



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

Pat McCrory
Governor

Richard O. Brajer
Secretary DHHS

Mark Payne
Assistant Secretary for Audit and
Health Service Regulation

April 22, 2016

Kimberly Jacobs
Kings Medical Group
1920A Georgetown Road
Hudson, OH 44236

Exempt from Review – Replacement Equipment

Record #: 1929
Business Name: Kings Medical Group
Business #: 1068
Project Description: Replace a grandfathered mobile MRI scanner
County: Durham

Dear Ms. Jacobs:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of April 11, 2016, the above referenced proposal is exempt from certificate of need review in accordance with G.S 131E-184(a)(7). Therefore, you may proceed to acquire, without a certificate of need, the Siemens 1.5T Magnetom Espree mobile MRI scanner. This determination is based on your representations that the unit will be removed from North Carolina and will not be used again in the State without first obtaining a certificate of need.

It should be noted that the 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 office and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Bernetta Thorne-Williams
Bernetta Thorne-Williams
Project Analyst

Martha J. Frisone
Martha J. Frisone,
Assistant Chief, Certificate of Need

cc: Kelli Fisk, Program Assistant, Healthcare Planning, DHSR



Healthcare Planning and Certificate of Need Section

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

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An Equal Opportunity/ Affirmative Action Employer





An Employee Owned Company



Review # 1929
Business # 1068

April 11, 2016

Martha Frisone, Assistant Chief
Certificate of Need Section
North Carolina Department of Health and Human Services
Division of Health Service Regulation
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

Re: Kings Medical Group/Notice of Replacement Equipment

Dear Ms. Frisone:

On behalf of Kings Medical Group ("Kings"), I am writing to inform the CON Section of Kings' intention to replace one of its existing grandfathered mobile MRI scanners (the "Existing Unit") with a Siemens Magnetom Espree 1.5T mobile MRI scanner (the "Replacement Unit"). The Existing Unit is currently serving Orthopedic Specialists of North Carolina, Clemmons Medical Center and Durham Diagnostic Imaging – Southpoint. The total project cost is \$1,368,000. A copy of the Equipment Comparison form is attached as Exhibit A.

The Replacement Unit meets the definition of "replacement equipment" in N.C. Gen. Stat. § 131E-176(22a) because it costs less than \$2 million and is purchased for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced. Further, the Replacement Unit meets the requirements of 10A NCAC 14C.0303(c) because it is functionally similar to the Existing Unit and is used for the same diagnostic or treatment purposes. The Replacement Unit also meets the requirements of 10A NCAC 14C.0303(d) because:

- (1) it has the same technology as the equipment currently in use, although it may possess expanded capabilities due to technological improvements; and
- (2) it is functionally similar and is used for the same diagnostic or treatment purposes as the equipment currently in use and is not used to provide a new health service; and

(3) the acquisition of the equipment does 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.

(4) the existing mobile unit will be removed from North Carolina when the replacement mobile unit is operational and will not be brought back to North Carolina without CON approval.

None of the exclusions in 10A NCAC 14C.0303(e) applies here. *See* Equipment Comparison Form attached as Exhibit A.

Accordingly, based on the foregoing, we respectfully ask the CON Section to confirm that Kings' proposed acquisition of the Replacement Unit is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7).

We appreciate your prompt consideration of this information.

Sincerely,

Handwritten signature of Kimberly Jacobs in cursive script.

Kimberly Jacobs, CEO
Kings Medical Group

EQUIPMENT COMPARISON – MR REPLACEMENT
KINGS MEDICAL GROUP – GRANDFATHERED MOBILE MRI UNIT

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI Scanner	MRI Scanner
Manufacturer of Equipment	Siemens	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	Espreo	Espreo
Serial Number	31267	TBD
Provider's Method of Identifying Equipment	Serial Number	Serial Number
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1M9A3A828CH022810	TBD
Mobile Tractor Serial Number/VIN #		
Date of Acquisition of Each Component	2012	2016
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	Used	New (Refurbished)
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>	\$1,238,358	\$1,368,000
Total Cost of Equipment	\$1,238,358	\$1,368,000
Fair Market Value of Equipment		
Net Purchase Price of Equipment		
Locations Where Operated	OSNC, Clemmons Medical Center, Durham Diagnostic Imaging – Southpoint	OSNC, Clemmons Medical Center, Durham Diagnostic Imaging – Southpoint
Number Days In Use/To Be Used in N.C. Per Year	365 less any holidays	365 less any holidays
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	MRI Scans	
Type of Procedures New Equipment is Capable of Performing		MRI Scans