

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 12, 2025

Findings Date: November 12, 2025

Project Analyst: Crystal Kearney

Co-Signer: Mike McKillip

Project ID #: F-12678-25

Facility: Atrium Health Lake Norman

FID #: 190513

County: Mecklenburg

Applicant: The Charlotte-Mecklenburg Hospital Authority

Project: Acquire a fixed MRI scanner pursuant to Policy TE-3

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.

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The Charlotte-Mecklenburg Hospital Authority (hereinafter referred to as “CMHA” or “the applicant”) proposes to acquire one fixed MRI scanner pursuant to the Policy TE-3 in the 2025 State Medical Facilities Plan (SMFP) at Atrium Health Lake Norman.

Need Determination

The proposed project does not involve the addition of any new health service facility beds, services, or equipment for which there is a need determination in the 2025 SMFP. Therefore, there are no need determinations applicable to this review.

Policies

Two policies in Chapter 4 of the 2025 SMFP are applicable to this application. *Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Imaging Scanners* and *Policy GEN-4: Energy Efficiency and Sustainability*.

Policy TE-3

Policy TE-3 on pages 27 - 28 of the 2025 SMFP states:

“The applicant proposing to acquire a fixed magnetic resonance imaging (MRI) scanner shall demonstrate in its certificate of need (CON) application that it is a licensed North Carolina acute care hospital or a hospital campus:

- 1. that has licensed acute care beds; and*
- 2. that provides emergency care coverage 24 hours a day, seven days a week.*

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

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

The proposed fixed MRI scanner:

- 1. must be located on the main campus of the hospital as defined in G.S. § 131E-176(14n); or*
- 2. must be located at another acute care hospital on a campus that operates under the main hospital’s license.*

The proposed fixed MRI scanner cannot be located at a site where the inventory in the SMFP reflects that there is an existing or approved fixed MRI scanner in the five years immediately preceding the filing of the CON application.

The proposed scanner may operate as part of the hospital, a diagnostic center, or an independent diagnostic testing facility (IDTF) location that does not currently provide fixed MRI services.”

In Section B, pages 27-28, the applicant explains why it believes its application is consistent with Policy TE-3. The applicant adequately demonstrates that Atrium Health Lake Norman is a facility with licensed acute care beds that provides an operational emergency department that is open 24 hours a day year-round, does not currently have an existing or approved MRI scanner, and will perform at least 850 weighted MRI procedures during the third full operating year following completion.

Policy GEN-4

Policy GEN-4 on page 30 of the 2025 SMFP states:

“Any person proposing a capital expenditure greater than \$4 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 for 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 \$4 million. In Section B, pages 29-30, the applicant describes the project's plan to improve energy efficiency and conserve water. The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation. Therefore, the application is consistent with Policy GEN-4.

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 the following reasons:

- The applicant adequately demonstrates the proposal is consistent with Policy TE-3 based on following:
 - Atrium Health Lake Norman has licensed acute care beds and provides emergency care coverage 24 hours a day, seven days a week.
 - The applicant does not currently have an existing or approved fixed MRI scanner at the proposed location.
 - The applicant demonstrates that the proposed fixed MRI scanner will perform at least 850 weighted MRI procedures during the third full operating year following project completion.

- The applicant adequately demonstrates the proposal is consistent with Policy GEN-4 based on its representations that the project includes a plan for energy efficiency and water conservation.

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

- (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.

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The applicant proposes to acquire no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

The applicant proposes to install the fixed MRI scanner at Atrium Health Lake Norman. Following implementation of the proposed fixed MRI scanner, Atrium Health Lake Norman will discontinue mobile MRI services. The applicant states that the proposed fixed MRI scanner will be developed in new construction adjacent and connected to the first floor of the existing hospital building. The new construction will also house necessary support spaces including a control room, equipment room, patient holding area, two bathrooms, transfer room, mechanical closet, vestibule, and hallway.

