



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

August 6, 2018

Susan McNear Fradenburg
300 N. Greene Street
Suite 1400
Greensboro, NC 27401

Exempt from Review – Replacement Equipment

Record #: 2677
Business Name: InSight Health Corporation
Business #: 1024
MRI ID #: G1237A
Project Description: Replace existing mobile MRI scanner
County: New Hanover

Dear Ms. Fradenburg:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of July 31, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(7). Therefore, you may proceed to acquire without a certificate of need the GE 1.5 23X, G1816A MRI scanner to replace the GE 1.5R 16X, G1237A MRI scanner. This determination is based on your representations that the existing unit will be sold or otherwise disposed of and will not be used again in the State without first obtaining a certificate of need if one is required.

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
Chief, Healthcare Planning and
Certificate of Need Section

cc: Construction Section, DHSR
Acute and Home Care Licensure & Certification Section, DHSR
Melinda Boyette, Administrative Assistant, Healthcare Planning, DHSR

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2701 Mail Service Center, Raleigh, NC 27699-2701
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3750 • FAX: 919-733-2757

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

July 31, 2018

Martha Frisone, Chief
Tanya Rupp, Project Analyst
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, NC 27699-2704

Via E-Mail and U.S. Mail



NR 2677
Bus 1024

Re: Request for Exemption for Replacement Mobile MRI
InSight Health Corp.

Dear Martha and Tanya:

We are writing on behalf of our client InSight Health Corp. ("InSight") to give prior written notice that InSight plans to replace its existing mobile magnetic resonance imaging ("MRI") scanner with comparable new equipment pursuant to N.C. Gen. Stat. § 131E-184(a)(7). In support of this request we have enclosed a completed Equipment Comparison Chart (Exhibit A) and a Proposed Capital Cost Form (Exhibit B).

InSight's existing mobile MRI is a "grandfathered" scanner that did not require a Certificate of Need. See Exhibit C. The mobile MRI Scanner is designated internally by InSight as unit G1237A. The existing mobile MRI currently provides service in Wilmington, New Hanover County, NC, Jacksonville, Onslow County, NC and Rocky Mount, Nash County, NC. A copy of the most recent equipment registration and inventory form submitted to the Division of Health Service Regulation ("DHSR") is attached as Exhibit C.

Purchased in 2000, the mobile MRI needs to be replaced due to age, outdated technology, and increasing maintenance challenges. The existing mobile MRI will be replaced with a General Electric, MRI GE 1.5 23X, designated internally as G1816A. The replacement MRI is comparable medical equipment pursuant to 10A N.C.A.C. 14C.0303 because it is functionally similar and will be used for the same diagnostic and treatment purpose as the existing equipment. Both pieces of equipment can perform Brain, Spine, Extremity, Angiography, Abdomen, and

Martha Frisone, Chief
Tanya Rupp, Project Analyst
July 31, 2018
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Breast imaging procedures. The replacement MRI will allow for better quality studies, better quality images, and better throughput but will not be used to provide a new health service. Furthermore, InSight does not intend to increase the patient charge or per procedure operating expenses within the first 12 months after the replacement equipment is put into service in N.C. For further equipment comparison, please refer to Exhibit A, a chart comparing the existing MRI with the replacement MRI. The existing mobile MRI, Unit G1237A, will be moved out of State when the replacement equipment, Unit G1816A, arrives.

Pursuant to N.C. Gen. Stat. § 131E-176(22a) the capital expenditure for replacement equipment is deemed to be the greater of the cost of the replacement equipment or the fair market value. InSight already owns the mobile MRI that will replace the existing grandfathered scanner. Unit G1816A was purchased on July 28, 2017 and currently is in service out of State, and not presently subject to N.C. CON Regulations. InSight's original cost to acquire Unit G1816A in 2017 was \$835,000. However, since InSight already owns the replacement scanner, there is no cost associated with acquiring the replacement equipment. Unit G1816A currently has a fair market value of \$800,000, far below the limit of \$2,000,000 set forth in N.C. Gen. Stat. § 131E-176(22a).

There will be no additional capital costs incurred related to the replacement of the equipment. There will be no construction or renovations necessary to make the equipment operational, and no architect or engineering fees because the existing scanner and replacement scanner are both mobile MRI scanners which do not require construction costs to install and house.

We look forward to receiving your letter confirming that InSight's replacement of its existing MRI is exempt from certificate of need review pursuant to N.C. Gen. Stat. § 131E-184(a)(7) based on the information in this letter and the attached documentation. If you have any questions or need additional information, please let me know.

