

jREQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 24, 2025

Findings Date: November 24, 2025

Project Analyst: Gregory F. Yakaboski

Co-Signer: Lisa Pittman

COMPETITIVE REVIEW

Project ID #: J-12647-25
Facility: Raleigh Radiology Blue Ridge
FID #: 250609
County: Wake
Applicant: Raleigh Radiology, LLC
Project: Acquire no more than one fixed MRI scanner pursuant to the 2025 SMFP need determination

Project ID #: J-12656-25
Facility: Duke Imaging Garner
FID #: 230129
County: Wake
Applicant: Duke University Health System, Inc.
Project: Change of scope and cost overrun for Project ID#J-12328-23 (develop a diagnostic center with mammography and ultrasound) to acquire no more than one fixed MRI scanner pursuant to the 2025 SMFP need determination

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

REVIEW CRITERIA

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

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C Both Applications

Need Determination

The 2025 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional fixed MRI scanners in North Carolina by service area. Application of the need methodology in the 2025 SMFP identified a need for one additional fixed MRI scanner in Wake County. Three applications were received by the Healthcare Planning and Certificate of Need Section (CON Section) proposing to develop a total of three new fixed MRI scanners. However, one of the applications, Project ID# J-12646-26 (Raleigh Radiology Holly Springs) was withdrawn prior to review. The two remaining applications propose to develop a total of two new fixed MRI scanners. However, pursuant to the need determination in the 2025 SMFP, only one fixed MRI scanner may be approved in this review. See the Conclusion Following the Comparative Analysis for the Decision.

Policies

There are two policies in the 2025 SMFP which are applicable to this review: *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* and *Policy GEN-5: Access to Culturally Competent Healthcare*.

Policy GEN-4 is applicable to only application Project ID#J-12656-25.

Policy GEN-5 is applicable to both applications.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, 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 are required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."

Policy GEN-5: Access to Culturally Competent Healthcare, on pages 30-31 of the 2025 SMFP, states:

"A certificate of need (CON) applicant applying to offer or develop a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities. The delivery of culturally competent healthcare requires the implementation of systems and training to provide responsive, personalized care to individuals with diverse backgrounds, values, beliefs, customs, and languages. A certificate of need applicant shall identify the underserved populations and communities it will serve, including any disparities or unmet needs of either, document its strategies to provide culturally competent programs and services, and articulate how these strategies will reduce existing disparities as well as increase health equity.

CON applications will include the following:

The applicant shall, in its CON application, address each of the items enumerated below:

Item 1: *Describe the demographics of the relevant service area with a specific focus on the medically underserved communities within that service area. These communities shall be described in terms including, but not limited to: age, gender, racial composition; ethnicity; languages spoken; disability; education; household income; geographic location and payor type.*

Item 2: *Describe strategies it will implement to provide culturally competent services to members of the medically underserved community described in Item 1.*

Item 3: Document how the strategies described in Item 2 reflect cultural competence.

Item 4: Provide support (e.g., best-practice methodologies, evidence-based studies with similar communities) that the strategies described in Items 2 – 3 are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities within the relevant service area.

Item 5: Describe how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

In approving an application, Certificate of Need shall impose a condition requiring the applicant to implement the described strategies in a manner that is consistent with the applicant's representations in its CON application."

Project ID # J-12647-25 / Raleigh Radiology Blue Ridge (RR-Blue Ridge)/ Acquire One Fixed MRI Scanner

Raleigh Radiology, LLC (referred to as "Raleigh Radiology" or "the applicant") proposes to acquire one fixed MRI scanner, pursuant to the need determination in the 2025 SMFP, at Raleigh Radiology Blue Ridge (RR-Blue Ridge), an existing diagnostic center in Raleigh, Wake County.

There is currently one MRI scanner at RR-Blue Ridge. In the 2025 SMFP, Table 15E-1, Columns B and C, page 354, that MRI scanner is described as "Freestanding Fixed – Legacy". Therefore, for planning purposes this MRI scanner is considered a fixed MRI scanner. However, this MRI scanner is actually a mobile MRI scanner that is not required to move at least weekly to provide services at two or more host sites. The applicant leases this MRI scanner from Akumin. The applicant states that pursuant to the terms of the lease Akumin has terminated the lease as of November 2025 and will be moving the MRI scanner to another location.

Need Determination. The applicant does not propose to acquire more fixed MRI scanners than are determined to be needed in Wake County.

Policy GEN-5. In Exhibit B.20, the applicant explains why it believes its proposal is consistent with Policy GEN-5.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to acquire more fixed MRI scanners than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-5 based on the following:
 - The applicant demonstrates how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities.

Project ID # J-12656-25 / Duke Imaging Garner (Duke Garner)/ Acquire no more than one fixed MRI scanner pursuant to the 2025 SMFP need determination

Duke University Health System, Inc. (hereinafter referred to as “DUHS” or “the applicant”) proposes to acquire one fixed MRI scanner, pursuant to the need determination in the 2025 SMFP, at Duke Imaging Garner (Duke Garner) in Garner, Wake County which would be a change of scope and cost overrun for Project ID#J-12328-23 (develop a diagnostic center with mammography and ultrasound).

Need Determination. The applicant does not propose to acquire more fixed MRI scanners than are determined to be needed in Wake County.

Policy GEN-4. In Section B, page 27, the applicant explains why it believes its proposal is consistent with Policy GEN-4 and provides a written statement of its plan to assure improved energy efficiency and water conservation.

Policy GEN-5. In Section B, pages 27-30, the applicant explains why it believes its proposal is consistent with Policy GEN-5.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- The applicant does not propose to acquire more fixed MRI scanners than are determined to be needed in the service area.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-4 because the design standards will incorporate both water conservation (including low-flow toilets) and energy efficiency.
 - The applicant adequately demonstrates that the proposal is consistent with Policy GEN-5 based on the following:
 - The applicant demonstrates how the project will provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C
Both Applications

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

Patient Origin

The 2025 SMFP defines the fixed MRI service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1.*” (See page 334). Figure 5.1 on page 38 of the 2025 SMFP shows Wake County as a single county Acute Care Bed Service area. Therefore, for the purpose of this review, the fixed MRI service area is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates historical and projected patient origin.

County	MRI: Historical (CY2024)		MRI: Third Full FY of Operation following Project Completion (CY2029)	
	Patients	% of Total	Patients	% of Total
Wake County	4,339	74.7%	4,540	76.6%
Rest of NC	1,421	24.5%	1,341	22.6%
Other States	47	0.8%	43	0.7%
Total	5,808	100.0%	5,924	100.0%

Source: Tables on page 38 and 41 respectively.

In Section C, page 40, and Section Q, *Raleigh Radiology Blue Ridge Need & Utilization Methodology*, pages 122-135, the applicant provides the assumptions and methodology used to project its patient origin. The applicant's assumptions are reasonable and adequately supported based on the historical utilization of the fixed legacy MRI scanner.

Analysis of Need

In Section C, pages 42-50, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services as summarized below:

- The 2025 SMFP identifies and supports a need for one more fixed MRI in Wake County by 2026 as calculated by the standard methodology (page 43).
- The fixed Legacy scanner contract with third party vendor Akumin will terminate November 20, 2025, and RRLLC will not find an alternate means to replace it (pages 44-45).
- Population of Wake County and North Carolina continues to increase (page 43).
- MRI use rates continue to increase (page 44).
- The legacy MRI at RRBR has developed a following. It is the second busiest fixed MRI scanner in Wake County. Only WakeMed Raleigh Campus has more adjusted scans per scanner (pages 44-45).
- By reducing cost of providing MRI scans, the applicant can keep health care costs within reach of people who need services (page 45).
- Patient origin trends confirm RRBR as a statewide resource for MRI scans, and a resource for out-of state residents as well as for local residents (pages 45-46).
- Use patterns at RRBR indicate that patients want extended and weekend hours (page 47).
- MRI is primarily an outpatient service (page 47).
- Changes in technology support quality in the proposed project approach (page 47).
- Health status of the patients indicates sustained demand for MRI imaging (pages 48-49).
- Referring providers indicate intent to use services at RRBR (page 50).

The information is reasonable and adequately supported based on the application, exhibits to the application, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The need determination in the 2025 SMFP for a fixed MRI scanner in Wake County.
- The population of Wake County and North Carolina is projected to continue to increase through 2029 according to data cited by the applicant from the North Carolina Office of Management and Budget (NCOSBM).
- The RR-Blue Ridge currently provides MRI scanner services through a fixed legacy MRI scanner however, the owner of the fixed legacy MRI scanner is terminating the contract with RR-Blue Ridge as of November 20, 2025.
- The existing MRI scanner at RR-Blue Ridge is highly utilized having performed 8,731 adjusted MRI procedures in the last full fiscal year (CY2024). In the third project year (CY2029) the applicant is projecting the proposed fixed MRI scanner will perform 8,907

adjusted MRI procedures, an increase of only 176 such procedures. The performance standard for a fixed MRI scanner in Wake County set forth in 10A NCAC 14C .2703 PERFORMANCE STANDARDS (7)(A) is 3,494 adjusted MRI procedures in the third project year which is far exceeded by the number of actual such procedures performed at RR-Blue Ridge in the last full CY for which data is available.

