



North Carolina Department of Health and Human Services
Division of Health Service Regulation

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

Drexdal Pratt
Division Director

April 30, 2014

Denise M. Gunter
Nelson, Mullins, Riley & Scarborough, LLP
380 Knollwood Street, Suite 530
Winston-Salem NC 27103

Exempt from Review - Replacement Equipment

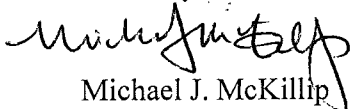
Facility: Mobile Imaging of North Carolina
Project Description: Replace mobile MRI scanner
County: Harnett
FID #: 020374

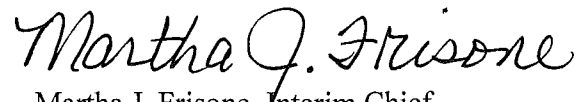
Dear Ms. Gunter:

In response to your letter of April 8, 2014, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the GE 1.5T Excite HDXt mobile MRI scanner to replace the existing GE 1.5T LX mobile MRI scanner [Serial # R2193]. This determination is based on your representations that the existing 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 Branch with the serial number of the new equipment to update the inventory, if not already provided.

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,


Michael J. McKillip
Project Analyst


Martha J. Frisone, Interim Chief
Certificate of Need Section

cc: Medical Facilities Planning Branch, DHSR



Certificate of Need Section

www.ncdhhs.gov

Telephone: 919-855-3873 • Fax: 919-733-8139

Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

An Equal Opportunity/ Affirmative Action Employer



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Nelson Mullins

Nelson Mullins Riley & Scarborough LLP
Attorneys and Counselors at Law
380 Knollwood Street / Suite 530 / Winston-Salem, NC 27103
Tel: 336.774.3300 Fax: 336.774.3372
www.nelsonmullins.com

Received by
the CON Section
APR 8 2014

Denise M. Gunter
Tel: 336.774.3322
Fax: 336.774.3372
denise.gunter@nelsonmullins.com

April 8, 2014

Hand Delivered

Martha J. Frisone, Interim 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 Mobile Imaging of North Carolina, LLC

Dear Martha:

I am writing on behalf of Mobile Imaging of North Carolina, LLC ("MINC"). MINC¹ operates a GE 1.5T LX mobile MRI scanner that currently serves Durham Diagnostic Imaging-Southpoint, Durham Diagnostic Imaging - Henderson, Bladen Hospital and Carolina Regional Radiology (also known as Valley Radiology). The GE 1.5T LX mobile unit was acquired in 2002 and now requires replacement. See Exhibit A (replacement equipment comparison form). MINC proposes to replace the existing General Electric 1.5T LX mobile MRI scanner (the "Existing Mobile MRI Scanner") with a General Electric HDXT 1.5T MRI scanner (the "Replacement Scanner"). See Exhibit B (equipment quote).

The purchase price of the Replacement Scanner is \$620,925, which includes sales tax. See Exhibit C (capital cost form). There are no construction costs or other costs associated with the replacement of the Existing Mobile MRI Scanner.

The Replacement Scanner will continue to be utilized at the following authorized host sites:

Durham Diagnostic Imaging - Southpoint

¹ Mobile Imaging of North Carolina, LLC is a joint venture between Carolina Regional Radiology and Triad Imaging, LLC. See Project ID No. M-6605-02.

Martha J. Frisone
April 8, 2014
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5107 Southpark Drive, Suite 101
Durham, North Carolina 27713

Durham Diagnostic Imaging – Henderson
857 South Beckford Drive
Henderson, North Carolina 27536

Bladen Hospital
501 South Poplar Street
Elizabethtown, North Carolina 28337

Carolina Regional Radiology
169 Rawls Church Road
Angier, NC 27501

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 Existing Mobile MRI Scanner and the cost of all activities essential to acquiring and making operational the Existing Mobile MRI Scanner are less than \$2 million;
2. The Existing Mobile MRI Scanner is currently in use;
3. The Existing Mobile MRI Scanner will be removed from North Carolina when the Replacement Scanner unit is operational and will not be brought back to North Carolina without CON approval; and
4. The sole purpose of this proposal is to replace comparable medical equipment.

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

- The Replacement Scanner has the same technology as the Existing Mobile MRI Scanner;
- The Replacement Scanner is functionally similar and is used for the same diagnostic or treatment purposes as the Existing Mobile MRI Scanner and is not used to provide a new health service; and
- The 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 Existing Mobile MRI Scanner is replaced.