Patient Origin

The 2025 SMFP defines the service area for a fixed MRI scanner as “... *the same as an Acute Care Bed Service area as defined in Chapter 5, Acue Care Beds, and shown in Figure 5.1.*” Therefore, for the purpose of this review, the fixed MRI scanner service area is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

In Section C, page 33, the applicant states Atrium Health Lake Norman does not currently provide fixed MRI services and thus has no historical fixed MRI patient origin to report. The applicant currently contracts with two vendors to provide mobile MRI services. In Section C.3, page 35, the applicant projects patient origin for the first three full FYs, CY 2027- CY2029, for fixed MRI services at Atrium Health Lake Norman.

Atrium Health Lake Norman Projected Patient Origin for Fixed MRI Services						
MRI	1 ST FULL FY 2027		2 ND FULL FY 2028		3 RD FULL FY 2029	
COUNTY	# OF PATIENTS	PERCENT OF TOTAL	# OF PATIENTS	PERCENT OF TOTAL	# OF PATIENTS	PERCENT OF TOTAL
Mecklenburg	3,778	100.0%	3,971	100.0%	4,174	100.0%
Total	3,778	100.0%	3,971	100.0%	4,174	100.0%

The applicant’s patient origin projections are reasonable and adequately supported based on the applicant’s historical mobile MRI experience and MRI utilization.

Analysis of Need

In Section C, page 37-41, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, summarized as follows:

Advantages of fixed MRI over Mobile MRI Services

The applicant states there are several advantages to developing fixed MRI capacity at Atrium Health Lake Norman, including:

- Atrium Health Lake Norman's reliance on mobile MRI services has resulted in fragmented coverage and administrative complexity. Initial difficulties securing mobile MRI services at Atrium Health Lake Norman has led to a complex arrangement involving multiple vendors with varying schedules and gaps in service coverage.
- The fixed MRI units offer superior diagnostic capabilities compared to mobile alternatives. Mobile units, by their nature, are limited in the complexity and variety of scans they can perform due to space constraints and equipment limitations.
- The fixed MRI scanners provide substantial advantages in both patient experience and operational workflow compared to mobile units. From a patient comfort perspective, fixed MRI suites offer more spacious, patient-friendly environments that may reduce claustrophobia and anxiety compared to the confined spaces of mobile units. This improved comfort often eliminates the need for additional anxiety medications that patients may require in cramped mobile environments. Further, mobile MRI units require mechanical lift systems to transfer patients who cannot get on the scanning table themselves from the elevated scanning table to stretcher level, adding complexity to daily and emergency transfers.
- Atrium Health Lake Norman requires a fixed MRI scanner to meet projected growth in utilization of MRI services.

Population Growth and Aging of Mecklenburg County - The applicant states that According to data from the North Carolina Office of State Budget and Management (NC OSBM), Mecklenburg County’s population grew 7.1 percent between 2020 and 2025, adding roughly 80,000 residents. Moreover, Mecklenburg County's population expanded at a compound annual growth rate (CAGR) of 1.4 percent, outpacing North Carolina's CAGR of 1.2 percent over the same period.

Top Ten NC Counties by Population Change 2020-2025					
	2020	2025	Population Change	Population Growth	CAGR
Wake	1,135,576	1,238,879	103,303	9.1%	1.8%
Mecklenburg	1,118,967	1,198,460	79,493	7.1%	1.4%
Johnston	218,141	256,176	38,035	17.4%	3.3%
Brunswick	138,756	175,047	36,291	26.2%	4.8%
Union	239,925	273,432	33,507	14.0%	2.6%
Cabarrus	227,580	250,391	22,811	10.0%	1.9%
Iredell	188,250	209,922	21,672	11.5%	2.2%
New Hanover	226,927	246,073	19,146	8.4%	1.6%
Guilford	542,304	560,760	18,456	3.4%	0.7%
Durham	326,546	344,427	17,881	5.5%	1.1%
North Carolina	10,472,893	11,107,246	634,353	6.1%	1.2%

Source: Section C, page 39 of the application

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

- The applicant provides data to show the increasing need at Atrium Health Lake Norman for fixed MRI services.
- The applicant provides data to show the older age population groups are projected to increase in Mecklenburg County, which will increase the demand for MRI services in the community.