Projected Utilization

In Section Q, Form C.2b, page 120, the applicant provides projected utilization, as illustrated in the following table.

RR-Blue Ridge: Fixed MRI scanner

	1ST FFY (CY2027)	2nd FFY (CY2028)	3rd FFY (CY2029)
# of Units	1	1	1
# of Procedures	8,297	8,331	8,366
# of Weighted Procedures	8,833	8,870	8,907

Source: Form C.2b, page 120.

In Section Q, *Raleigh Radiology Blue Ridge Need & Utilization Methodology*, pages 122-135, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

FORECAST NEED

Step 1. Determine Project Years (page 122).

Step 2. Determine Wake County Service Area Population (pages 122-123).

Step 3. Estimate the Annual Statewide MRI Use Rate, CY2024 – CY2029 (pages 123-124).

Step 4. Forecast the Number of Unadjusted MRI scans Needed in the Service Area, CY2025 – CY2029 (pages 124-125).

Step 5. Determine the Statewide Average Percentage of MRI Scans That Were Outpatient, FFY2019 – FFY2023 (page 125).

Step 6. Forecast the Number of Unadjusted MRI Outpatient MRI Scans Needed by Wake County Residents, CY2025 – CY2029 (pages 125-126).

Step 7. Estimate the 5-year Statewide Average Outpatient MRI Weighting Factor (pages 126-127).

Step 8. Forecast the Number of Adjusted Outpatient MRI Scans by Wake County Residents, CY2025 – CY2029 (page 127).

Step 9. Calculate the Number of Fixed MRIs Needed by Wake County Residents, CY2025 – CY2029 (page 128).

FORECAST UTILIZATION

Step 10. Determine RRBR Unadjusted MRI Scan History, CY20 - CY23 (page 129).

Step 11. Forecast Unadjusted MRI Scans at RRBR, CY25 through CY29 (pages 129-131).

Step 12. Determine In-migration to RRBR (page 131).

Step 13. Determine Adjusted MRI Procedures Using Weighting Factors (page 132).

Step 14. Forecast Adjusted MRI Procedures (Scans) at RRBR, CY25 - CY29 (pages 132-133).

Step 15. Determine if RRLLC Wake County MRI Scanners meet the performance standard, 2025-2029 (pages 133-134).

PATIENT ORIGIN

Step 16. Calculate Patient Origin (page 135).

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, remarks at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The need determination in the 2025 SMFP for a fixed MRI scanner in Wake County.
- The population of Wake County and North Carolina is projected to continue to increase through 2029 according to data cited by the applicant from the North Carolina Office of Management and Budget (NCOSBM).
- The RR-Blue Ridge currently provides MRI scanner services through a fixed legacy MRI scanner however, the owner of the fixed legacy MRI scanner is terminating the contract with RR-Blue Ridge as of November 20, 2025.
- The existing MRI scanner at RR-Blue Ridge is highly utilized having performed 8,731 adjusted MRI procedures in the last full fiscal year (CY2024).
- The applicant is relying on the historical utilization of the fixed legacy MRI scanner (the functional equivalent of a fixed MRI scanner) at RR-Blue Ridge to project utilization.
- The existing MRI scanner at RR-Blue Ridge is highly utilized having performed 8,731 adjusted MRI procedures in the last full fiscal year (CY2024). In the third project year (CY2029) the applicant is projecting the proposed fixed MRI scanner will perform 8,907 adjusted MRI procedures, an increase of only 176 such procedures. The performance standard for a fixed MRI scanner in Wake County set forth in 10A NCAC 14C .2703 PERFORMANCE STANDARDS (7)(A) is 3,494 adjusted MRI procedures in the third project year which is far exceeded by the number of actual such procedures performed at RR-Blue Ridge in the last full CY for which data is available.

Access to Medically Underserved Groups

In Section C, page 55, the applicant states

“As detailed in the non-discrimination policy in Exhibit C.6, Raleigh Radiology facilities accept all patients regardless of gender, gender preference, race, ethnicity, age, income, religion, or disability status. Raleigh Radiology has a generous charity care policy, see Exhibit L.4.

RRBR serves Medicare and Medicaid beneficiaries through certification of the Raleigh Radiology physician’s CMS NPI participation. With this relationship, the proposed MRI will have approval to provide services to Medicare, Medicaid, TriCare military, Veterans Administration beneficiaries, and people covered by Workers Compensation programs.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	4.1%
Racial and ethnic minorities	34.5%
Women	52.0%
Persons with Disabilities	10.2%
The elderly	43.9%
Medicare beneficiaries	24.1%
Medicaid recipients	3.1%

Source: Table on page 58.

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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

Patient Origin

The 2025 SMFP defines the fixed MRI service area as “... the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1.” (See page 334). Figure 5.1 on page 38 of the 2025 SMFP shows Wake County as a single county Acute Care Bed Service area. Therefore, for the purpose of this review, the fixed MRI service area is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table illustrates projected patient origin.

Fixed MRI Scanner	Duke Imaging Garner *					
	1 st Full FY		2 nd Full FY		3 rd Full FY	
	07/01/2027 to 06/30/2028		07/01/2028 to 06/30/2029		07/01/2029 to 06/30/2030	
Zip Code /County	Number of Patients	% of Total	Number of Patients	% of Total	Number of Patients	% of Total
27529 / Wake	238	14.2%	375	14.2%	525	14.2%
27520 / Johnston	210	12.5%	330	12.5%	462	12.5%
27527 / Johnston	163	9.7%	256	9.7%	359	9.7%
27610 / Wake	319	19.0%	502	19.0%	703	19.0%
27545 / Wake	143	8.5%	225	8.5%	314	8.5%
27591 / Wake	111	6.6%	174	6.6%	244	6.6%
27603 / Wake	241	14.4%	380	14.4%	533	14.4%
Other*	252	15.0%	396	15.0%	555	15.0%
Total	1,677	100.0%	2,642	100.0%	3,698	100.0%

*Other includes other zip codes in Wake and Johnston Counties as well as other counties.

Source: Table on page 32 of the application.

In Section C.3, page 32, the applicant provides the assumptions and methodology used to project its patient origin. The applicant states,

“MRI volumes for the Garner catchment area described in Section Q have been allocated to zip codes pro rata by relative 2024 population of those zip codes. Remaining volume reflects immigration from other zip codes.”

The applicant’s assumptions are reasonable and adequately supported.

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:

- Meet the need determination for one fixed MRI scanner in Wake County in the 2025 SMFP.
- Increase MRI utilization
- Population growth in the service area
- Provide capacity to meet the growing demand for Duke Health imaging services
- Provide capacity to support a growing physician network and provide coordination of care and convenient access for patients in a location offering primary care and physician specialty services

The information is reasonable and adequately supported based on the application, exhibits to the application, remarks made at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The need determination in the 2025 SMFP for a fixed MRI scanner in Wake County.
- The population of the service area is projected to continue to increase through 2030 according to data cited by the applicant from the NCOSBM.
- MRI utilization across DUHS fixed and mobile MRI site has increased and the outpatient growth within the Garner catchment area ZIP codes has grown faster than both DUHS Wake County volume growth and DUHS overall outpatient MRI growth.

Projected Utilization

In Section Q, Form C.2(b), page 94, the applicant provides projected utilization, as illustrated in the following table.

Duke Garner: Fixed MRI scanner

	1ST FFY (CY2027)	2nd FFY (CY2028)	3rd FFY (CY2029)
# of Units	1	1	1
# of Procedures	1,677	2,642	3,698
# of Weighted Procedures	1,794	2,827	3,956

Source: Form C.2(b), page 94.

In Section Q, *Form C.2 Utilization-Assumptions and Methodology*, pages 98-104, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

- Step 1. Identify the Catchment and Historical Growth (pages 99-100).*
- Step 2. Project DUHS MRI Volume Growth for Patients from Catchment Area (page 100).*
- Step 3. Project Shift of Catchment Area Patients to New Site (pages 100-101).*
- Step 4. Project In-Migration (page 101).*
- Step 5. Project Adjusted Fixed MRI Procedures (page 101).*
- Step 6. Project Utilization at DUHS Wake County Fixed MRI Scanners (pages 102-103).*
- Step 7. Project Utilization at DUHS Mobile MRI Scanner (page 104).*

Projected utilization is reasonable and adequately supported based on the application, exhibits to the application, remarks at the public hearing, and information publicly available during the review and used by the Agency, including, but not limited to, the highlighted points listed below:

- The need determination in the 2025 SMFP for a fixed MRI scanner in Wake County.
- The population of the service area is projected to continue to increase through 2030 according to data cited by the applicant from the NCOSBM.
- MRI utilization across DUHS fixed and mobile MRI site has increased and the outpatient growth within the Garner catchment area ZIP codes has grown faster than both DUHS Wake County volume growth and DUHS overall outpatient MRI growth.
- Projected MRI utilization is based on a projected shift of existing DUHS patients from other sites of 3,143 procedures of the projected 3,698 unweighted MRI procedures in the third project year (2030) with the remaining 554 unweighted MRI procedures coming from a projected 15% immigration.
- The projected shift of existing DUHS patients to Duke Garner from the identified catchment area conservatively ramps up over a three-year period from 25% to a maximum of 50% in the third project year.

