



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section

2704 Mail Service Center • Raleigh, North Carolina 27699-2704
<http://www.ncdhhs.gov/dhsr/>

Drexdal Pratt, Director

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Craig R. Smith, Section Chief
Phone: (919) 855-3873
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September 25, 2012

Mr. Per Normark
MedQuest Associates
3480 Preston Ridge Suite #600
Alpharetta, GA 30005

Exempt from Review - Replacement Equipment

Facility: Piedmont Imaging
Project Description: Temporarily Replace fixed MRI scanner with Mobile MRI scanner
County: Forsyth
FID #: 955506


Dear Mr. Normark:

In response to your letter of September 14, 2012, the above referenced proposal is exempt from certificate of need (CON) review in accordance with N.C.G.S 131E-184(a)(7). Therefore, you may proceed to utilize, without a certificate of need, the MQ-20 Temporary Replacement Mobile MRI Scanner, to replace the existing Hitachi Altaire 0.7T, serial number LO77 fixed MRI scanner, until the new Hitachi Oasis 1.2T fixed MRI scanner is installed and operational at which time the MQ-20 Temporary Replacement Mobile MRI Scanner will be removed from the state and not brought back to North Carolina without CON approval. This determination is based on your representations that the existing unit and the temporary replacement unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need. Further please be advised that as soon as the replacement equipment is acquired, you must provide the CON Section and the Medical Facilities Planning Section with the serial number of the new equipment to update the inventory, if not already provided. In addition, you should contact the Construction Section, DHSR to determine if they have any requirements for development of the proposed project.

It should be noted that this Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this Agency and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,


Kim Randolph
Project Analyst


Craig R. Smith, Chief
Certificate of Need Section

cc: Construction Section, DHSR
Medical Facilities Planning Section, DHSR



September 14, 2012

VIA HAND DELIVERY

Craig R. Smith, Chief
Martha J. Frisone, Assistant Chief
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603



Re: Notice of Temporary Replacement Equipment for Health Service Area II,
Forsyth County /Piedmont Imaging, 185 Kimel Park Drive, Winston-Salem,
North Carolina

Dear Craig and Martha:

On May 16, 2012, Piedmont Imaging submitted correspondence to the Certificate of Need Section regarding its intention to acquire a replacement MRI scanner (the "Permanent Replacement") for one of its fixed MRI scanners at its existing outpatient imaging center in Winston-Salem. A copy of that correspondence is attached hereto as Exhibit "1". The purpose of this letter is to inform the Agency that Piedmont Imaging has determined that it will need to utilize a temporary mobile MRI scanner while Piedmont Imaging is replacing one of its existing fixed MRI scanners – specifically the existing Hitachi Altaire MRI scanner (the "Altaire").

In an effort to avoid inconveniencing patients and referring physicians, Piedmont Imaging is seeking to employ a temporary mobile MRI scanner in order to provide sufficient MRI coverage while the Altaire is shut down and construction is underway to accommodate the Permanent Replacement. Piedmont Imaging estimates that the construction and installation process for the Permanent Replacement will take 12-16 weeks (the Replacement Period). Therefore, during the Replacement Period, Piedmont Imaging will contract with MedQuest to have the MedQuest MQ-20 mobile MRI scanner (the "Temporary Replacement Scanner"), that is currently providing temporary mobile service at Carolina Imaging while its new MRI scanner is being installed, brought to Winston-Salem to meet Piedmont Imaging's needs during the Replacement Period. As soon as the Permanent Replacement is operational, the Temporary Replacement Scanner will leave the State of North Carolina and will not be brought back into North Carolina without CON approval. At no time during the Replacement Period will Piedmont Imaging be increasing the number of MRI scanners in the Forsyth County MRI inventory. At no time during the Replacement Period will Piedmont Imaging be concurrently operating the Altaire and the Temporary Replacement Scanner.

There are no construction costs involved in the utilizing the Temporary Replacement Scanner at Piedmont Imaging. The Temporary Replacement Scanner will be parked at Piedmont Imaging, 185 Kimel Park Drive, Winston-Salem, North Carolina. Piedmont Imaging has a mobile pad available for use during the Replacement Period.

This proposal meets the definition of "replacement equipment" as set forth in N.C. Gen. Stat. § 131E-176(22a) because:

1. The cost of the equipment and the cost of all activities essential to acquiring and making operational the replacement equipment are less than \$2 million;
2. The existing Altaire is currently in use;
3. The existing Altaire will be removed from North Carolina when MQ 20 arrives in Winston-Salem and will not be brought back to North Carolina without CON approval. Likewise, MQ 20 will be removed from North Carolina when the Permanent Replacement is installed and will not be brought back to North Carolina without CON approval.
4. The sole purpose of this proposal is to temporarily replace comparable medical equipment.

Further, this proposal meets the requirements of 10A NCAC 14C .0303(d) because:

- The Temporary Replacement Scanner has the same technology as the Altaire;
- The Temporary Replacement Scanner is functionally similar and is used for the same diagnostic or treatment purposes as the Altaire and is not used to provide a new health service; and
- The temporary use of the Temporary Replacement Scanner will not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.