Martha Frisone, Chief
Tanya Rupp, Project Analyst
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With kindest regards, I am

Very truly yours,

SMITH MOORE LEATHERWOOD LLP

Susan McNear Fradenburg

Susan McNear Fradenburg

Enclosures

EXHIBIT A

EQUIPMENT COMPARISON

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI GE 1.5 16X	MRI GE 1.5 23X
Manufacturer of Equipment	General Electric	General Electric
Tesla Rating for MRIs	1.5 T	1.5 T
Model Number	Signa	Signa
Serial Number	R0955	R2229
Provider's Method of Identifying Equipment	G1237A	G1816A
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1LH152UH7Y1011065	1S9FA482131182561
Mobile Tractor Serial Number/VIN #	1XKAD49X1CJ335948	1XKAD49X1CJ335948
Date of Acquisition of Each Component	2000	July 28, 2017
Does Provider Hold Title to Equipment or Have a Capital Lease?	Hold Title	Hold Title
Specify if Equipment Was/Is New or Used When Acquired	Used	Used
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>	NA	\$0.00
Total Cost of Equipment	600,000	835,000
Fair Market Value of Equipment	500,000	800,000
Net Purchase Price of Equipment	650,000	835,000
Locations Where Operated	<p>Delaney Radiologists 1025 Medical Center Drive Wilmington, NC 28401</p> <p>Delaney Radiologists 2800 Ashton Drive Wilmington, NC 28412</p> <p>Diagnostic Imaging Partners 2000 Brabham Ave. Jacksonville, NC 28546</p> <p>Boice Willis 1091 North Winstead Ave Rocky Mount, NC 27804</p>	<p>Delaney Radiologists 1025 Medical Center Drive Wilmington, NC 28401</p> <p>Delaney Radiologists 2800 Ashton Drive Wilmington, NC 28412</p> <p>Diagnostic Imaging Partners 2000 Brabham Ave. Jacksonville, NC 28546</p> <p>Boice Willis 1091 North Winstead Ave Rocky Mount, NC 27804</p>

Number Days In Use/To be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	NA	No Change
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	No Change
Type of Procedures Currently Performed on Existing Equipment	Brain, Spine, Extremity, Angiography, Abdomen, Breast.	NA
Type of Procedures New Equipment is Capable of Performing	NA	Brain, Spine, Extremity, Angiography, Abdomen, Breast..

EXHIBIT B

PROPOSED CAPITAL COSTS

Project Name: Replacement Mobile Magnetic Resonance Imaging

Proponent: InSight Health Corp.

A. Site Costs

- (1) Full purchase price of land \$ _____
Acres _____ Price per Acre \$ _____
- (2) Closing costs \$ _____
- (3) Site Inspection and Survey \$ _____
- (4) Legal fees and subsoil investigation. \$ _____
- (5) 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** \$ 0

B. Construction Contract

- (8) 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 \$ _____
- (9) Cost of Labor \$ _____
- (10) Other (Specify) \$ _____
- (11) **Sub-Total Construction Contract** \$ _____

C. Miscellaneous Project Costs

- (12) Building Purchase \$ _____
- (13) Fixed Equipment Purchase/Lease \$ _____
- (14) Movable Equipment Purchase/Lease \$ 0 (equipment already owned)
- (15) Furniture \$ _____
- (16) Landscaping \$ _____
- (17) Consultant Fees
 - Architect and Engineering Fees \$ _____
 - Legal Fees \$ _____
 - Market Analysis \$ _____
 - Other (Specify) \$ _____
- Sub-Total Consultant Fees \$ _____
- (18) Financing Costs (e.g. Bond, Loan, etc.) \$ _____

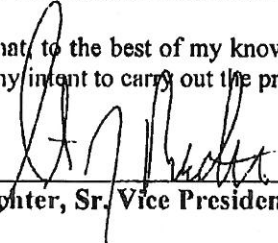
(19)	Interest During Construction	\$ _____
(20)	Other (Specify) _____	\$ _____
(21)	Sub-Total Miscellaneous	\$ <u>0</u>
(22)	Total Capital Cost of Project (Sum A-C above)	\$ <u>0</u>

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

N/A

 (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.



 Steve Richter, Sr. Vice President and General Manager

7-30-18

 (Date)

EXHIBIT C



Section Two

Equipment and procedures Information

Time Period for Report: 10/1/2016 - 9/30/2017 Other time period: _____

(Please make additional copies of pages of this form as needed)