Access to Medically Underserved Groups

In Section C.6, page 43, the applicant states

“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will have access to Duke Imaging Garner’s MRI services, as clinically appropriate. DUHS does not and will not discriminate based on race, ethnicity, age, gender, disability, or sexual orientation. Policies to provide access to services by low-income, medically indigent, uninsured, or underinsured patients are described and provided in Exhibits C.6 and L.4.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low-income persons	14.0%
Racial and ethnic minorities	34.0%
Women	31.0%
Persons with Disabilities	*
Persons 65 and older	36.0%
Medicare beneficiaries	36.0%
Medicaid recipients	12.0%

Source: Table on pages 44-45.

*DUHS does not maintain data regarding the number of disabled persons it serves.

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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion 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 [persons with disabilities], and other underserved groups and the elderly to obtain needed health care.

**NA
Both Applications**

Neither of the applicants 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.

**NC
Both Applications**

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section E, pages 67-70, 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
- Develop the Project in a Different Area
- Acquire Different Equipment

- Request an Exemption to Replace the Legacy Scanner

On page 70, the applicant states that its proposal is the most effective alternative because:

“After considering and rejecting other alternatives, the Applicant decided that purchasing a 1.5 tesla MRI scanner and arrange for a temporary scanner during construction, and to locate at RRBR will best enable RRLLC to meet the needs of the population of the service area and address the need determination in the 2025 SMFP.

These decisions were vetted by RRLLC medical staff and leadership. As noted in in the letters of support in Exhibit I.2 the proposed project is welcomed in the community.”

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The application is not conforming to all statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for the reasons stated above.

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section E, pages 55-56, 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 the Status Quo
- Develop MRI services at a different location
- Acquire different MRI Equipment
- Utilize a Mobile MRI provider

On pages 55-56, the applicant states that its proposal is the most effective alternative because:

- Meets the need for an additional fixed MRI scanner in Wake County identified in the 2025 SMFP.
- The proposed location was identified based on population need, including growth and access to existing services. See Section C regarding geographic need. In addition, the proposed location will allow the coordination with other Duke Health services.
- DUHS also considered acquiring 3.0T fixed MRI scanner. Through its own experience, DUHS has determined that 1.5T MRI machines are preferred for an outpatient setting with a single MR scanner like the proposed project.

However, the applicant does not adequately demonstrate that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The application is not conforming to all statutory and regulatory review criteria. An application that cannot be approved cannot be an effective alternative to meet the need.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is not conforming to this criterion for the reasons stated above.

- (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 Both Applications

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section Q, Form F.1a Capital Cost, page 136, the applicant projects the total capital cost of the project as shown in the table below:

Raleigh Radiology Capital Cost

Construction/Renovation	\$541,603
Architect/Engineering Fees	\$45,828
Medical Equipment	\$1,279,085
Consultant Fees	\$50,000
Other (Contingency)	\$383,183
Total	\$2,299,099

In Section Q, Form F.1a Capital Cost Assumptions, page 137, 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:

- Renovation cost is based on an estimate from a general contractor which is provided in Exhibit K.1.
- Medical equipment cost is based on vendor quotations in Exhibit F.1.
- Contingency is estimated at 20% of the total capital cost.

In Section F, pages 73-74, the applicant states there will be no start-up costs or working capital associated with the project because RR-Blue Ridge is an existing diagnostic center that already provides MRI services.

Availability of Funds

In Section F.2, page 71, the applicant states that the capital cost will be funded as shown in the table below:

Sources of Capital Cost Financing

TYPE	RALEIGH RADIOLOGY, LLC
Loans	\$2,299,099
Total Financing	\$2,299,099

In Exhibit F.2, the applicant provides a letter dated June 10, 2025, signed by the Senior Vice President of First Horizon Bank confirming the bank's willingness to consider a loan in the amount of \$3.0 million to provide funding for the proposed capital needs of the project. Furthermore, Exhibit F.2 contains a letter from the Chief Executive Officer of Raleigh Radiology, LLC committing the loan proceeds of \$3.0 million from First Horizon Bank for the proposed fixed MRI scanner at RR-Blue Ridge.

The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project.

Financial Feasibility

The applicant provides pro forma financial statements for both the entire facility and the MRI services for the first three full fiscal years following completion of the project. In Form F.2b,

the applicant projects that revenues will exceed operating expenses in the first three full fiscal years following project completion statements for both the entire facility and the MRI services, as shown in the tables below:

RR-Blue Ridge: Entire Facility

	1ST FY CY 2027	2ND FY CY 2028	3RD FY CY 2029
Total Gross Revenues (Charges)	\$29,110,681	\$ 29,243,680	\$29,377,349
Total Net Revenue	\$10,936,015	\$10,990,902	\$11,046,108
Total Operating Expenses (Costs)	\$9,421,649	\$9,627,826	\$9,770,176
Net Income	\$1,514,366	\$1,363,076	\$1,275,932

RR-Blue Ridge: MRI Services

	1ST FY CY 2027	2ND FY CY 2028	3RD FY CY 2029
Total Procedures (unweighted)	8,833	8,870	8,907
Total Gross Revenues (Charges)	\$16,033,660	\$16,100,396	\$16,167,424
Total Net Revenue	\$4,154,510	\$4,171,802	\$4,189,170
Average Net Revenue per Procedure	\$470	\$470	\$470
Total Operating Expenses (Costs)	\$2,649,765	\$2,746,517	\$2,758,512
Average Operating Expense per Procedure	\$300	\$310	\$310
Net Income	\$1,504,745	\$1,425,285	\$1,430,657

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 129-152. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Projected charges and revenues are based on reasonable and adequately supported assumptions.
- Projected operating expenses are based on reasonable and adequately supported assumptions.
- The applicant reasonably projects a positive cash flow in all three project years following project completion.
- 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
- Remarks made at the public hearing

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 costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital needs of the proposal for all the reasons described above.
- 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.

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

Capital and Working Capital Costs

In Section Q, Form F.1b, page 105, the applicant projects the total capital cost of the project, as shown in the table below.

	Previously Approved Capital Cost Project ID# J-12328-23	Proposed Capital Costs for this Project Project ID# J-12656-25	New Total Capital Cost of combined applications
Construction/Renovation Contract(s)	\$1,255,000	\$1,831,500	\$3,086,500
Architect / Engineering Fees	\$145,000	\$251,500	\$396,500
Medical Equipment	\$550,000	\$3,050,000	\$3,600,000
Non-Medical Equipment	\$110,000	\$80,000	\$190,000
Furniture	\$60,000	\$50,000	\$110,000
Other	\$302,000	\$441,600	\$743,600
Total	\$2,422,000	\$5,704,600	\$8,126,600

In Section F.1, page 57, Form F.1a *Capital Cost Assumptions*, page 114, Exhibit F.1(a) *Architect Letter* and Exhibit F.1(b) *Equipment Quotation*, 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.

In Section F.3, page 59, the applicant projects that start-up costs will be \$108,829 and initial operating expenses will be \$1,525,315 for a total working capital of \$1,633,604. On pages 59-60, 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.

Availability of Funds

In Section F.2, page 57, and in Section F.3, page 60, the applicant states that the capital costs and working capital costs will be funded by accumulated reserves of Duke University Health System, Inc.

Exhibit F.2(a) contains a letter dated June 5, 2025, from the Chief Financial Officer for Duke University Health System documenting that the funds will be made available for the capital and working capital costs of the project. Exhibit F.2(b) also contains a copy of the audited financial statements for Duke University Health System which indicate adequate accumulated reserves as of June 30, 2024, to fund the proposed project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs 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 for both the entire facility and for the proposed fixed MRI services. In Form 2.b, the applicant projects that revenues will not exceed operating expenses in any of the first three full fiscal years following completion of the project for either the entire facility or for the proposed fixed MRI services, as shown in the tables below.

However, in Exhibit F.2(a) the applicant provides a letter dated June 5, 2025, from the Chief Financial Officer of the applicant, Duke University Health System (DUHS) in which the Chief Financial Officer references the DUHS audited financials as of June 30, 2024, and, with respect to the financial feasibility of the project, states,

“Finally, as set forth in these audited financial statements, the system will have sufficient reserves to cover any operating expenses for this project, both during any initial operating period and for the foreseeable future, regardless of the net income in any project year. The system is committed to this project as part of our mission to provide the highest quality, cost-effective care to our patients.”