Projected Utilization

In Section Q, Forms C.2a and C.2b, page 104, the applicant provides the projected utilization for the proposed fixed MRI scanner at Atrium Health Lake Norman in the first three project years (CY 2027-CY 2029), as illustrated in the following table:

Projected Fixed MRI Scanner Utilization Atrium Health Lake Norman				
MRI Scanners	Partial FY 2026	1 st Full FY CY2027	2 nd Full FY CY2028	3 rd Full FY CY2029
# of MRI Scanners	1	1	1	1
# of MRI Procedures	2,696	3,778	3,971	4,174
# of MRI Weighted Procedures	3,539	4,958	5,212	5,478

Source: Section Q, page 105

In Section Q, pages 107-111, “Form C Utilization – Assumptions and Methodology.” The applicant provides the assumptions and methodology used to project utilization, as summarized below:

Step 1: Project inpatient MRI scans at Atrium Health Lake Norman -The applicant states that because historical data at Atrium Health Lake Norman is not yet available, to establish a basis for projections, CMHA analyzed historical inpatient MRI scans performed at Atrium Health University City to determine the ratio of inpatient MRI scans to discharges. As demonstrated in the table below, the inpatient MRI scan-to-discharges ratio in CY 2024 was 0.26.

Historical Ration of Discharges to Inpatient MRI Scans at Atrium Health University City	
	CY24
Inpatient MRI Scans	2,139
Discharges	8,092
Ratio of Inpatient MRI Scans to Discharges	0.26

To project inpatient MRI scans at Atrium Health Lake Norman, CMHA applied this ratio (0.26) to projected inpatient discharges at Atrium Health Lake Norman, as demonstrated in the table below.

Projected Inpatient (IP) MRI Scans			PY1	PY2	PY3
	CY25	CY26	CY27	CY28	CY29
Discharges	594	2,249	3,151	3,312	3,481
Ratio of IP MRI Scans to Discharges	0.26	0.26	0.26	0.26	0.26
Inpatient MRI Scans	157	594	833	875	920

The applicant states that the MRI scans projected at Atrium Health Lake Norman will be performed on mobile equipment until the proposed fixed MRI scanner becomes operational and replaces existing mobile MRI services on October 1, 2026.

Step 2: Project outpatient MRI scans at Atrium Health Lake Norman- The applicant states CMHA analyzed all historical MRI scans performed at Atrium Health University City to determine the ratio of outpatient to inpatient MRI scans. As shown in the table below, this outpatient-to-inpatient ratio in CY 2024 was 3.54.

	CY24
Outpatient MRI Scans	7,563
Inpatient MRI Scans	2,139
Outpatient: IP MRI Ratio	3.54

Source: CMHA internal data

The applicant states that to project outpatient MRI scans at Atrium Health Lake Norman, CMHA applied this ratio (3.54) to the previously projected inpatient MRI scans at Atrium Health Lake Norman, as demonstrated in the table below

Total Projected MRI Scans at Atrium Health Lake Norman					
			PY1	PY2	PY3
	CY25	CY26	CY27	CY28	CY29
Inpatient MRI Scans	157	594	833	875	920
Outpatient: IPMRI Ratio	3.54	3.54	3.54	3.54	3.54
Outpatient MRI Scans	555	2,102	2,945	3,095	3,253

Source: Section Q, page 108 of the application

Step 3: Project total MRI utilization at Atrium Health Lake Norman- The applicant states that to project total MRI scans at Atrium Health Lake Norman, CMHA combined projected inpatient and outpatient MRI scans, as demonstrated in the table below.

Total Projected MRI Utilization at Atrium Health Lake Norman					
			PY1	PY2	PY3
	CY25	CY26	CY27	CY28	CY29
Inpatient MRI Scans	157	594	833	875	920
Outpatient: MRI Scans	555	2,102	2,945	3,095	3,253
Total MRI Scans	712	2,696	3,778	3,971	4,174

Source: Section Q, page 109 of the application

Step4: Project inpatient MRI scans with and without contrast at Atrium Health Lake Norman

The applicant states that to calculate weighted inpatient MRI scans, CMHA calculated the historical percentage of inpatient MRI scans with contrast relative to total inpatient MRI scans at Atrium Health University City. As shown in the table below, inpatient scans with contrast made up 49.6 percent of all inpatient MRI scans performed at Atrium Health University City in CY 2024.

