



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 5, 2016

Denise M. Gunter  
380 Knollwood  
Suite 530  
Winston-Salem, NC 27103

**Exempt from Review – Replacement Equipment**

**Record #:** 1917  
**Facility Name:** Cape Fear Mobile Imaging  
**FID #:** 020872  
**Business Name:** Cape Fear Mobile Imaging, LLC  
**Business #:** 2375  
**Project Description:** Replace mobile MRI scanner  
**County:** New Hanover

Dear Ms. Gunter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of March 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 Espree 1.5T mobile MRI scanner, VIN Number 1M9A3A828CH022810. 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.

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,

Tanya S. Rupp  
Project Analyst

Martha J. Frisone,  
Assistant Chief, Certificate of Need

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



**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

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March 11, 2016

## VIA HAND-DELIVERY

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

Bus 2375  
020872 FID  
NR ID 1917

Re: Notice of Replacement Mobile MRI Equipment – Cape Fear Mobile Imaging, LLC – Project I.D. No. O-6665-02

Dear Martha:

Pursuant to N.C. Gen. Stat. § 131E-184(a)(7), I am writing on behalf of Novant Health, Inc. and its subsidiary Cape Fear Mobile Imaging, LLC (CFMI) to provide written notice of CFMI's intention to replace its existing GE 1.5T mobile MRI scanner with a previously-owned Siemens Espree 1.5T mobile MRI unit, which will be internally known as MQ 17 (the "Replacement Unit"). There will be no increase in the mobile MRI inventory as a result of this replacement request. Total costs of the replacement scanner are \$800,000 which includes all costs essential to acquiring and making the replacement equipment operational. This cost is well within the applicable \$2 million cost threshold contained in N.C. Gen. Stat. § 131E-176(22a).

An equipment comparison form is attached hereto as Exhibit A and a capital cost form is attached as Exhibit B. There are no estimated construction costs related to this project as it involves the replacement of a mobile MRI unit. 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

Martha J. Frisone  
March 11, 2016  
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(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

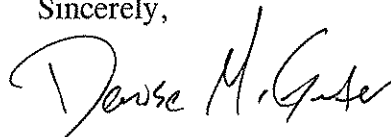
(3) the acquisition of the equipment does not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.

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

Based on the foregoing, CFMI 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



Enclosures

EXHIBIT

A

## EQUIPMENT COMPARISON - MRI REPLACEMENT

Project ID No. O-6665-02

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI Scanner	MRI Scanner
Manufacturer of Equipment	General Electric	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	Excite Echosped	Espreo
Serial Number	R5786	31267
Provider's Method of Identifying Equipment	Serial Number	Serial Number
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1S9FA482371183166	1M9A3A828CH022810
Mobile Tractor Serial Number/VIN #		
Date of Acquisition of Each Component	2009	2012
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	Used	Used
Total Capital Cost of Project (Including Construction, etc.) < Use Attached Form >	\$668,750 incl'd sales tax	\$800,000
Total Cost of Equipment	\$625,000	\$800,000
Fair Market Value of Equipment	\$625,000	\$800,000
Net Purchase Price of Equipment	Same	Same
Locations Where Operated	Southern Pines Diagnostic Imaging; NCDI-Cary; Raleigh Radiology; Carolina Imaging	Southern Pines Diagnostic Imaging; NCDI-Cary; Raleigh Radiology; Carolina Imaging
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	MRI scans
Type of Procedures New Equipment is Capable of Performing	MRI scans	MRI scans



**PROJECT CAPITAL COST**

<b>A. Site Costs</b>			
(1)	Full purchase price of land	\$Not Applicable	
	# Acres _____ Price per Acre \$ _____		
(2)	Closing costs	\$Not Applicable	
(3)	Site Inspection and Survey	\$Not Applicable	
(4)	Legal fees and subsoil investigation	\$Not Applicable	
(5)	Site Preparation Costs [Include]		
	Soil Borings		
	Clearing and Grading		
	Roads and Parking		
	Sidewalks		
	Water and Sewer		
	Excavation and Backfill		
	Termite Treatment		
	Sub-Total Site Preparation Costs	\$Not Applicable	
(6)	Other (Specify)	\$Not Applicable	
(7)	Sub-Total Site Costs		\$ Not Applicable
<b>B. Construction Contract</b>			
(8)	Cost of Materials [Include]		
	General Requirements		
	Concrete/Masonry		
	Woods/Doors & Windows/Finishes		
	Thermal & Moisture Protection		
	Equipment/Specialty Items		
	Mechanical/Electrical		
	Sub-Total Cost of Materials	\$	
(9)	Cost of Labor		\$ _____
(10)	Other		\$ _____
(11)	Sub-Total Construction Contract		\$0
<b>C. Miscellaneous Project Costs</b>			
(12)	Building Purchase	\$	
(13)	Fixed Equipment Purchase/Lease	\$ 800,000 (includes sales tax)	
(14)	Movable Equipment Purchase/Lease	\$	
(15)	Furniture	\$	
(16)	Landscaping		\$ _____
(17)	Consultant Fees		
	Architect/Engineering Fees	\$	
	Legal Fees	\$	
	Market Analysis	\$	
	Other		
	Total Consultant Fees		\$ _____
(18)	Financing Costs (e.g. Bond, Loan, etc.)		\$Not Applicable
(19)	Interest During Construction	\$Not Applicable	
(20)	Other	\$ \$0	
	Other		
(21)	Sub-Total Miscellaneous		\$ _____
D.	Total Capital Cost of Project (Sum A-C above)		\$800,000

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

NA  
(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.

*Per Normack*  
(Proponent)

ATTORNEY IN FACT  
(Title of Officer)