Furthermore, the applicant is the Duke University Health System, Inc. and the Duke Garner facility is part of the Duke University Health System (DUHS). While the application did not contain proformas for DUHS, the project analyst is currently involved in two different reviews [2024 Wake Acute Care Bed & OR Review and 2025 Wake Acute Care Bed Review] wherein DUHS submitted applications [Project ID# J-12546-24 and Project ID# J-12690-25] that both included proformas for DUHS including the Full FY 7/1/2029-6/30/2030 showing positive net income over \$400 million, as illustrated in the table below:

DUHS: Net Income for Full FY2030

	Full FY [7/1/2029-6/30/2030]
	Net Income
Project ID# J-12546-24	\$442,154,000
Project ID# J-12690-25	\$452,292,000

Note: Both of the applications cited are publicly available.

Duke Garner: Entire Facility

	1st Full Fiscal Year (7/1/2027 – 6/30/2028)	2nd Full Fiscal Year (7/1/2028 – 6/30/2029)	3rd Full Fiscal Year (7/1/2029 – 6/30/2030)
Total Gross Revenues (Charges)	\$2,101,183	\$3,284,280	\$4,576,042
Total Net Revenue	\$914,696	\$1,452,447	\$2,056,760
Total Operating Expenses (Costs)	\$2,508,689	\$2,673,398	\$2,789,550
Net Income	(\$1,593,993)	(\$1,220,952)	(\$732,790)

Duke Garner: Fixed MRI Services

	1st Full Fiscal Year (7/1/2027 – 6/30/2028)	2nd Full Fiscal Year (7/1/2028 – 6/30/2029)	3rd Full Fiscal Year (7/1/2029 – 6/30/2030)
Total Procedures*	1,794	2,827	3,956
Total Gross Revenues (Charges)	\$1,624,760	\$2,559,700	\$3,582,805
Total Net Revenue	\$690,087	\$1,106,868	\$1,577,339
Average Net Revenue per Procedures	\$385	\$392	\$399
Total Operating Expenses (Costs)	\$1,806,878	\$1,935,834	\$2,020,712
Average Operating Expense per Procedures	\$1,007	\$685	\$511
Net Income	(\$1,116,791)	(\$828,966)	(\$443,373)

*Adjusted procedures.

Source: Form C.2b, page 94.

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

- Projected charges and revenues are reasonable and adequately supported.
- Projected operating expenses are reasonable and adequately supported.
- 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
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
 - 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 **Both Applications**

The 2025 SMFP defines the fixed MRI service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1.*” (See page 334). Figure 5.1 on page 38 of the 2025 SMFP shows Wake County as a single county Acute Care Bed Service area. Therefore, for the purpose of this review, the fixed MRI service area is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners currently located in the Wake County service area, summarized from Table 17E-1, pages 353-354 of the 2025 SMFP:

Wake County Fixed MRI Scanners

PROVIDER/OWNER	# OF FIXED SCANNERS	SERVICE TYPE	TOTAL MRI SCANS	ADJUSTED TOTAL
Duke Raleigh Hospital Main Campus	2	Hospital Fixed	9,267	12,122
UNC Health Rex	2	Hospital Fixed	7,389	10,968
UNC Health Rex-Cary J-006932-03	1	Hospital Fixed	0	0
WakeMed Cary Hospital	1	Hospital Fixed	5,144	7,203
WakeMed Raleigh Campus	2	Hospital Fixed	10,940	16,137
2024 Need Determination	1			
Raleigh Radiology- Knightdale	1	Freestanding Fixed	0	0
Cardinal Points Imaging of the Carolinas Wake Forest*	1	Freestanding Fixed	0	0
Cardinal Points Imaging of the Carolinas Midtown / Pinnacle Health Services of North Carolina, LLC	1	Freestanding Fixed	5,024	5,439
Duke Imaging Holly Springs / DUHS	1	Freestanding Fixed	2,758	3,037
EmergeOrtho-Durleigh (Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	4,511	4,606
Raleigh Neurology Associates, P.A.	1	Freestanding Fixed	5,145	5,663
Raleigh Neurology Imaging, PLLC / Alliance Healthcare Services, Inc.	1	Freestanding Fixed	5,367	5,906
Raleigh Radiology-Cary	1	Freestanding Fixed	0	0
Raleigh Radiology-Falls of Neuse **** / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	50	54
Raleigh Radiology-Blue Ridge / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	6,300	6,777
Raleigh Radiology-Cary / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	6,372	6,805
The Bone and Joint Surgery Clinic	1	Freestanding Fixed	2,335	2,402
Wake Radiology (WR Imaging)	1	Freestanding Fixed	4,831	5,252
Wake Radiology (WR Imaging)	1	Freestanding Fixed	3,424	3,667
Wake Radiology Cary (Alliance Healthcare-Akumin)	1	Freestanding Fixed	5,510	6,004
Wake Radiology Garner (Alliance Healthcare-Akumin)	1	Freestanding Fixed	4,232	4,686

*Awarded the fixed MRI scanner from the 2021 SMFP need determination.

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section G.2, page 79, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved fixed MRI services in Wake County. The applicant states:

“The project is a response to a Need Determination in the 2024 [sic 2025] SMFP for one new fixed MRI in Wake County. This proposal will not result in unnecessary duplication of existing MRI services in the service area.”

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

- There is a need determination in the 2025 SMFP for the proposed fixed MRI scanner.
- The applicant adequately demonstrates that the proposed fixed MRI scanner is needed in addition to the existing or approved fixed MRI scanners.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section G.2, page 66, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved fixed MRI services in Wake County. The applicant states:

“The proposed project will not result in unnecessary duplication of existing or approved facilities in Wake County. The 2025 SMFP has identified a need for one additional fixed MRI scanner in the service area because MRI utilization in the service area is projected to exceed the capacity of the existing and approved providers.”

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

- There is a need determination in the 2025 SMFP for the proposed fixed MRI scanner.
- The applicant adequately demonstrates that the proposed fixed MRI scanner is needed in addition to the existing or approved fixed MRI scanners.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

- Information publicly available during the review and used by the Agency

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

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services through the first three operating years, as illustrated in the following table.

Position	1st Full FY	2nd Full FY	3rd Full FY
MRI Techs	4.25	4.25	4.25
MRI Assistant Tech	1.00	1.00	1.00
All other Techs	14.70	14.70	14.70
Clinic Supervisor	0.25	0.25	0.25
Clerical	6.50	6.50	6.50
Total	27.0 [26.70]	27.0 [26.70]	27.0 [26.70]

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3b. In Sections H.2 and H.3, pages 86-88, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs. See also Exhibits H.2 and I.1.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section Q, Form H, the applicant provides projected FTE staffing for the proposed services through the first three operating years, as illustrated in the following table.

Position	1 st Full FY	2 nd Full FY	3 rd Full FY
MRI Techs	2.24	2.24	2.24
Financial Care Counselor	1.12	1.12	1.12
Mammography Tech	1.12	1.12	1.12
Patient Service Associate	0.28	0.28	0.28
Sonographer	1.12	1.12	1.12
Nurse Practitioners	1.12	1.12	1.12
Imaging Manager	1.12	1.12	1.12
Total	8.12	8.12	8.12

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Section Q, Form F.3a. In Sections H.2 and H.3, pages 68-69, the applicant describes the methods to be used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

Ancillary and Support Services

In Section I.1, page 90, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 91-92, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibits F.1 and I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 92, the applicant describes its existing relationships with other local health care and social service providers. The applicant is an existing facility that currently provides MRI services. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

Ancillary and Support Services

In Section I.1, page 70, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 70-71, the applicant explains how each ancillary and support service is or will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available.

Coordination

In Section I.2, page 71, the applicant describes its existing 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Neither applicant projects 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, neither applicant projects 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
Both Applications

None of the applicants are 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
Both Applications

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section K, page 96, the applicant states that the project involves renovating 1,901 square feet of existing space. Line drawings are provided in Exhibit K.2.

On page 97, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 97, and Exhibit N.2, 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.

In Section K, page 97, and Exhibit F.1, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section K, page 74, the applicant states that the project involves the construction of 2,595 square feet of new space. Line drawings are provided in Exhibit K.1.

On pages 74-75, and Exhibit F.1, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal.

On page 75, 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.

In Section K, page 75, and Exhibit F.1, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and ... persons [with disabilities], which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:
- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

C
RR-Blue Ridge

NA

Duke Garner

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section L, page 101, the applicant provides the historical payor mix during the last Full FY (CY2024) at the diagnostic facility and MRI services (the facility currently provides MRI services through a fixed legacy mobile MRI scanner as shown in the table below.

RR-Blue Ridge: Entire Facility (CY2024)

Payor Category	Percentage of Total Patients Served
Self-Pay	10.0%
Medicare	24.1%
Medicaid	3.1%
Insurance	59.7%
Other (includes WC, TRICARE, VA and others)	3.1%
Total	100.0%

Source: Table on page 101.

In Section L, page 103, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	n/a	52.0
Male	n/a	48.0
Unknown		
64 and Younger	61.6	85.9
65 and Older	38.4	14.1
American Indian	n/a	1.2
Asian	n/a	7.1
Black or African American	n/a	21.8
Native Hawaiian or Pacific Islander	n/a	0.0
White or Caucasian	n/a	65.5
Other Race	n/a	4.4
Declined / Unavailable		

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

Duke Garner is not an existing facility. 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;

C
RR-Blue Ridge

NA
Duke Garner

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 105, the applicant states it is under no obligation under federal regulations to provide uncompensated care or community service or access by minorities and handicapped persons.