	CY24
Inpatient MRI Scans w/Contrast	1,062
Total Inpatient MRI Scans	2,139
Percent of IP MRI Scans w/Contrast	46.6%

Source: CMHA internal data

The applicant states to calculate inpatient MRI scans performed with contrast at Atrium Health Lake Norman, CMHA applied this percentage (49.6 percent) to the previously projected total inpatient MRI scans, as demonstrated in the table below. Inpatient MRI scans without contrast make up the remainder of the total.

Projected Inpatient MRI Scans With and Without Contrast at Atrium Health Lake Norman					
			PY1	PY2	PY3
	CY25	CY26	CY27	CY28	CY29
Inpatient MRI Scans	157	594	833	875	920
Percent of Inpatient MRI Scans w/ Contrast	49.6%	49.6%	49.6%	49.6%	49.6%
Inpatient MRI Scans w/ Contrast	78	295	414	435	457
Inpatient MRI Scans w/o Contrast [^]	79	299	419	441	463

[^]IP MRI Scans w/o Contrast=Total IP MRI Scans-IP MRI Scans w/ Contrast

Source: Section Q, page 109 of the application

Step 5: Project outpatient MRI scans with and without contrast at Atrium Health Lake Norman

To calculate weighted outpatient MRI scans, CMHA calculated the percentage of outpatient MRI scans with contrast relative to total outpatient MRI scans at Atrium Health University City. As shown in the table below, outpatient scans with contrast made up 60.4 percent of all outpatient MRI scans performed at Atrium Health University City in CY 2024.

Historical Outpatient MRI Scans with Contrast at Atrium Health University City at a Percentage of Total Outpatient MRI Scans	
	CY24
Outpatient MRI Scans w/Contrast	4,565
Total Outpatient MRI Scans	7,563
Percent of Outpatient MRI Scans w/Contrast	60.4%

Source: CMHA internal data

To calculate outpatient MRI scans performed with contrast at Atrium Health Lake Norman, CMHA applied this percentage (60.4 percent) to the previously projected total outpatient MRI scans, as shown in the table below. Outpatient MRI scans without contrast make up the remainder of the total.

Projected Outpatient MRI Scans With and Without Contrast at Atrium Health Lake Norman					
			PY1	PY2	PY3
	CY25	CY26	CY27	CY28	CY29
Total Outpatient MRI Scans	555	2,102	2,945	3,095	3,253
Percent of Outpatient MRI Scans w/ Contrast	60.4%	60.4%	60.4%	60.4%	60.4%
Outpatient MRI Scans w/ Contrast	335	1,269	1,778	1,868	1,964
Outpatient MRI Scans w/o Contrast [^]	220	833	1,167	1,227	1,290

[^]OP MRI Scans w/o Contrast=Total OP MRI Scans-OP MRI Scans w/ Contrast

Source: Section Q, page 110 of the application

Step 6: Project Total weighted MRI utilization at Atrium Health Lake Norman-

To calculate weighted MRI scans, CMHA applied the weighting values outlined in the 2025 SMFP, which are based on procedure time. The table below illustrates this weighting methodology based on procedure complexity:

Procedure Type	Procedure Time in Minutes	Weight
Base Outpatient (without contrast)	33	1.0
Complex Outpatient (with contrast)	40	40/33
Base Inpatient (without contrast)	60	60/33
Complex Inpatient (with contrast)	70	70/33

Source: 2025 SMFP

Using these weighting values, CMHA projected total weighted MRI scans at Atrium Health Lake Norman, as shown in the following table.

