this is not the most effective alternative.

Develop the proposed project in a different location - the applicant states that developing the project at a different location, such as one of WRI's other joint venture partnership locations, may be costlier and disruptive to existing patients due to the need to construct new or additional space rather than in existing space requiring minimal renovations. In addition, other locations would not have the benefit of being proximal to UNC Health Rex Hospital's Cancer Center which minimizes patient travel for the various services they need for cancer care. Therefore, this is not the least costly or 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 application is conforming to all statutory and regulatory review criteria.
- The applicant provides reasonable and supported information to explain why it believes the proposed project is the most effective alternative to meet the need to acquire, replace, and relocate a PET scanner in Wake County.

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 reasons stated above. Therefore, the application is approved subject to the following conditions:

1. **WR Imaging, LLC and Wake Radiology Diagnostic Imaging, Inc. (hereinafter collectively referred to as certificate holder) shall materially comply with all representations made in the certificate of need application and any supplemental responses. If representations conflict, the certificate holder shall materially comply with the last made representation.**
 2. **The certificate holder shall develop a new diagnostic center by acquiring, replacing, and relocating an existing PET scanner at UNC Health Rex Hospital to Wake Radiology UNC REX PET-CT Imaging Center.**
 3. **Upon completion of the project, Wake Radiology UNC REX PET-CT Imaging Center shall be licensed for no more than one PET scanner.**
 4. **Prior to issuance of a Certificate of Need, the applicant shall provide the Agency with documentation that an effort has been made to accommodate the clinical needs of health professional training programs in the area at Wake Radiology UNC Rex PET-CT Imaging Center.**
 5. **Progress Reports:**
 - a. **Pursuant to G.S. 131E-189(a), the certificate holder 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 April 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.

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET/CT scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

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/Renovation Costs	\$875,000
Medical Equipment	\$2,559,307
Miscellaneous Costs	\$182,113
Total	\$3,616,420

Source: Application, Section Q

In Section Q, page 107, 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:

- The applicant bases its construction costs on an estimate provided by a general contractor which is provided in Exhibit F.1.
- The applicant bases its medical equipment cost on a vendor quote provided in Exhibit C.1-3.
- The applicant bases its non-medical equipment and furniture costs on vendor estimates and its experience with similar projects.
- The applicant bases its other costs on its experience with similar projects and provides an estimate from First Citizens Bank for its financing costs which is provided in Exhibit F.2.

In Section F, page 62, the applicant states that start-up costs will be \$149,307 and initial operating costs will be \$151,976 for a total working capital of \$301,283.

On pages 62-63, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant states that start-up costs will include one month of expenses for utilities, mortgage or rent, supplies, staff expenses, fees, direct costs, and indirect costs.
- The applicant states that the initial operating period will be the first two months during which cash outflow will exceed cash inflow.

Availability of Funds

In Section F, page 60, the applicant states the capital cost will be funded as shown in the table below.

Sources of Capital Cost Financing

TYPE	WR IMAGING, LLC	TOTAL
Loans	\$3,616,420	\$3,616,420
Accumulated reserves or OE*	\$0	\$0
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$3,616,420	\$3,616,420

* OE = Owner's Equity

In supplemental information, the applicant states the working capital cost will be funded as shown in the table below.

Sources of Financing for Working Capital

TYPE	WR IMAGING, LLC	TOTAL
Loans	\$0	\$0
Accumulated reserves or OE*	\$301,283	\$301,283
Bonds	\$0	\$0
Other (Specify)	\$0	\$0
Total Financing	\$301,283	\$301,283

* OE = Owner's Equity

In supplemental information, the applicant provides a letter dated September 15, 2023 from the Senior Vice President of First Citizens Bank, that documents the bank's interest in providing the applicant with a loan for the proposed project in the amount of \$3,616,420 which is sufficient for the capital needs of the proposed project. In supplemental information, the applicant provides a letter dated September 15, 2023 from the Senior Vice President of First Citizens Bank verifying that WR Imaging, LLC has adequate capital available to fund the working capital needs of the project. In addition, the letter states that if needed, First Citizens Bank would be willing to loan WR Imaging, LLC up to \$350,000 to finance working capital costs.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project for the following reasons:

- The applicant provides a letter from a financial institution that documents the availability of sufficient funds to finance the capital costs of the proposed project.
- The applicant provides a letter from a financial institution that verifies the availability of capital sufficient to fund the working capital costs of the project.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in each of the first three operating years of the project, as shown in the table below:

	INTERIM 10/1/24- 12/31/24	1ST FULL FY CY 2025	2ND FULL FY CY 2026	3RD FULL FY CY 2027
Total Procedures	664	2,684	2,739	2,794
Total Gross Revenues (Charges)	\$2,781,943	\$11,577,356	\$12,165,530	\$12,783,585
Total Net Revenue	\$879,832	\$3,661,516	\$3,847,535	\$4,043,004
Average Net Revenue per Procedure	\$1,325	\$1,364	\$1,405	\$1,447
Total Operating Expenses (Costs)	\$563,313	\$2,251,104	\$2,577,196	\$2,620,740
Average Operating Expense per Procedure	\$848	\$839	\$941	\$938
Net Income	\$316,519	\$1,310,412	\$1,270,339	\$1,422,264

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 110-111 and page 113. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant bases its projections on its historical experience.
- The applicant accounts for and explains the basis for projected operating expenses including salaries, supplies, equipment maintenance and central office overhead.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which 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 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.
- 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.

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET/CT scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

On page 360, the 2023 SMFP defines the service area for fixed PET scanners as follows: “A fixed PET scanner’s **service area** is the HSA in which it is located (Table 17F-1). Appendix A identifies the multicounty groupings that comprise the HSAs.” (emphasis in original) The applicant proposes to locate the fixed PET/CT scanner in Wake County which, according to Appendix A on page 365 is in HSA IV. Thus, the service area for this proposal is HSA IV. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing dedicated fixed PET scanners in HSA IV, and the total number of procedures for the PET scanners at each site in 2020-2021, illustrated below:

TYPE	SITE/PROVIDER	# SCANNERS	TOTAL PROCEDURES 2020-2021
Fixed	Duke Raleigh Hospital	1	946
Fixed	Duke University Hospital	3	5,405
Fixed	Rex Hospital	2	3,906
Fixed	UNC Hospitals	2	3,952
Fixed	Wake PET Services, Wake Radiology Oncology, Wake Radiology	1	209

Source: Table 17F on page 362 of the 2023 SMFP

In Section G, page 72, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved PET scanners services in HSA IV. The applicant states that the proposed acquisition, replacement, and relocation of an existing PET scanner will not result in any increase in inventory of PET scanners in HSA IV. In addition, the applicant states that the proposed PET scanner will primarily serve oncology-related outpatients who were being served by the PET scanner at UNC Rex Hospital and that there will be no change in the number of PET scanners operated on the hospital campus.

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:

- The proposed PET/CT scanner is a replacement PET scanner that will be relocated to an outpatient setting on the UNC Rex Hospital campus.
- There will be no change in the inventory of PET scanners in HSA IV.
- The applicant adequately demonstrates that the proposed fixed PET/CT scanner is needed in addition to the existing or approved PET scanners in HSA IV.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- 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 based on 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 Form H, Section Q, the applicant provides projected full-time equivalent (FTE) staffing for the proposed PET services for the first three full fiscal years (FY) of operation, as illustrated in the following table:

POSITION	1 ST FULL FY (CY 2025)	2 ND FULL FY (CY 2026)	3 RD FULL FY (CY 2027)
PET Technologist	2.0	2.0	2.0
Front Desk Reception	1.0	1.0	1.0
Total	3.0	3.0	3.0

The assumptions and methodology used to project staffing for the PET/CT scanner services are provided in Section H. Adequate costs for the health manpower and management positions proposed by the applicant are budgeted in Form F.3b, which is found in Section Q. In Sections H.2 and H.3, pages 71 and 72, respectively, the applicant describes the methods to be used to recruit or fill new positions and its proposed training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services because it is based on existing positions at UNC Health Rex Hospital and Wake Radiology's experience operating diagnostic centers.