In Section L, page 105, the applicant states that no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity located in North Carolina in the last five years.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

Duke Garner is not an existing facility. 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
 Both Applications**

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section L, page 106, the applicant projects the following payor mix for both the entire facility and for the proposed fixed MRI services during the third full fiscal year of operation following completion of the project, as shown in the table below.

RR-Blue Ridge: Entire Facility- 3rd FFY (CY2029)

Payor Category	Percentage of Total Patients Served
Self-Pay	10.2%
Medicare	24.1%
Medicaid	3.1%
Insurance	59.6%
Other (includes WC, TRICARE, VA and others)	3.1%
Total	100.0%

Source: Table on page 106.

RR-Blue Ridge: MRI- 3rd FFY (CY2029)

Payor Category	Percentage of Total Patients Served
Self-Pay	11.8%
Medicare	20.1%
Medicaid	5.0%
Insurance	59.6%
Other (includes WC, TRICARE, VA and others)	3.5%
Total	100.0%

Source: Table on page 106.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that for fixed MRI services 11.8% of total services will be provided to self-pay patients, 20.1% to Medicare patients and 5.0% to Medicaid patients.

On page 106, 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 based on the fact that RR- Blue Ridge currently bills for the third-party MRI services provided by a mobile MRI scanner at RR-Blue Ridge and the applicant used historic payor mix to project payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents the extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved. Therefore, the application is conforming to this criterion.

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section L, pages 81-82, the applicant projects the following payor mix for both the entire facility and the proposed fixed MRI services during the third full fiscal year of operation following project completion, as shown in the table below:

**Duke Imaging Garner Projected Payor Mix
 Entire Facility: 3rd FY 7/1/2029-6/30/2030**

PAYOR CATEGORY	MRI SERVICES AS PERCENT OF TOTAL
Self-Pay	1.7%
Charity Care	0.2%
Medicare*	33.0%
Medicaid*	9.1%
Insurance*	53.3%
Other (other govt)	2.6%
Total	100.0%

*Includes managed care plans

**Duke Imaging Garner Projected Payor Mix
 Fixed MRI Services: 3rd FY 7/1/2029-6/30/2030**

PAYOR CATEGORY	PERCENT OF TOTAL PATIENTS SERVED
Self-Pay	1.9%
Charity Care	0.4%
Medicare*	35.6%
Medicaid*	12.0%
Insurance*	46.6%
Other	3.5%
Total	100.0%

*Includes managed care plans

As shown in the tables above, during the third full fiscal year of operation, the applicant projects that 1.9% of MRI services will be provided to self-pay patients, 0.4% to charity care patients, 35.6% to Medicare patients and 12.0% to Medicaid patients.

On page 82 the applicant provides the assumptions and methodology used to project MRI payor mix during the third full fiscal year of operation following project completion. The projected payor mix is reasonable and adequately supported because it is based on the applicant's historical payor mix for outpatient MRI services specifically in the ZIP codes within its proposed service area.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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
Both Applications

Project ID # J-12647-25 / RR-Blue Ridge / Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In Section L, page 108, the applicant adequately describes the range of means by which patients will have access to the proposed fixed MRI services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

Project ID # J-12656-25 / Duke Garner / Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section L, page 83, the applicant adequately describes the range of means by which patients will have access to the proposed fixed MRI services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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
Both Applications

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

In M.1, page 109, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states that it has current relationships with Johnston Community College and Wake Technical Community College with radiation technology students rotating through its facilities for practical experience.
- The applicant states that RR-Blue Ridge will support the current relationships with Johnston Community College and Wake Technical Community College.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In M.1, page 84, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- Duke University School of Medicine students take a radiation rotation and participate in reading scans from outpatient sites such as this diagnostic center,

- DUHS provides training opportunities to students at Johnston Community College, UNC and Wake Tech and may be rotated through this facility pursuant to existing training agreements.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Remarks made at the public hearing

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 Both Applications

The 2025 SMFP defines the fixed MRI service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1.*” (See page 334). Figure 5.1 on page 38 of the 2025 SMFP shows Wake County as a single county Acute Care Bed Service area. Therefore, for the purpose of this review, the fixed MRI service area is Wake County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners currently located in the Wake County service area, summarized from Table 17E-1, pages 353-354 of the 2025 SMFP:

Wake County Fixed MRI Scanners

PROVIDER/OWNER	# OF FIXED SCANNERS	SERVICE TYPE	TOTAL MRI SCANS	ADJUSTED TOTAL
Duke Raleigh Hospital Main Campus	2	Hospital Fixed	9,267	12,122
UNC Health Rex	2	Hospital Fixed	7,389	10,968
UNC Health Rex-Cary J-006932-03 ?????	1	Hospital Fixed	0	0
WakeMed Cary Hospital	1	Hospital Fixed	5,144	7,203
WakeMed Raleigh Campus	2	Hospital Fixed	10,940	16,137
2024 Need Determination	1			
Raleigh Radiology- Knightdale	1	Freestanding Fixed	0	0
Cardinal Points Imaging of the Carolinas Wake Forest*	1	Freestanding Fixed	0	0
Cardinal Points Imaging of the Carolinas Midtown / Pinnacle Health Services of North Carolina, LLC	1	Freestanding Fixed	5,024	5,439
Duke Imaging Holly Springs / DUHS	1	Freestanding Fixed	2,758	3,037
EmergeOrtho-Durleigh (Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	4,511	4,606
Raleigh Neurology Associates, P.A.	1	Freestanding Fixed	5,145	5,663
Raleigh Neurology Imaging, PLLC / Alliance Healthcare Services, Inc.	1	Freestanding Fixed	5,367	5,906
Raleigh Radiology-Cary	1	Freestanding Fixed	0	0
Raleigh Radiology-Falls of Neuse **** / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	50	54
Raleigh Radiology-Blue Ridge / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	6,300	6,777
Raleigh Radiology-Cary / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	6,372	6,805
The Bone and Joint Surgery Clinic	1	Freestanding Fixed	2,335	2,402
Wake Radiology (WR Imaging)	1	Freestanding Fixed	4,831	5,252
Wake Radiology (WR Imaging)	1	Freestanding Fixed	3,424	3,667
Wake Radiology Cary (Alliance Healthcare-Akumin)	1	Freestanding Fixed	5,510	6,004
Wake Radiology Garner (Alliance Healthcare-Akumin)	1	Freestanding Fixed	4,232	4,686

*Awarded the fixed MRI scanner from the 2021 SMFP need determination.

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 110, the applicant states:

“The proposed project will sustain the applicant’s capacity to offer competitive MRI services at RRBR. By eliminating third-party overhead costs on labor and equipment, the applicant can reduce operating costs at RRBR. RRLLC led Wake County in offering MRI at Global freestanding billing rates and others followed. Medicare and other payers are now reducing payments for physician office-based services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 111, the applicant states:

“As described in Exhibit N.2, the proposed project will reduce operating costs at RRBR by \$563,915 over 3 years.

The number of scans provided in 2024 was more than double the minimum number of scans required of a new fixed MRI in the third year of operations.”

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 111, the applicant states:

“The RRBR MRI service is presently accredited by the American College of Radiology (see Exhibit O.3). Thus, proposal will not require the one-year waiting period that ACR would require before accrediting new equipment. The interpreting physicians and staff meet the quality standards imposed by RLLC and RRA. New hires will be held to the same standards. Thus, the proposal will sustain the quality competitiveness associated with RRBR MRI at present.”

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 111, the applicant states:

“

- *With regard to payor type, RRBR has contracts with most third-party payors, including all North Carolina Medicaid managed care companies. Medicaid payments to physician office providers of imaging services are less than payments to hospital outpatient providers and less than payments to some freestanding sites operated by hospitals.*
- *With regard to income, reduced operating costs will help the Applicant keep its charges within reach of low-income persons who pay all or part of the cost of their MRI scans. This includes not only self-pay patients but persons classified as insured that have high deductible and high co-insurance.*
- *RRBR is a full-service multi-specialty MRI service. Thus, the proposal will not favor any single specialty beneficiary.*
- *Extended operating hours are included in the cost savings calculation. Thus, the proposal will mean that people who have work or transportation constraints have optimum access to the proposed project. This is reinforced by publicly available information; according to the website, on June 8, 2025, Duke Imaging’s freestanding centers across the Triangle close at 5:30 p.m. and none are open on weekends.”*

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
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

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

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 85, the applicant states:

“This project will benefit competition by creating additional capacity for outpatient/non-hospital based MRI services in Wake County and by creating a new geographic access point for these services, increasing choice for patients and providers, particularly in the Garner area.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 85, the applicant states:

“DUHS will develop these services in an approved diagnostic center, which provides economies of scale and efficiencies in co-locating a variety of imaging modalities in a single location. In addition, this facility will be an IDTF structure that typically has lower reimbursement than hospital facilities and may be more cost effective for many payors and patients depending on their plan terms.”