Weighted MRI Procedures at Atrium Health Lake Norman					
			PY1	PY2	PY3
	CY25	CY26	CY27	CY28	CY29
Weighted Inpatient MRI Scans	309	1,171	1,640	1,724	1,812
Weighted Outpatient MRI Scans	626	2,368	3,318	3,488	3,666
Total Weighed MRI Scans	935	3,539	4,958	5,212	5,478

As shown in the table above, the applicant projects to provide 5,478 weighed MRI procedures during the third full operating year, which exceeds the utilization threshold required in Policy TE-3.

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

- The applicant’s utilization projections are based on it’s historical MRI scanner utilization experience at Atrium Health University City with regard to inpatient and outpatient MRI utilization.
- The applicant’s utilization projections are supported by the projected growth in the service area population.

Access to Medically Underserved Groups

In Section C, page 48, the applicant states:

“As noted in CMHA’s Non-Discrimination Policy Statement, “[n]o individual shall be subject to discrimination or denied the benefits of the services, programs, or activities of Atrium Health on the basis of race, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment.”

On page 49, 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 Third Full Fiscal Year for Imaging Patients
Low income persons	
Racial and ethnic minorities	44.3%
Women	65.9%
Persons with disabilities	
Persons 65 and older	23.1%
Medicare beneficiaries	25.7%
Medicaid recipients	12.6%

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 documents that it has historically provided access to its clinical and MRI services to underserved groups.
- The applicant states that all patients, including those in underserved groups, will continue to receive access to MRI and all clinical services at Atrium Health Lake Norman.

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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

In Section E, page 58, 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:

- **Maintain Status Quo-** The applicant states that maintaining the status quo would be more costly and less effective than the proposed fixed MRI scanner due to the disadvantages of mobile MRI scanners.
- **Expand mobile MRI services –** The applicant states that the current mobile MRI unit is requires complex coordination between multiple vendors with varying schedules, creates administrative burdens through ongoing contract negotiations, and leaves Atrium Health Lake Norman vulnerable to service interruptions and cost fluctuations. The mobile MRI unit also limits diagnostic capabilities compared to the proposed fixed unit and requires mechanical lift systems that add complexity to some patient transfers.

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. The Charlotte-Mecklenburg Hospital Authority (hereinafter certificate holder) 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 Policy TE-3 in the 2025 SMFP to be located at Atrium Health Lake Norman.**
- 3. 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.**
- 4. 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 April 1, 2026.**
- 5. 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.**

6. 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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

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.

Projected Capital Costs	
Construction /Renovation Contract(s)	\$3,881,000
Landscaping	\$27,000
Architect/Engineering Fees	\$506,000
Medical Equipment	\$2,045,000
Non-Medical Equipment	\$42,000
Furniture	\$39,000
Consultant Fees (CON and Legal Fees)	\$150,000
Financing Costs	\$35,898
Interest during Construction	\$131,074
Other (IS, Security, Internal Allocation)	\$1,114,000
Total	\$7,970,972

In Section Q, Form F.1a Capital Cost Assumptions, 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:

- Construction/Renovation Contracts and Landscaping costs are based on the experience of the project architect with similar projects.
- Architect and engineering costs are based on the experience of the project architect with similar projects.
- Medical equipment and non-medical equipment and furniture costs are based on vendor estimates and the experience of CMHA with similar projects.
- Consultant fees include CON and legal fees and are based on the experience of CMHA with similar projects.

- CMHA expects to fund the project with accumulated reserves, but has conservatively included interest during construction in the event that the project is funded with bond financing. Interest during construction costs are based on the experience of CMHA considering expected future interest rates.
- Other costs include IS, security, and internal allocation and are based on the experience of CMHA with similar projects.

In Section F.3, page 61, the applicant states there will be no start-up costs or initial operating expenses because Atrium Health Lake Norman currently offers mobile MRI services.

Availability of Funds

In Section F, page 61, the applicant states that the project capital cost will be funded with the accumulated reserves of CMHA. Exhibit F.2-1 contains a letter signed by the Executive Vice President and Chief Financial Officer of The Charlotte-Mecklenburg Hospital Authority that confirms the availability of sufficient funds to cover the project capital cost and commits the necessary funds from accumulated reserves of Atrium Health CMHA Exhibit F.2 also contains the most recent Atrium Health CMHA audited financial statements documenting the availability of sufficient funds for the capital needs of the project.