None of the exclusions in 10A NCAC 14C .0303(e) apply here.

Based on the foregoing, Carolina Imaging respectfully requests that the CON Section confirm, in writing that the above referenced proposal is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7).

Thank you for your time and attention.

Sincerely,

A handwritten signature in cursive script that reads "Tiffany Brooks". The signature is written in black ink and is positioned above the printed name and title.

Tiffany Brooks
Manager, Certificate of Need

Enclosures

1. May 16, 2012, correspondence
2. Equipment Comparison Form

Exhibit 1 – May 16, 2012 Correspondence

May 16, 2012

VIA HAND DELIVERY

Craig R. Smith, Chief
Martha J. Frisone, Assistant Chief
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Certificate of Need Section
809 Ruggles Drive
Raleigh, North Carolina 27603

Re: Notice of Replacement Equipment for Health Service Area II, Forsyth County/Piedmont Imaging, 185 Kimel Park Drive, Winston-Salem, North Carolina

Dear Craig and Martha:

On behalf of Piedmont Imaging and in accordance with N.C. Gen. Stat. § 131E-184(a)(7), I am writing to notify the Department of Piedmont Imaging's intention to acquire a replacement MRI scanner for its existing outpatient imaging center in Forsyth County.

Piedmont Imaging owns a Hitachi Altaire 0.7T MRI scanner ("Altaire") that is ten (10) years old. *See* Exhibit A, attached replacement equipment comparison form. This MRI scanner now needs to be replaced. Piedmont Imaging intends to replace the existing Altaire with a Hitachi Oasis 1.2T MRI scanner ("Oasis").

The estimated construction costs, including architect's fees and project contingency, for the proposed replacement equipment total \$385,850. The purchase price of the Oasis is \$1,345,000. Piedmont Imaging will also acquire an injector for contrast studies for \$25,819. The total equipment cost including tax is \$1,466,776. The total capital expenditure for the proposed replacement equipment project is \$1,852,626.

This proposal meets the definition of "replacement equipment" as set forth in N.C. Gen. Stat. § 131E-176(22a) because:

1. The cost of the equipment and the cost of all activities essential to acquiring and making operational the replacement equipment are less than \$2 million; and
2. The sole purpose of this proposal is to replace comparable medical equipment currently in use, which will be sold or otherwise disposed of when replaced.

Further, this proposal meets the requirements of 10A NCAC 14C .0303(d) because:

Craig R. Smith
Martha J. Frisone
May 16, 2012
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- The Hitachi Oasis has the same technology as the Altaire although it may possess expanded capabilities due to technological improvements;
- The Hitachi Oasis is functionally similar and is used for the same diagnostic or treatment purposes as the Altaire and is not used to provide a new health service; and
- The acquisition of the Oasis will not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.

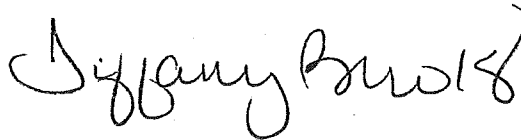
None of the exclusions in 10A NCAC 14C .0303(e) applies here.

Based on the foregoing, Piedmont Imaging respectfully requests that the CON Section confirm, in writing that the above referenced proposal is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7). Please address any correspondence to:

Per B. Normark
MedQuest Associates
3480 Preston Ridge Suite #600
Alpharetta, GA 30005

Thank you for your time and attention.

Sincerely,



Tiffany Brooks
Manager, Certificate of Need

Enclosure

**Exhibit 2 – Temporary Mobile MRI – Equipment
Comparison Chart**

**PIEDMONT IMAGING
EQUIPMENT COMPARISON – MR (TEMPORARY REPLACEMENT)**

	EXISTING EQUIPMENT	TEMPORARY REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	Hitachi	GE
Tesla Rating for MRIs	0.7T	1.5T
Model Number	Altaire	GS Horizon LX
Serial Number	LO77	G1275
Provider's Method of Identifying Equipment	Serial #	MQ20
Specify if Mobile or Fixed	Fixed	Mobile
Mobile Trailer Serial Number/VIN #	NA	1S9FA482431182554
Mobile Tractor Serial Number/VIN #	NA	NA
Date of Acquisition of Each Component	09/2002	07/2010
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	New	Used
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>		
Total Cost of Equipment	\$1,450,000	\$150,000
Fair Market Value of Equipment	\$150,000	\$150,000
Net Purchase Price of Equipment		\$150,000
Locations Where Operated	185 Kimel Park Drive, NC	South Carolina
Number Days In Use/To Be Used in N.C. Per Year	255	Approx. 12-16 weeks
Percent of Change in Patient Charges (by Procedure)	NA	NA
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	NA
Type of Procedures Currently Performed on Existing Equipment	General Outpatient MR Scans of the Body/ Extremities	General Outpatient MR Scans of the Body/ Extremities + MRA Carotid, Renal, Faster Acquisition Times
Type of Procedures New Equipment is Capable of Performing	General Outpatient MR Scans of the Body/ Extremities	General Outpatient MR Scans of the Body/ Extremities + MRA Carotid, Renal, Faster Acquisition Times