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

Regarding the impact of the proposal on quality, in Section N, page 85, the applicant states:

“Patients will have access [to] the highly specialized radiology services for which Duke is known; with the PACS system, images can be accessed by specialty radiologists throughout the system, and therefore patients will have access to high-quality state-of-the-art services in a new location and with a different reimbursement structure. ...

DUHS is committed to delivering high-quality care at all of its facilities and will continue to maintain the highest standards and quality of care, consistent with the standards that DUHS has sustained throughout its illustrious history of providing patient care. DUHS has quality-related policies and procedures, and its quality management programs emphasize a customer-oriented perspective that is used to determine the needs of patients, physicians, and others who utilize hospital services. Please see Exhibit O.2 for quality-related policies and procedures.

...

All technical staff will be required to maintain appropriate and current licensure and continuing education.”

See also Sections B, 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 86, the applicant states:

“The proposed project will improve access to fixed MRI services in the service area. As previously stated, DUHS will continue to have a policy to provide services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved. Duke’s financial assistance policy will apply to these services. With the availability of Medicaid reimbursement for IDTF services, this will provide an attractive option for Medicaid patients as well as other underserved groups.”

See also Section L, B 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
- Remarks made at the public hearing
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on 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 Both Applications

Project ID # J-12647-25 / RR-Blue Ridge/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire one fixed MRI scanner at RR-Blue Ridge, an existing diagnostic center in Raleigh.

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

In Section O, page 114, the applicant states that, during the 18 months immediately preceding the submittal of the application, there were no incidents related to quality of care that occurred in either of its facilities. See Exhibit I.1. Diagnostic centers are not subject to DHRS license requirements. 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.

Project ID # J-12656-25 / Duke Garner/ Acquire One Fixed MRI Scanner

The applicant proposes to acquire a fixed MRI scanner at Duke Garner, an approved, but undeveloped diagnostic center in Garner. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

In Section Q, Form O, the applicant identifies the hospitals, diagnostic centers and an emergency department located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of 18 of this type of facility located in North Carolina.

Although diagnostic centers are not subject to DHSR license requirements, the applicant is part of Duke University Health System (DUHS). In Section O.4, pages 88-89, the applicant states that, during the 18 months immediately preceding the submittal of the application, it is not aware of any reported quality care issues at DUHS licensed facilities. Furthermore, the applicant states that two Duke LifePoint hospitals “which are not operated directly by DUHS” had findings of immediate jeopardy. The two facilities were Maria Parham Hospital which was back in full compliance on September 17, 2024, and Wilson Medical Center which was back in full compliance on October 30, 2024. 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 there were no incidents of immediate jeopardy. 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 DUH 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.

**NC
Both Applications**

SECTION .2700 - CRITERIA AND STANDARDS FOR MAGNETIC RESONANCE IMAGING SCANNER are applicable to:

- Project ID # J-12647-25 / **Raleigh Radiology Blue Ridge/ Acquire One Fixed MRI Scanner**

- Project ID # J-12656-25 / **Duke Imaging Garner**/ Acquire One Fixed MRI Scanner

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

10A NCAC 14C .2701 DEFINITIONS

The following definitions shall apply to all rules in this Section:

- (1) "Adjusted MRI procedure" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.*
- (2) "Approved MRI scanner" means a magnetic resonance imaging (MRI) scanner that was issued a certificate of need but is not being used to provide services as of the application deadline for the review period.*
- (3) "Existing MRI scanner" means an MRI scanner that is being used to provide services as of the application deadline for the review period.*
- (4) "Fixed MRI scanner" means an MRI scanner that is not a mobile MRI scanner.*
- (5) "Fixed MRI scanner service area" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.*
- (6) "Host site" means the location where the mobile MRI scanner provides services.*
- (7) "Magnetic resonance imaging (MRI) scanner" shall have the same meaning as defined in G.S. 131E-176(14m).*
- (8) "Mobile MRI scanner" means an MRI scanner that is moved weekly to provide services at two or more host sites.*
- (9) "Mobile MRI scanner service area" shall have the same meaning as defined in the annual State Medical Facilities Plan in effect as of the first day of the review period.*
- (10) "Proposed MRI scanner" means the MRI scanner proposed in the application under review.*

10A NCAC 14C .2703 PERFORMANCE STANDARDS

(a) An applicant proposing to acquire a fixed MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

- (1) identify the existing fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*

The fixed MRI scanner service area is Wake County.

- C- **RR-Blue Ridge.** In Section C, page 60, and in Section Q, page 134, the applicant states that Raleigh Radiology owns or operates two fixed MRI scanners in Wake County at two facilities: Raleigh Radiology- Cary (RR-Cary) and Raleigh Radiology- Knightdale (RR-Knightdale).
- C- **Duke Garner.** In Section Q, Form C.2(b), pages 91-92, the applicant identifies three existing fixed MRI scanners owned or operated by the applicant or a related entity and located in Wake County at two facilities: Duke Raleigh Hospital (2 existing fixed MRI scanners) and Duke Imaging-Holly Springs (1 existing fixed MRI scanner).

(2) identify the approved fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;

- NA- **RR-Blue Ridge.** In Section C, page 60, the applicant does not identify any approved fixed MRI scanners owned or operated by the applicant or a related entity located in service area.
- C- **Duke Garner.** In Section Q, Forms C.2(a) and C.2(b), pages 91 and 95 respectively, and *Form C.2 Utilization-Assumptions and Methodology*, page 102, the applicant identifies one approved fixed MRI scanner owned or operated by the applicant or a related entity located in Wake County. The fixed MRI scanner identified is approved to be acquired and developed at Duke Raleigh Hospital.

(3) identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed fixed MRI scanner service area during the 12 months before the application deadline for the review period;

- NA- **RR-Blue Ridge.** In Section C, page 60, the application states that neither the applicant nor any related parties own or operate an existing mobile MRI scanner in Wake County.
- C- **Duke Garner.** In Section C, page 47, and in Section Q, Forms C.2(a) and C.2(b), pages 93 and 97 respectively, and *Form C.2 Utilization-Assumptions and Methodology*, page 104, the applicant identifies one mobile MRI scanner owned or operated by the applicant or a related entity located in Wake County that provided mobile MRI services at host sites located in the proposed fixed MRI scanner service area during the 12 months before the application deadline for the review period.

(4) identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area;

- NA- **RR-Blue Ridge.** In Section C, page 60, the application states that neither the applicant nor any related parties have been approved for any mobile MRI scanners in Wake County.
- NA- **Duke Garner.** In Section C, page 47, the application states that neither the applicant nor any related parties have been approved for any mobile MRI scanners in Wake County.

(5) provide projected utilization of the MRI scanners identified in Subparagraphs (1) through (4) of this Paragraph and the proposed fixed MRI scanner during each of the first three full fiscal years of operation following completion of the project;

- C- **RR-Blue Ridge.** In Section Q, Form C.2b, page 120 and in Section Q, page 134, the applicant provides projected utilization of the two existing fixed MRI scanners at RR-Cary and RR-Knightdale as well as the projected utilization for the proposed fixed MRI scanner at RR-Blue

Ridge during each of the first three full fiscal years of operation following completion of the project.

- C- **Duke Garner.** In Section Q, Form C.2b, pages 94-97, the applicant provides the projected utilization for the existing, approved and proposed MRI scanners.

(6) provide the assumptions and methodology used to project the utilization required by Subparagraph (5) of this Paragraph;

- C- **RR-Blue Ridge.** In Section Q, Forms C.2a and C.2b, pages 119-120, and in Section Q, Raleigh Radiology Blue Ridge Need & Utilization Methodology, pages 122-135, the applicant provides the assumptions and methodology used to project the utilization for the two existing and one proposed fixed MRI scanners at RR-Cary (existing), RR-Knightdale (existing) and RR-Blue Ridge (proposed) during each of the first three full fiscal years of operation following completion of the project.

- C- **Duke Garner.** In Section Q, *Form C.2 Utilization-Assumptions and Methodology*, pages 98-104, the applicant provides the assumptions and methodology used to project the utilization during each of the first three full fiscal years of operation following completion of the project.

(7) project that the fixed MRI scanners identified in Subparagraphs (1) and (2) of this Paragraph and the proposed fixed MRI scanner shall perform during the third full fiscal year of operation following completion of the project as follows:

- (A) 3,494 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*
- (B) 3,058 or more adjusted MRI procedures per fixed MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area; or*
- (C) 1,310 or more adjusted MRI procedures per MRI scanner if there are no existing fixed MRI scanners in the fixed MRI scanner service area; and*

There are currently more than two existing fixed MRI scanners in the Wake County fixed MRI scanner service area; thus, Subparagraph (A) applies to this review.

- NC- **RR-Blue Ridge.** In Section Q, Table 16, page 134, the applicant provides projected adjusted MRI procedures during the third full fiscal year of operation (CY2029) following completion of the project for the two existing fixed MRI scanners at RR-Cary and RR-Knightdale as well as for the proposed fixed MRI scanner at RR-Blue Ridge. However, as illustrated in the table below, projected adjusted MRI procedures at RR-Knightdale in CY2029 total 3,204 which is less than the 3,494 adjusted MRI procedures required by this Rule.