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

- The applicant provides documentation of Atrium Health CMHA’s commitment to use the necessary funding for the capital costs.
- The applicant documents the availability of sufficient financial resources to fund the proposed capital costs.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years of operation following project completion. In Section Q Form F.2b, the applicant projects that revenues will exceed operating expenses in each of the first three full fiscal years, (CY 2027-CY2029), as shown in the following table:

Atrium Health Lake Norman Fixed MRI Scanner			
FIXED MRI	1ST FY CY 2027	2ND FY CY 2028	3RD FY CY 2029
Weighted MRI Procedures	4,958	5,212	5,478
Gross Revenue	\$16,927,515	\$18,326,197	\$19,839,159
Net Revenue	\$3,796,772	\$4,110,490	\$4,449,841
Average Net Revenue per Weighted MRI Scan	\$766	\$789	\$812
Operating Costs	\$2,182,975	\$2,226,420	\$2,272,210
Average Operating Costs per Weighted MRI Scan	\$440	\$427	\$415
Net Income	\$1,613,797	\$1,884,070	\$2,177,631

Source: Section Q, Forms C and F.2b

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 118-119. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Revenue projections are based on CY 2024 for Atrium Health University City, including data specific to its MRI services.
- 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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

The 2025 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. The fixed MRI service area is a single county, except where there is no licensed acute care hospital located within the county.*” Therefore, for the purpose of this review, the fixed MRI scanner service area is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

According to Table 15E-1, pages 334-336 of the Proposed 2026 SMFP, there are 33 fixed MRI scanners located in the Mecklenburg County fixed MRI service area.

Mecklenburg County Fixed MRI Scanners	
Facility	Fixed MRI Scanners
Atrium Health Carolinas Medical Center	4
Atrium Health Mercy	1
Atrium Health Pineville	2
Atrium Health University City	1
Novant Health Charlotte Orthopedic Hospital	1
Novant Health Huntersville Medical Center	2
Novant Health Imaging Museum	1
Novant Health Matthews Medical Center	1
Novant Health Mint Hill Medical Center	1
Novant Health Presbyterian Medical Center	3
Atrium Health Imaging -Kenilworth (Carolinas Physicians Network)	1
Atrium Health Imaging -Kenilworth (Carolinas Physicians Network)	1
Carolina Neurosurgery & Spine Associates- Charlotte	1
Carolinas Imaging Services – Huntersville (Carolina Imaging Services)	1
Carolinas Imaging Services-Ballantyne (Carolinas Imaging Services)	1
Carolinas Imaging Services-Southpark (Carolinas Imaging Services)	1
Novant Health Imaging Ballantyne	1
Novant Health Imaging Southpark (Mecklenburg Diagnostic Imaging, LLC)	1
Novant Health Imaging Southpark (Mecklenburg Diagnostic Imaging, LLC)	1
OrthoCarolina Ballantyne (OrthoCarolina, PA)	1
OrthoCarolina Ballantyne (OrthoCarolina, PA)	1
Novant Health Ballantyne Medical Center	1
Novant Health Matthews Medical Center	1
Carolinas Medical Center (Atrium Health Carolinas Medical Center)	1
Novant Health Imaging Mt. Island Lake (Novant Health Imaging)	1
Novant Health Imaging Steele Creek	1
Total	33

In Section G, page 69, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved fixed MRI services in Mecklenburg County. The applicant also states:

“As a licensed acute care hospital providing 24/7 emergency services, Atrium Health Lake Norman is eligible to apply for a fixed MRI scanner under Policy TE-3 in the 2025 SMFP. The proposed fixed MRI scanner will replace the existing mobile services, eliminating the operational complexities and service gaps inherent in mobile arrangements while providing enhanced diagnostic capabilities. Policy TE-3 reflects the state's understanding that while mobile MRI services can provide valuable diagnostic capabilities, fixed MRI units are uniquely positioned to meet the comprehensive diagnostic needs of an acute care hospital. Therefore, this project represents the development of necessary fixed diagnostic capacity at Atrium Health Lake Norman rather than 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 because the applicant adequately demonstrates the need for the proposed fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