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

Martha J. Frisone
April 8, 2014
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Based on the foregoing, MINC 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,

Denise M. Gunter
Denise M. Gunter 

Enclosures

Mobile Imaging of North Carolina
EQUIPMENT COMPARISON - MR

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	GE	GE
Tesla Rating for MRIs	1.5T	1.5T
Model Number	LX	Excite HDXt
Serial Number	R2193	TBD
Provider's Method of Identifying Equipment	Serial #	Serial #
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1KKVA48213L211006	TBD
Mobile Tractor Serial Number/VIN #		
Date of Acquisition of Each Component	10/2002	TBD
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 >	NA	
Total Cost of Equipment	\$1,488,013	\$620,925
Fair Market Value of Equipment	\$150,000	\$620,925
Net Purchase Price of Equipment		\$620,925
Locations Where Operated	DDI-Southpoint DDI-Henderson Carolina Regional Radiology Bladen Hospital	DDI-Southpoint DDI-Henderson Carolina Regional Radiology Bladen Hospital
Number Days In Use/To Be Used in N.C. Per Year	255	255
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



Exhibit B

PHONE 517-668-8800
TOLL FREE 888-694-6478
FAX 517-668-8899

SALES AGREEMENT

Quotation No.: 10706
Quotation Date: 03/31/2014
Quotation Expiration: 06/30/2014
Customer No.: C029420
Page No.: 1 of 3

Please Initial and Return All
Remaining Pages

QUOTATION FOR:

MedQuest Associates
3480 Preston Ridge Road
Suite 600
Alpharetta, GA 30005
USA

Regional VP: Dave McAndrews
INCO Term: CIP NC
INCO Terms 2010 Applies

Contact Name: Chris Murphy
Contact Phone: 336-254-9944

Contact Mobile:

Contact E-Mail: cmurphy@medquestmail.com

GE 1.5T EXCITE HDXt Mobile MRI

This Agreement, which includes the Standard Terms and Conditions as set forth online at (http://www.blockimaging.com/sales_terms_2012A), shall constitute a binding contract between the parties upon it being signed and dated by authorized representatives of both parties. The individuals signing for the respective parties declare that they are authorized to legally bind their party to this Agreement.

BUYER ACCEPTANCE:

MedQuest Associates

Accepted By: _____
Title: _____
Signature: _____
Date: _____

SELLER:

Block Imaging International, Inc.

Accepted By: _____
Title: _____
Signature: _____
Date: _____



PHONE 517-668-8800
 TOLL-FREE 888-694-6478
 FAX 517-668-8899

SALES AGREEMENT

Quotation No.: 10706
 Quotation Date: 03/31/2014
 Quotation Expiration: 06/30/2014
 Customer No.: C029420
 Page No.: 2 of 3

Buyer Initials: _____

QTY.	Equipment Description	Unit Price	Total
1	<p>GE 1.5T EXCITE HDXt Mobile MRI</p> <ul style="list-style-type: none"> - Upgraded to HDXT - CXK4 Magnet - 15X Software - 16 Channel System - Medrad MRI Injector - Software Options Include: Echo Planar Imaging, Fast Gradient Echo, CINE, Fast Spin Echo & FLAIR, Time of Flight, Phased Contrast Vascular Imaging, Research, ProActive Service, Research PSD, SGD_EchoSpeed, DW EPI, FLAIR EPI, SPECIAL, Smart Prep, SSFSE, Three Plane Localizer, Modality-Worklist, E3D TOF, FSE XL, BloodSupp, Fastcine, Tagging, Sgdperf, iDrive Pro, iDrive, SmartPrep 2000 Upgrade, Functool 2, Voxtool, Interactive Vascular Imaging, Clariview, Performed Procedure Step, fgret, fgret Real Time, Spiral Hi-Res, Spiral Real Time, iDrive Pro Plus, Ultrashort TR, T2 Breathhold, SSFSE MRCP, T1 Breathhold, ACGD Plus, Fluoro-Triggered MRA, MRCP3, Dynamic R1, Fiesta 2D, Fiesta 3D, Assett, Diffusion Tensor, 3 DFRFSE, Assett Plus, TRICKS, FIESTA-c, BREAST 2, Propeller DWI, 3D Fat/Sat FIESTA, Brain Wave RT, Propeller T2, 2D Fat/Sat FIESTA, 16 Channel, LAVA, Multi-Phase (Variable Delays), Blood Flow and Volume Measurements, 2D MERGE, BRAVO, HDx Key, 3D Dual Echo, ARC Coils: 16 Channel Head/Neck/Spine 8 Channel Neurovascular Array 8 Channel Body Array 8 Channel Brain Array MRI Devices Shoulder Array Quad Head Torso Array Knee GP Flex 8 Channel Knee coil for GE Excite HD= 8 Channel Foot Ankle Coil for GE Excite HD, Part# 5308342-2 8 Channel Wrist Coil for GE Excite HD, Part# 5160986-2 8 HD Shoulder Array Coil for GE Excite HD 7 Channel Breast Biopsy Array <p>NOTES:</p> <p>1. Price Includes: System(s), packaging for transport, delivery of the Mobile MRI Equipment to Buyer's designated site in North Carolina, insurance associated with the delivery, installation and 30 Day Service Agreement (Terms and Conditions Under Separate Cover).</p> <p>2. Buyer's Responsibility: Applications Training (Available on Request for an Additional Fee), and Site Readiness.</p>	\$ 588,500.00	\$ 588,500.00

BII-QUT20002-Retail Sales Agreement



PHONE 517-668-8800
 TOLL-FREE 888-694-6478
 FAX 517-668-8899

SALES AGREEMENT

Quotation No.: 10706
 Quotation Date: 03/31/2014
 Quotation Expiration: 06/30/2014
 Customer No.: C029420
 Page No.: 3 of 3