	3rd Project Year (CY2029)		
	Projected Adjusted MRI Procedures	Required Adjusted MRI Procedures per Rule	Exceeds Rule or Deficit < >
RR-Cary	8,182	3,494	4,688
RR-Knightdale	3,204	3,494	<290>
RR-Blue Ridge	8,907	3,494	5,413

As shown in the table above, projected adjusted MRI procedures at RR-Knightdale in the third full fiscal year of operation (CY2029) following completion of the project are only 3,204, or 290 adjusted MRI procedures less than the 3,494 required by this Rule. The Rule requires that projected adjusted MRI procedures equal or exceed 3,494 such procedures in the third project year, not that the average projected adjusted MRI procedures across the three fixed MRI scanners (2 existing and 1 proposed) at RR-Cary, RR-Knightdale and RR-Blue Ridge equals or exceeds 3,494 of such procedures. Therefore, the application is non-conforming to this Rule.

-NC- Duke Garner. In Section Q, Form C.2(b), pages 95-96, and *Form C.2 Utilization-Assumptions and Methodology*, page 103, the applicant projects utilization for the existing, approved and proposed fixed MRI scanners during the third full fiscal year [7/1/2029-6/30/2030] of operation following completion of the project as illustrated in the table below:

	Existing, Approved or Proposed Fixed MRI Scanners	Projected Adjusted MRI Procedures	Projected Adjusted MRI Procedures Per MRI Scanner	Required Adjusted MRI Procedures per Rule
Duke Raleigh*	3	20,236	6,745*	3,494
Duke Imaging- Holly Springs	1	3,800	3,800	3,494
Duke Garner (proposed)	1	3,956	3,956	3,494

*Note: As the 2 existing and one approved fixed MRI scanners are all in the same facility, Duke Raleigh Hospital, the 6,745 MRI procedures per scanner is the average per MRI scanner.

However, the applicant did not provide, as required by the Rule, the projected number of adjusted MRI procedures to be specifically performed by each individual fixed MRI scanner at Duke Raleigh in the third full fiscal year of operation following completion of the project.

Rather, the applicant just projected the total number of adjusted MRI procedures to be performed at Duke Raleigh in the third full fiscal year of operation following completion of the project (20,336) and then divided the number of adjusted MRI procedures by the three fixed MRI scanners at Duke Raleigh to show the average number of adjusted MRI procedures per fixed MRI scanner. The individual projected utilization for each of the three fixed MRI scanners at Duke Raleigh in the third project year was not provided. Therefore, the application is non-conforming to this Rule.

(8) project that the mobile MRI scanners identified in Subparagraphs (3) and (4) of this Paragraph shall perform 3,120 or more adjusted MRI procedures per mobile MRI scanner during the third full fiscal year of operation following completion of the project.

- NA- RR-Blue Ridge.** In Section C, page 61, the applicant states, there are no mobile MRI scanners owned or operated by the applicant or a related entity in Wake County.
- C- Duke Garner.** In Section Q, Form C.2(b), page 97, and *Form C.2 Utilization-Assumptions and Methodology*, page 104, the applicant projects 4,631 adjusted MRI procedures for the mobile MRI scanner during the third full fiscal year [7/1/2029-6/30/2030] of operation following completion of the project which exceeds the 3,120 adjusted MRI procedures required by this Rule.

(b) An applicant proposing to acquire a mobile MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:

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

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

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

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2025 SMFP, no more than one fixed MRI scanner may be approved for the Wake Count service area in this review. The Agency received initially three applications for this review and reviewed two applications (one application was withdrawn), each to develop one fixed MRI scanner.

Because the applications in this review collectively propose to develop two additional fixed MRI scanners, both applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review.

- Project ID # J-12647-25 / Raleigh Radiology Blue Ridge/ Acquire One Fixed MRI Scanner at RR-Blue Ridge, located at 3200 Blue Ridge Road, Suite 100, Raleigh, in Wake County. RR-Blue Ridge is an existing diagnostic center.
- Project ID # J-12656-25 / Duke Imaging Garner/ Acquire One Fixed MRI Scanner at Duke Garner, located at 130 Timber Drive East, Garner, in Wake County. Duke Garner is an approved, but undeveloped diagnostic center. This is a change of scope and a cost overrun for Project ID# J-12328-23 (develop a diagnostic center with mammography and ultrasound).

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved.

The application for RR-Blue Ridge is not conforming with all applicable statutory and regulatory review criteria and therefore cannot be approved.

The application for Duke Garner is not conforming with all applicable statutory and regulatory review criteria and therefore cannot be approved.

Scope of Services

The following table compares the scope of services to be offered. Generally, the application offering the greater scope of services is the more effective alternative for this comparative factor.

Facility	Type of Facility	Proposed Scope of Services
RR-Blue Ridge	Diagnostic Center	Multi-Specialty
Duke Garner	Diagnostic Center	Multi-Specialty

Each of the applications proposes to offer fixed MRI scanner services for multiple specialties at a diagnostic center. Therefore, regarding this comparative factor, all applications are equally effective alternatives.

Geographic Accessibility (Location within the Service Area)

If an applicant proposes to locate the health service/asset in a facility or location where there is already that health service/asset, then the proposal offers no greater geographic accessibility. If an applicant proposes to locate the health service/asset in a facility or location where there is not currently any of those health services/assets, then, generally, it is a more effective alternative. If all applicants are proposing to locate their health service/asset in facilities or locations that already operate those services, then they are equally effective because residents have the same geographic access they had previously.

Wake County Fixed MRI Scanners

PROVIDER/OWNER	# OF FIXED SCANNERS	SERVICE TYPE	ADDRESS	LOCATION WITHIN WAKE COUNTY
Duke Raleigh Hospital Main Campus	2	Hospital Fixed	Raleigh	Central
UNC Health Rex	2	Hospital Fixed	Raleigh	Central
WakeMed Raleigh Campus	2	Hospital Fixed	Raleigh	Central
Cardinal Points Imaging of the Carolinas Midtown / Pinnacle Health Services of North Carolina, LLC	1	Freestanding Fixed	Raleigh	
EmergeOrtho-Durleigh (Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	Raleigh	Central
Raleigh Neurology Associates, P.A.	1	Freestanding Fixed	Raleigh	Central
Raleigh Neurology Imaging, PLLC / Alliance Healthcare Services, Inc.	1	Freestanding Fixed	Raleigh	Central
Raleigh Radiology-Falls of Neuse **** / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	Raleigh	
Raleigh Radiology-Blue Ridge / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	Raleigh	Central*
The Bone and Joint Surgery Clinic	1	Freestanding Fixed	Raleigh	Central
Wake Radiology (WR Imaging)	1	Freestanding Fixed	Raleigh	Central
Wake Radiology (WR Imaging)	1	Freestanding Fixed	Raleigh	Central
Raleigh Radiology-Cary	1	Freestanding Fixed	Cary	
Raleigh Radiology-Cary / Alliance Healthcare Services-Akumin)	1	Freestanding Fixed	Cary	
UNC Health Rex-Cary [J-006932-03]	1	Hospital Fixed	Cary	
WakeMed Cary Hospital	1	Hospital Fixed	Cary	
Wake Radiology Cary (Alliance Healthcare-Akumin)	1	Freestanding Fixed	Cary	
Raleigh Radiology- Knightdale	1	Freestanding Fixed	Knightdale	
Cardinal Points Imaging of the Carolinas Wake Forest	1	Freestanding Fixed	Wake Forest	
Duke Imaging Holly Springs / DUHS	1	Freestanding Fixed	Holly Springs	
Wake Radiology Garner (Alliance Healthcare-Akumin)	1	Freestanding Fixed	Garner	South/Southeast
2024 Need Determination	1			

*This is the existing RR-Blue Ridge facility where a legacy mobile MRI scanner is currently located and where RR-Blue Ridge proposes to acquire a fixed MRI scanner pursuant to this Review.

Note: The applicant did not complete the "Location within Wake County" for all of the existing MRI scanners listed in this table as for purposes of this comparative factor there is only one existing MRI scanner in the "South/Southeast" area (where the proposed Duke Garner fixed MRI scanner would be located) and many more MRI scanner, both hospital based and freestanding, in the "Central" area as identified in the table.

With regard to this comparative factor between the two applications proposing to acquire a fixed MRI scanner:

- RR-Blue Ridge: This is an existing diagnostic facility. Currently MRI services are provided at the location by an MRI scanner that is described in the 2025 SMP as "Freestanding Fixed-Legacy". For planning purposes this is considered a fixed MRI scanner. However, it is actually a mobile MRI scanner that does not have to serve at least two locations each week.

The applicant currently leases this MRI scanner from a third party. The third-party provider of the leased legacy MRI scanner has provided notice that the lease will end in November 2025.