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 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

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

Ancillary and Support Services

In Section I, page 73 the applicant identifies the necessary ancillary and support services for the proposed services. On page 73, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant lists the necessary ancillary and support services that will be available and identifies how they will be made available.
- The applicant provides a letter in Exhibit I.1 from the President and Managing Partner of the applicant attesting to the availability of the necessary ancillary and support services.

Coordination

In Section I, page 74, the applicant describes its existing and proposed relationships with other local health care and social service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant states it has well established relationships with local health care and social service providers and that these relationships will continue with the proposed project.
- The applicant provides letters of support in Exhibit I.2 from health care providers 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.

- (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

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

In Section K, page 77, the applicant states that the proposed replacement PET/CT scanner will require renovation of 1,997 square feet of existing space within a medical office building on the UNC Health Rex Hospital campus.

On pages 77-78, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the project will be developed in existing space in a medical office building vacated by UNC Health Rex Cancer Center which will require renovations but will be more cost effective than constructing new space.
- The applicant provides a construction estimate from a general contractor in Exhibit F.1.

On page 78, 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, stating that the proposed PET services will be provided in a more convenient, lower cost setting.

On page 78, the applicant states it will reuse existing utilities to the extent possible to limit waste and will meet or exceed the North Carolina building code for energy efficiency and water conservation.

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.

(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;

In Section L, page 82, the applicant provides the historical payor mix for PET services at UNC Health Rex Hospital during fiscal year 2022 (7/1/2021-6/30/2022), as shown in the table below:

PAYOR SOURCE	% OF TOTAL
Self-pay	3.9%
Charity Care**	
Medicare*	48.0%
Medicaid*	5.6%
Insurance*	40.4%
Other^	2.1%
Total	100.0%

*Includes managed care plans.

**UNC Health Rex Hospital's internal data does not include charity care as a payor source. Patients can and do receive charity care across payor sources.

^Includes Workers Compensation and TRICARE.

In Section L, page 83, the applicant provides the following comparison based on PET services provided at UNC Health Rex Hospital for the last full FY before application submission:

PET SERVICES AT UNC HEALTH REX HOSPITAL	PERCENTAGE OF TOTAL PATIENTS SERVED	PERCENTAGE OF POPULATION OF WAKE COUNTY
Female	52.4%	51.1%
Male	47.6%	48.9%
Unknown	0.0%	0.0%
64 and Younger	38.6%	87.4%
65 and Older	61.4%	12.6%
American Indian	0.5%	0.8%
Asian	1.7%	8.3%
Black or African-American	21.7%	21.0%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	71.8%	67.1%
Other Race	3.8%	2.8%
Declined / Unavailable	0.4%	0.0%

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 handicapped persons 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 84, the applicant states it is under no obligation to provide uncompensated care, community service or access by minorities and handicapped persons. However, the applicant states it provides care to all patients in need of medical care, regardless of income status, ability to pay, racial/ethnic origin, gender, age, physical or mental conditions, or any other characteristic that would classify a person as underserved or medically indigent.

In Section L, page 84, the applicant states that during the 18 months immediately preceding the application deadline there was one civil rights equal access complaint filed against UNC Health Rex Hospital, however the applicant believes the matter has been resolved based on actions taken to resolve the matter and based on no further contact from the federal Office of Civil Rights. There have been no other civil rights equal access complaints filed against the applicant nor any affiliated entity of the applicant during the 18 months immediately preceding the application deadline.

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, page 85, the applicant provides the projected payor mix for the third operating year (CY 2027) for the proposed project, as shown in the table below:

PAYOR SOURCE	WR REX IMAGING CENTER, PET SERVICES AS % OF TOTAL
Self-pay	3.4%
Charity Care^	
Medicare*	62.2%
Medicaid*	3.1%
Insurance*	25.6%
Other	5.7%
Workers Comp.^^	
TRICARE^^	
Total	100.0%

*Includes managed care plans

^Wake Radiology's internal data does not include charity care as a payor source. Patients can and do receive charity care across payor sources.

^^Included in the "Other" category.

As shown in the table above, during the second full fiscal year of operation, the applicant projects that 3.4% of PET services will be provided to self-pay patients, 62.2% to Medicare patients, and 3.1% to Medicaid patients.