Mobile Scanner Information (one scanner per page)			
Manufacturer/Tesla	GE 1.5 Tesla		
Model #	Signa Horizon LX		
Open or Closed Scanner	Closed		
Serial or I.D. #	G1237A		
Date of acquisition			
Purchase price			
Certificate of Need Project ID	Grandfathered Scanner		
Certificate Holder, as Listed on Certificate of Need	InSight Health Corp.		
If Leased or Rented, Name Provider of Equipment			
	Service Site 1	Service Site 2	Service Site 3
Name of entity where service is provided (Service Site):	Delaney Radiologists		
Address	1025 Medical Ctr. Dr.		
City, State, Zip	Wilmington, NC 28401		
County	New Hanover		
Inpatient Procedures*:	Inpatient : 0	Inpatient : 0	Inpatient : 0
- with Contrast or Sedation	with: 0	with: 0	with: 0
- without Contrast or Sedation	w/out: 0	w/out: 0	w/out: 0
	Total: 0	Total: 0	Total: 0
Outpatient Procedures*:	Outpatient : 2,355	Outpatient : 0	Outpatient : 0
- with Contrast or Sedation	with: 913	with: 0	with: 0
- without Contrast or Sedation	w/out: 1,442	w/out: 0	w/out: 0
	Total: 2,355	Total: 0	Total: 0
Total # of procedures	TOTAL: 2,355	TOTAL: 0	TOTAL: 0
Put a check by days per week, and write in the number of hours per day, the scanner is in operation	<input checked="" type="checkbox"/> SUN 12 hours	<input type="checkbox"/> SUN hours	<input type="checkbox"/> SUN hours
	<input type="checkbox"/> MON hours	<input type="checkbox"/> MON hours	<input type="checkbox"/> MON hours
	<input type="checkbox"/> TUE hours	<input type="checkbox"/> TUE hours	<input type="checkbox"/> TUE hours
	<input type="checkbox"/> WED hours	<input type="checkbox"/> WED hours	<input type="checkbox"/> WED hours
	<input checked="" type="checkbox"/> THU 12 hours	<input type="checkbox"/> THU hours	<input type="checkbox"/> THU hours
	<input checked="" type="checkbox"/> FRI 12 hours	<input type="checkbox"/> FRI hours	<input type="checkbox"/> FRI hours
	<input checked="" type="checkbox"/> SAT 12 hours	<input type="checkbox"/> SAT hours	<input type="checkbox"/> SAT hours
Total # of hours in operation for 05/19/2015 - 9/30/2016	10/1/2016 -9/30/2017 Total service hours = 2,424		

*An MRI procedure is defined as a single discrete MRI study of one patient (single CPT coded procedure). An MRI study means one or more scans relative to a single diagnosis or symptom. The total number of procedures should be equal to or more than the total number of patients reported on the MRI Patient Origin Table on page five of this report.

Name of entity that acquired the equipment (from page one) _____ Insight Health Corp.



Section Three

MRI Procedures by CPT Code by Service Site

Please write the number of procedures provided by CPT Code during the time period of this report. Report separately for each service site, making additional copies of the two pages as needed. Total procedures by CPT code should be the same for each site as reported by site on page two of this report.

Service Site Name: Delaney Radiologists		Site 1		
CPT Code	CPT Description	Inpatient Procedures	Delaney Radiologists	Total Number of Procedures
70336	MRI Temporomandibular Joint(s)			0
70540	MRI Orbit/Face/Neck w/o		4	4
70542	MRI Orbit/Face/Neck with contrast			0
70543	MRI Orbit/Face/Neck w/o & with		30	30
70544	MRA Head w/o		28	28
70545	MRA Head with contrast			0
70546	MRA Head w/o & with		1	1
70547	MRA Neck w/o		1	1
70548	MRA Neck with contrast			0
70549	MRA Neck w/o & with		8	8
70551	MRI Brain w/o		67	67
70552	MRI Brain with contrast			0
70553	MRI Brain w/o & with		388	388
70554	MR functional imaging, w/o physician admin			0
70555	MR functional imaging, with physician admin			0
71650	MRI Chest w/o		2	2
71651	MRI Chest with contrast			0
71652	MRI Chest w/o & with		4	4
71656	MRA Chest with OR without contrast		2	2
72126	Cervical Spine Infusion only			0
72141	MRI Cervical Spine w/o		222	222
72142	MRI Cervical Spine with contrast			0
72166	MRI Cervical Spine w/o & with		47	47
72146	MRI Thoracic Spine w/o		47	47
72147	MRI Thoracic Spine with contrast			0
72167	MRI Thoracic Spine w/o & with		33	33
72148	MRI Lumbar Spine w/o		391	391
72149	MRI Lumbar Spine with contrast		4	4
72168	MRI Lumbar Spine w/o & with		221	221
72159	MRA Spinal Canal w/o OR with contrast			0
72196	MRI Pelvis w/o		10	10
72196	MRI Pelvis with contrast			0
72197	MRI Pelvis w/o & with		23	23
72198	MRA Pelvis w/o OR with Contrast			0
73218	MRI Upper Ext, other than joint w/o		14	14
73219	MRI Upper Ext, other than joint with contrast			0
73220	MRI Upper Ext, other than joint w/o & with		8	8
Subtotal for page		0	1646	1646

Name of entity that acquired the equipment (from page one) Insight Health Corp.