- Duke Garner: This is a newly approved diagnostic facility which is currently under construction. Currently no MRI services are provided at the location.

The two applications both propose to provide fixed MRI scanner services in a facility at a location which either currently does not offer fixed MRI scanners or at which the MRI services are currently provided by the functional equivalent of a fixed MRI scanner (RR-Blue Ridge) but which is a leased mobile MRI scanner will cease to be provided as of November 2025.

The RR-Blue Ridge application proposes to locate a fixed MRI scanner in the Central area of Wake County that currently has over ten MRI scanners, both hospital based and freestanding.

The Duke Garner application proposes to locate a fixed MRI scanner in the South/Southeast area of Wake County where there is currently only located one fixed MRI scanner in a freestanding facility.

Therefore, Duke Garner is the more effective alternative with respect to this comparative factor.

Competition (Patient Access to a New or Alternative Provider)

Generally, the introduction of a new provider in the service area would be the more effective alternative based on the assumption that increased patient choice would encourage all providers in the service area to improve quality or lower costs in order to compete for patients. However, the expansion of an existing provider that currently controls fewer fixed MRI scanners than another provider would also presumably encourage all providers in the service area to improve quality or lower costs in order to compete for patients.

This comparative factor is evaluated by health system. As illustrated in the table below, there are two health systems, with a combined total of three applications, that are part of this fixed MRI scanner review.

Health Systems	Applications in this Review	System currently provides fixed MRI scanner services in Wake County
Raleigh Radiology*	RR-Blue Ridge	2
Duke**	Duke Garner	4

*There are two existing and no approved fixed MRI scanners in the Raleigh Radiology Health System (Raleigh Radiology Cary & Raleigh Radiology Knightdale).

**The applicant identified four existing or approved fixed MRI scanners in the Duke Health System in Wake County [three at Duke Raleigh Hospital (2 existing and one approved) and one existing at Duke Imaging Holly Springs].

Neither Raleigh Radiology Health System nor Duke Health System would qualify as a new provider of fixed MRI scanner services in the Wake County service area.

The Duke Health System has 4 existing or approved fixed MRI scanners in the Wake County service area. The Raleigh Radiology Health System has 2 existing or approved fixed MRI scanners in the Wake County service area. Therefore, the application for the Raleigh Radiology Health System, RR-Blue Ridge, is the more effective alternative for this comparative factor.

Access by Service Area Residents

The 2025 SMFP defines the fixed MRI service area, on page 334, as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1.*” Therefore, for the purpose of this review, the fixed MRI service area Wake County. Facilities may also serve residents of counties not included in their service area.

Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that residents of a service area should be able to derive a benefit from a need determination for an additional fixed MRI scanner in the service area where they live.

The following table illustrates access by service area residents during the third full fiscal year following project completion.

Number of Service Area Residents Projected to be Served- 3rd Full Fiscal Year

Applicant	# of Wake County Residents
RR-Blue Ridge	4,540
Duke Garner*	2,877

Source: Tables in Section C.3 of the respective applications.

*Note: In Section C, page 32, the applicant provides a table with projected patient origin for the first three project years. For the 3rd project year, a total of 3,698 patients is projected. The project analyst subtracted out the projected 462 patients identified as originating from “27520/Johnston” and the projected 359 patient identified as originating from “27527/Johnston”. The application identifies “Other” as including ZIP codes in Wake and Johnston Counties as well as other counties. The project analyst did not subtract out the projected 555 patients identified as originating from “Other” as “Other” includes at least some patients from Wake County. [3,698 – 462 – 359 = 2,877].

As shown in the table above, RR-Blue Ridge projects to serve the highest number of service area residents during the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by RR-Blue Ridge is the more effective alternative with respect to this comparative factor.

Access by Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

“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 access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicare

The Project Analyst compared each applicant’s projected Medicare revenue as a percentage of gross revenue. The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicare patients in each applicant’s third full fiscal year of operation following project completion, based on information provided in each applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of services to Medicare patients is the more effective alternative with regard to this comparative factor.

MRI Services to Medicare Patients- Project Year 3

Applicant	Medicare Gross Revenue	Total Gross Revenue	Medicare Gross Revenue as a % of Total Gross Revenue
RR-Blue Ridge	\$3,246,479	\$16,167,424	20.08%
Duke Garner	\$1,276,599	\$3,582,805	35.63%

Source: Form F.2b for each applicant.

As shown in the table above, Duke Garner projects that a higher percentage of gross revenue for its MRI services will be provided to Medicare patients. Therefore, regarding this comparative factor, Duke Garner is the more effective alternative.

Projected Medicaid

The Project Analyst compared each applicant’s projected Medicaid revenue as a percentage of gross revenue. The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in each applicant’s third full fiscal year of operation following project completion, based on information provided in each applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of services to Medicaid patients is the more effective alternative with regard to this comparative factor.

MRI Services to Medicaid Patients- Project Year 3

Applicant	Medicaid Gross Revenue	Total Gross Revenue	Medicaid Gross Revenue as a % of Total Gross Revenue
RR-Blue Ridge	\$815,065	\$16,167,424	5.00%
Duke Garner	\$429,622	\$3,582,805	11.99%

Source: Form F.2b for each applicant.

As shown in the table above, Duke Garner projects that a higher percentage of gross revenue for its MRI services will be provided to Medicaid patients. Therefore, regarding this comparative factor, Duke Garner is the more effective alternative.

Projected Average Net Revenue per Weighted MRI Procedure

The following table compares the projected average net revenue per adjusted MRI procedure for the third year of operation following project completion for each of the applicants, based on the information provided in the applicants' pro forma financial statements (Section Q). Generally regarding this comparative factor, the application proposing the lowest average net revenue per adjusted MRI procedure is the more effective alternative.

Projected Average Net Revenue per Adjusted MRI Procedure- Project Year 3

Applicant	Net Revenue	# of Adjusted MRI Procedures	Average Net Revenue/Adjusted MRI Procedure
RR-Blue Ridge	\$4,189,170	8,907	\$470
Duke Garner	\$1,577,339	3,956	\$398

As shown in the table above, Duke Garner projects the lowest average net revenue per adjusted MRI procedure in the third operating year. Therefore, regarding this comparative factor, Duke Garner is the more effective alternative.

Projected Average Operating Expense per Weighted MRI Procedure

The following table compares the projected average operating expense per weighted MRI procedure in the third year of operation for each of the applicants, based on the information provided in the applicants' pro forma financial statements (Section Q). Generally regarding this comparative factor, the application proposing the lowest average operating expense per weighted MRI procedure is the more effective alternative.

Projected Operating Expense per Adjusted MRI Procedure- Project Year 3

Applicant	Operating Expense	# of Adjusted MRI Procedures	Average Operating Expense/Adjusted MRI Procedure
RR-Blue Ridge	\$2,758,512	8,907	\$310
Duke Garner	\$2,020,712	3,956	\$511

As shown in the table above, RR-Blue Ridge projects the lowest average net revenue per adjusted MRI procedure in the third operating year. Therefore, RR-Holly Springs is the more effective alternative.

Summary

The following table lists the comparative factors and indicates whether each application was more effective, equally effective or less effective for each factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis, which should not be construed to indicate an order of importance.

Comparative Factor	RR-Blue Ridge	Duke Garner
Conformity with Statutory and Regulatory Review Criteria	No	No
Scope of Services	Equally Effective	Equally Effective
Geographic Accessibility	Less Effective	More Effective
Competition (Access to New or Alternative Provider)	More Effective	Less Effective
Access by Service Area Residents	More Effective	Less Effective
Access by Medicare Patients	Less Effective	More Effective
Access by Medicaid Patients	Less Effective	More Effective
Projected Average Net Revenue per MRI procedure	Less Effective	More Effective
Projected Average Operating Expense per MRI procedure	More Effective	Less Effective

As discussed above, **RR-Blue Ridge** was determined to be a more effective alternative for three comparative factors:

- Competition (Access to New or Alternative Provider)
- Access by Service Area Residents
- Projected Average Operating Expense per MRI Procedure

As discussed above, **Duke Garner** was determined to be the more effective alternative for four comparative factors:

- Geographic Accessibility
- Access by Medicare Patients
- Access by Medicaid Patients
- Projected Average Net Revenue per MRI Procedure

CONCLUSION

G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of fixed MRI scanners that can be approved by the Healthcare Planning and Certificate of Need Section. The need determination in the 2025 SMFP was for one fixed MRI scanner in Wake County. Therefore, only one fixed MRI scanner in the service area could be approved.

For this review the Agency received three applications and reviewed two applications (one application was withdrawn), each to develop one fixed MRI scanner.

As shown above, Duke Garner was determined to be the more effective alternative for four comparative factors and RR-Blue Ridge was determined to be the more effective alternative for three comparative factors.

However, as shown in the table above, neither RR-Blue Ridge nor Duke Garner is conforming with all applicable statutory and regulatory review criteria, therefore, neither application is approvable.

Consequently, both the application submitted for RR-Blue Ridge [Project ID #J-12647-25] and the application submitted for Duke Garner [Project ID# J-12656-25], are denied.