In Section Q, Form H, page 120, the applicant provides projected full-time equivalent (FTE) positions for its proposed fixed MRI services, as illustrated in the following table:

POSITION	1 ST FY CY 2027	2 ND FY CY 2028	3 RD FY CY 2029
MRI Technologist	7.6	7.6	7.6
MRI Technologist-PRN	0.2	0.2	0.2
Radiology Nurse	1.0	1.0	1.0
Total	8.8	8.8	8.8

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 71-73, 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 fixed MRI services based on its experience as an operator of hospitals and health 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.

- (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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

Ancillary and Support Services

In Section I, page 74, the applicant identifies the necessary ancillary and support services for the proposed fixed MRI services. In Section I, page 74, the applicant explains how each ancillary and support service is and will continue to be available. 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 Lake Norman.

Coordination

In Section I, page 75, the applicant describes its existing and proposed relationships with other local health care providers, community health organizations and provides supporting documentation in Exhibit I.2. 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.

- (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

- (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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

In Section K, page 78, the applicant states that the project involves constructing 2,500 square feet of construction adjacent and connected to the first floor of the existing hospital building house the proposed fixed MRI scanner and necessary support spaces including a control room, equipment room, patient holding area, two bathrooms, transfer room, mechanical closet, vestibule, and hallway. The applicant states that proposed project will also require renovating 1,000 square feet of existing space to enable connectivity between the existing building and the new construction. Line drawings are provided in Exhibit C.1-1.

On pages 78-79, 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 that the proposed project represents its commitment to containing healthcare costs by replacing existing mobile MRI services with a fixed solution that provides greater operational efficiency, despite the necessary capital expenditure.
- The applicant states that the proposed fixed MRI scanner will be developed in new construction adjacent to existing diagnostic imaging services in the facility, allowing for resource-efficient development while creating necessary permanent capacity.

On page 79, 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 based on the following:

- The applicant states that the proposed construction costs are necessary to ensure the proposed project can be developed, providing access to fixed MRI services for patients at Atrium Health Lake Norman.
- The applicant states that through its conservative fiscal management there will be no need to have an increase in costs or charges to pay for the project.
- The applicant states that CMHA is well-able to service the debt without increasing costs or charges to the public.

On page 79, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans and provides supporting documentation in Exhibit B-2.

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;

NA

In Section L.1, page 82, the applicant states Atrium Health Lake Norman opened on July 1, 2025. Therefore, no historical payor source data is available. Therefore, Criterion (13a) is not applicable to this review.

- (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;

NA

In Section L.1, page 82, the applicant states Atrium Health Lake Norman opened on July 1, 2025. Therefore, no historical payor source data is available. Therefore, Criterion (13b) is not applicable to this review.

- (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 projects the following payor mix for MRI services at Atrium Health Lake Norman during the third full fiscal year of operation following project completion, as shown in the following table:

Atrium Health Lake Norman Fixed MRI Services Projected Payor Mix, CY 2029	
Payor Source	Percentage of Total Patients Served
Self-Pay	9.8%
Medicare*	25.7%
Medicaid*	12.6%
Insurance*	50.1%
Other(Other Payor)^^	1.8%
Total	100.0%

Source: Section L, page85

*Including any managed care plans

^^Workers Compensation, TRICARE, and other payors included in the "Other Payor" category

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 9.8% of MRI services will be provided to self-pay patients, 25.7% to Medicare patients and 12.6% to Medicaid patients.

On page 103, the applicant provides the assumptions and methodology 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 payor mix associated with all imaging procedures projected in previously approved applications.

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.

C

The applicant proposes to acquire no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

In Section M, page 88, 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 no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

The 2025 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. The fixed MRI service area is a single county, except where there is no licensed acute care hospital located within the county.*” Therefore, for the purpose of this review, the fixed MRI scanner service area is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

According to Table 15E-1, pages 334-336 of the Proposed 2026 SMFP, there are 33 fixed MRI scanners located in the Mecklenburg County fixed MRI service area.