In Section L, page 85, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the historical payor mix for PET services provided on the same PET scanner that is currently located at UNC Health Rex Hospital and will be relocated as part of the proposed project.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons stated 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 87, the applicant adequately describes the range of means by which patients will have access to the proposed services.

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.

CA

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

In Section M, page 88, the applicant describes the extent to which health professional training programs in the area have access to many of its imaging sites for training purposes. In addition, the applicant states it *“will pursue expansion of training programs to include experience in nuclear medicine/PET imaging.”*

As conditioned in Criterion (4), the certificate holder shall provide the Agency with documentation that an effort has been made to accommodate the clinical needs of health professional training programs in the area at Wake Radiology UNC Rex PET-CT Imaging Center prior to being issued a Certificate of Need for this proposed project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conditionally conforming to this criterion for the reason 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

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET/CT scanner from UNC Health Rex Hospital to WR Rex Imaging Center.

On page 360, the 2023 SMFP defines the service area for fixed PET scanners as follows: “A fixed PET scanner’s **service area** is the HSA in which it is located (Table 17F-1). Appendix A identifies the multicounty groupings that comprise the HSAs.” (emphasis in original) The applicant proposes to locate the fixed PET/CT scanner in Wake County which, according to Appendix A on page 365 is in HSA IV. Thus, the service area for this proposal is HSA IV. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing dedicated fixed PET scanners in HSA IV, and the total number of procedures for the PET scanners at each site in 2020-2021 from Table 17F-1 on page 362 of the 2023 SMFP:

TYPE	SITE/PROVIDER	# SCANNERS	TOTAL PROCEDURES 2020-2021
Fixed	Duke Raleigh Hospital	1	946
Fixed	Duke University Hospital	3	5,405
Fixed	Rex Hospital	2	3,906
Fixed	UNC Hospitals	2	3,952
Fixed	Wake PET Services, Wake Radiology Oncology, Wake Radiology	1	209

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 89, the applicant states:

“As a freestanding facility, Wake Radiology UNC REX PET-CT Imaging Center will provide fixed PET services at a lower out-of-pocket cost to most patients, promoting competitive access to lower cost PET services in HSA IV.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 89, the applicant states:

“...the proposed project can be accomplished in a resource-responsible manner as Wake Radiology can upfit space in an existing, vacant MOB on UNC Health Rex Hospital’s campus to accommodate the proposed PET scanner without new construction.

...

As a freestanding facility, Wake Radiology UNC REX PET-CT Imaging Center will provide PET services at a lower out-of-pocket cost to most patients. ...Wake Radiology UNC REX PET-CT Imaging Center, as a part of Wake Radiology and its hospital partner UNC Health Rex, benefits from significant cost savings measures through consolidation of multiple services and large economies of scale.”

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

Regarding the impact of the proposal on quality, in Section N, page 91, the applicant states:

“...Wake Radiology has internal policies, processes, and procedures to maintain high quality care.

*...
Wake Radiology is committed to offering high quality care in an environment that is safe for patients, physicians, and staff. Wake Radiology promotes safety and manages risk by regularly assessing each practice facility for ways to better prevent and minimize any individual’s exposure to harm at that site. These measures will continue to guide Wake Radiology’s provision of services.”*

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 91, the applicant states:

“Wake Radiology prohibits the exclusion of services to any patient on the basis of age, race, sex, creed, 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 proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 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.
- 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.
- 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 based on 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

In Section Q, Form O, the applicant identifies the facility located in North Carolina owned, operated, or managed by the applicant or a related entity that provides PET services. The applicant lists one of this type of facility located in North Carolina.

In Section O, page 95 the applicant states that, during the 18 months immediately preceding the submittal of the application, one incident related to quality of care occurred in this one facility. The applicant states that the problem has been corrected and provides a letter dated August 16, 2022, from DHHS, Centers for Medicare and Medicaid Services confirming that the facility is back in compliance. After reviewing and considering information provided by the applicant, 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.
- (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

WRI proposes to develop a new diagnostic center by acquiring, replacing, and relocating a fixed PET scanner from UNC Health Rex Hospital to WR Rex Imaging Center. The Criteria and Standards for Positron Emission Tomography Scanners, which are promulgated in 10A NCAC 14C .3700 are not applicable to reviews for replacement or relocated equipment.