Buyer Initials: _____

QTY.	Equipment Description	Unit Price	Total
	<p>It is Buyer's Responsibility to Provide a Site Ready for Installation of System. All matters regarding the readiness of the room are for the account of the buyer. These items include, but are not limited to the following: Shielding (Lead or RF), HVAC, Cryogens needed for installation, Water Chillers, Electrical Wiring, Panels, UPS Units, Unistrut, and Transformers. Any required site testing must be completed and results forwarded to Block Imaging for evaluation of site suitability. Buyer is responsible for obtaining and licensing (as applicable) prior to installation. Applicable items must be on site and available for completion of system calibrations as directed by Block Imaging Project Manager. The Block Imaging sales representative may be able to assist with acquisition of needed ancillary items upon request. Buyer shall arrange for needed cryogen delivery during installation, in coordination with Seller's product manager, to ensure completed installation. In order to perform this responsibility, Buyer agrees to place the Equipment under a cryogen contract prior to installation. Any Additional Expenses Caused by Buyer's Delay Shall be Billed to Buyer.</p>		

Subtotal \$ 588,500.00
Shipping Tax
Total Purchase Price \$ 588,500.00

PAYMENT TERMS: Deposit of 20% of the Total Purchase Price or \$ 117,700.00 Due With Signed Agreement
 Balance Due Upon Delivery

In the event multiple systems are being purchased with varying delivery dates, the above noted Payment Terms shall be applied to each system delivery as it occurs.

INSPECTION: Inspection must take place by 10 (TEN) Business Days from Date of Signed Agreement

BANKING INFORMATION: ALL BANK WIRE FEES TO BE PAID BY THE SENDER.

WIRE TRANSFER INFORMATION: Bank of America, 100 West 33rd Street, NY, NY 10001
INTERNATIONAL SWIFT CODE: BOFAUS3N
ROUTING NUMBER: 026009593
ROUTING NUMBER for ACH PAYMENTS: 072000805
BENEFICIARY: Block Imaging International, Inc., Holt, MI 48842, USA
 Account Number: 003114000271

ALL PAYMENTS TO BE MARKED "WITHOUT COSTS TO BENEFICIARY"

PROPOSED CAPITAL COSTS

Project Name: MINC Mobile MRI Replacement

Proponent: MINC

A. <u>Site Costs</u>		
(1)	Full purchase price of land.....	\$ _____
(2)	Acres _____ Price per Acre \$ _____	
(3)	Closing costs.....	\$ _____
(4)	Site Inspection and Survey.....	\$ _____
(5)	Legal fees and subsoil investigation.....	\$ _____
Site Preparation Costs		
	Soil Borings.....	\$ _____
	Clearing-Earthwork.....	\$ _____
	Fine Grade For Slab.....	\$ _____
	Roads-Paving.....	\$ _____
	Concrete Sidewalks.....	\$ _____
	Water and Sewer.....	\$ _____
	Footing Excavation.....	\$ _____
	Footing Backfill.....	\$ _____
	Termite Treatment.....	\$ _____
	Other (Specify).....	\$ _____
	Sub-Total Site Preparation Costs.....	\$ _____
(6)	Other (Specify).....	\$ _____
(7)	Sub-Total Site Costs.....	\$ N/A
(8)	<u>Construction Contract</u>	
(9)	Cost of Materials	
	General Requirements	
	Concrete/Masonry	
	Woods/Doors & Windows/Finishes	
	Thermal & Moisture Protection	
	Equipment/Specialty Items	
	Mechanical/Electrical	
	Other (Specify)	
	Sub-Total Cost of Materials.....	\$ _____
(10)	Cost of Labor.....	\$ _____
(11)	Other (Specify).....	\$ N/A
(12)	Sub-Total Construction.....	\$ N/A
B. <u>Miscellaneous Project Costs</u>		
(13)	Building Purchase.....	\$ _____
(14)	Fixed Equipment Purchase/Lease (MR, Conch, Injector, Printer, Coils).....	\$ 588,500.00
(15)	Movable Equipment Purchase/Lease.....	\$ _____
(16)	Furniture.....	\$ _____
(17)	Landscaping.....	\$ _____
(18)	Consultant Fees	
	Architect and Engineering Fees.....	\$ _____
	Legal Fees.....	\$ _____
	Market Analysis.....	\$ _____
	Other (taxes and shipping).....	\$ _____
	Sub-Total Consultant Fees (All Inclusive).....	\$ _____
(19)	Financing Costs (e.g. Bond, Loan, etc.).....	\$ _____
(20)	Interest During Construction.....	\$ _____
(21)	Other (taxes and shipping).....	\$32,425
(22)	Sub-Total Miscellaneous.....	\$32,425
(23)	Total Capital Cost of Project (Sum A-C above).....	\$620,925

I certify that, to the best of my knowledge, the above construction related costs of the proposed project named above are complete and correct.

Not Applicable
 (Signature of Licensed Architect or Engineer)

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

[Signature] [Signature] GC
 (Proponent - signature of officer) (Title of officer)