Provider/Owner	Fixed MRI Scanners
Atrium Health Carolinas Medical Center	4
Atrium Health Mercy	1
Atrium Health Pineville	2
Atrium Health University City	1
Novant Health Charlotte Orthopedic Hospital	1
Novant Health Huntersville Medical Center	2
Novant Health Imaging Museum	1
Novant Health Matthews Medical Center	1
Novant Health Mint Hill Medical Center	1
Novant Health Presbyterian Medical Center	3
Atrium Health Imaging -Kenilworth (Carolinas Physicians Network)	1
Atrium Health Imaging -Kenilworth (Carolinas Physicians Network)	1
Carolina Neurosurgery & Spine Associates-Charlotte	1
Carolinas Imaging Services – Huntersville (Carolina Imaging Services)	1
Carolinas Imaging Services-Ballantyne (Carolinas Imaging Services)	1
Carolinas Imaging Services-Southpark (Carolinas Imaging Services)	1
Novant Health Imaging Ballantyne	1
Novant Health Imaging Southpark (Mecklenburg Diagnostic Imaging, LLC)	1
Novant Health Imaging Southpark (Mecklenburg Diagnostic Imaging, LLC)	1
OrthoCarolina Ballantyne (OrthoCarolina, PA)	1
OrthoCarolina Ballantyne (OrthoCarolina, PA)	1
Novant Health Ballantyne Medical Center	1
Novant Health Matthews Medical Center	1
Carolinas Medical Center (Atrium Health Carolinas Medical Center)	1
Novant Health Imaging Mt. Island Lake (Novant Health Imaging)	1
Novant Health Imaging Steele Creek	1

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 90, the applicant states:

“... the proposal will eliminate service gaps and administrative complexities, ensuring consistent seven-day coverage for patients who choose Atrium Health Lake Norman for care. Atrium Health Lake Norman competes with other providers throughout the region as area residents choose multiple providers for their healthcare needs. The fixed MRI scanner will offer enhanced patient comfort and superior diagnostic capabilities, including an expanded scope of cardiac, neurological, and other specialized studies, which will support Atrium Health Lake Norman’s ability to compete for patients. Additionally, the proposal supports competitive dynamics through the broader CMHA system, which is cost-effective, demonstrates high quality, and serves a higher proportion of the medically underserved.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 90, the applicant states:

“The proposed project will enable Atrium Health Lake Norman to provide patients with the best care possible, while also being responsive in a healthcare environment that emphasizes cost containment and efficient utilization of existing resources. Through the proposed fixed MRI scanner at Atrium Health Lake Norman, CMHA will

foster competition in the region by pursuing an approach that balances expending capital with developing capacity to meet patient demand for high quality services.”

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

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

“CMHA is dedicated to providing the highest quality care and is continually recognized locally and nationally for its commitment to delivering efficient, quality care. Each year, CMHA facilities are recognized by many of the top accrediting and ranking organizations in the industry. As Atrium Health Lake Norman, a facility of Atrium Health University City, opened on July 1, 2025, it is building upon the established excellence of the CMHA system, including the proven track record of quality care demonstrated at Atrium Health University City.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 92, 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, color, religion, national origin, age, sex, sexual orientation, gender identity, gender expression, disability or source of payment as demonstrated in CMHA’s Non-Discrimination policies provided in Exhibit C.6.”

See also Section L and C 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 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

The applicant proposes to acquire no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP.

In Section Q, Form O, the applicant identifies the hospitals located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 41 of this type of facility located in North Carolina.

In Section O, page 101, the applicant states that, during the 18 months immediately preceding the submittal of the application, it is not aware of any incidents related to quality of care that occurred in any of these facilities. 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 none 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 41 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.

NA

The applicant proposes to acquire no more than one fixed MRI scanner pursuant to Policy TE-3 in the 2025 SMFP. Under Policy TE-3, no CON rules or performance standards apply to the proposed project.