Section Three, continued

MRI Procedures by CPT Code by Service Site

Service Site Name: Delaney Radiologists		Site 1		
CPT Code	CPT Description	Inpatient Procedures	Delaney Radiologists	Total Number of Procedures
73221	MRI Upper Ext, any joint w/o		227	227
73222	MRI Upper Ext, any joint with contrast		1	1
73223	MRI Upper Ext, any joint w/o & with		2	2
73225	MRA Upper Ext, w/o OR with contrast			0
73718	MRI Lower Ext other than joint w/o		37	37
73719	MRI Lower Ext other than joint with contrast		2	2
73720	MRI Lower Ext other than joint w/o & with		39	39
73721	MRI Lower Ext any joint w/o		394	394
73722	MRI Lower Ext any joint with contrast		1	1
73723	MRI Lower Ext any joint w/o & with		10	10
73725	MRA Lower Ext w/o OR with contrast			0
74181	MRI Abdomen w/o		8	8
74182	MRI Abdomen with contrast			0
74183	MRI Abdomen w/o & with		89	89
74185	MRA Abdomen w/o OR with contrast			0
75562	MRI Cardiac Morphology w/o			0
75563	MRI Cardiac Morphology with contrast			0
75564	MRI Cardiac Function Complete			0
75565	MRI Cardiac Function Limited			0
75566	MRI Cardiac Velocity Flow Mapping			0
76093	MRI Breast, unilateral w/o and/or with contrast			0
76094	MRI Breast, bilateral w/o and/or with contrast			0
76125	Cineradiography to complement exam			0
76390	MRI Spectroscopy			0
76393	MRI Guidance for needle placement			0
76394	MRI Guidance for tissue ablation			0
76400	MRI Bone Marrow blood supply			0
7649A	MR functional imaging			0
7649D	MRI Infant spine comp w/ & w/o contrast			0
7649E	Spine (infants) w/o infusion			0
7649H	MR functional imaging			0
N/A	Clinical Research Scans			0
	Subtotal for page	0	810	810
	Total Number of Procedures (both pages)	0	2355	2355

Contrast Exams	0	913	913
Non-contrast Exams	0	1442	1442



Section Four

Patient Origin Data by Service Site

Please provide the county of residence for each patient who received MRI Services during the time period of this report. Provide patient origin data separately for each service site, making additional copies of this page as needed. The total number of patients receiving services should be equal to or less than the total number of procedures reported on page two of this report.

Service Site Name : Dejaney Radiologists

County in which Service was provided: New Hanover

Patient County	Number Of Patients	Patient County	Number Of Patients	Patient County	Number Of Patients
1. Alamance	2	47. Hoke		93. Warren	
2. Alexander		48. Hyde		94. Washington	
3. Alleghany		49. Iredell		95. Watauga	1
4. Anson		50. Jackson		98. Wayne	3
5. Ashe		51. Johnston	2	97. Wilkes	
6. Avery		52. Jones	1	98. Wilson	
7. Beaufort		53. Lee		99. Yadkin	
8. Bertie		54. Lenoir	2	100. Yancey	
9. Bladen	23	55. Lincoln		Unknown	
10. Brunswick	308	56. Macon			
11. Buncombe		57. Madison			
12. Burke		58. Martin		101. Maryland	1
13. Cabarrus		59. McDowell		102. South Carolina	3
14. Caldwell		60. Mecklenburg		103. Indiana	1
15. Camden		61. Mitchell		104. Tennessee	4
16. Carteret	1	62. Montgomery		New York	1
17. Caswell		63. Moore		Maryland	
18. Catawba		64. Nash		Texas	
19. Chatham		65. New Hanover	1346	West Virginia	
20. Cherokee		66. Northampton			
21. Chowan		67. Onslow	64		
22. Clay		68. Orange			
23. Cleveland		69. Pamlico			
24. Columbus	103	70. Pasquotank		Total # of Patients	2,260
25. Craven		71. Pender	224		
26. Cumberland	2	72. Perquimans			
27. Currituck		73. Person	1		
28. Dare		74. Pitt	1		
29. Davidson		75. Polk			
30. Davie		76. Randolph			
31. Duplin	64	77. Richmond			
32. Durham		78. Robeson	1		
33. Edgecombe		79. Rockingham			
34. Forsyth		80. Rowan			
35. Franklin	1	81. Rutherford			
36. Gaston		82. Sampson	17		
37. Gates		83. Scotland			
38. Graham		84. Stenly	1		
39. Granville		85. Stokes			
40. Greene		86. Surry			
41. Guilford	1	87. Swain			
42. Halifax		88. Transylvania			
43. Harnett		89. Tyrrell			
44. Haywood		90. Union			
45. Henderson		91. Vance			
46. Hertford		92. Wake	1		

Name of entity that acquired the equipment (from page one) _____ Insight Health Corp.