



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

December 4, 2018

Doug Shepard
3480 Preston Ridge Road, Suite 600
Alpharetta, GA 30005

Exempt from Review – Replacement Equipment

Record #: 2789

Facility Name: Novant Health Imaging Cabarrus
FID #: 980835
Business Name: Novant Health, Inc.
Business #: 1341
Project Description: Replace MRI scanner
County: Cabarrus

Dear Mr. Shepard:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of November 20, 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 HDxt23x MRI scanner to replace the Hitachi Airis II 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.

Moreover, you need to contact the Agency's Construction, and Acute and Home Care Licensure and Certification Sections to determine if they have any requirements for development of the proposed project.

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,

Gloria C. Hale
Team Leader

Martha J. Frisone
Chief, Healthcare Planning and
Certificate of Need Section

cc: Construction Section, DHSR
Acute and Home Care Licensure and 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



November 20, 2018

VIA US MAIL

Greg Yakaboski, Project Analyst
North Carolina Department of Health and Human Services
Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

Re: Replacement Equipment Exemption Request
Novant Health Imaging Cabarrus
FID #980835
925 Bradley Street NE, Concord, NC (Cabarrus County)

Dear Mr. Yakaboski:

On behalf of Novant Health, Inc. (“Novant”), please accept this letter as notice and a request for written confirmation that replacement of an MRI scanner at the above referenced location as described herein is exempt from certificate of need review pursuant to N.C.G.S. §131E-184(a)(7).

Cabarrus Diagnostic Imaging, LLC, as successor to Cabarrus Diagnostic Imaging, Inc., (“CDI”) was awarded a certificate of need on March 14, 2000 to acquire a fixed Hitachi Airis open MRI scanner assigned Project I.D. No. F-5916-98. Novant subsequently acquired CDI by stock purchase on November 9, 2007 and operates the facility as Cabarrus Diagnostic Imaging, LLC d/b/a Novant Health Imaging Cabarrus (“NHIC”).

After eighteen years of service, the fixed unit is in need of replacement. In order to contain costs and provide minimal disruption to patient care, Novant proposes to replace its existing MRI with a mobile MRI that will be permanently located (fixed) at the facility. NHIC has an existing mobile MRI pad at the site that is functional and therefore will not incur any costs related to the construction of a mobile pad.

Novant has identified as the replacement unit, a mobile MRI it currently owns that is serving an out-of-state affiliate and will be available for relocation to NHIC on or after December 1, 2018. The mobile unit contains a GE 1.5T HDxt 23x MRI and is internally identified as “MQ 26”. MQ 26 offers superior image quality and faster patient exams but does not qualify as a new institutional health service as set forth in N.C.G.S. §131E-176(16). An Equipment Comparison Form is attached as **Exhibit A**.

MQ 26 was purchased by a wholly-owned Novant subsidiary on May 17, 2016 for \$835,000 and is estimated to have a current fair market value of approximately \$700,000. The original purchase price is evidenced by the purchase and sale agreement attached as **Exhibit B**. As required by N.C.G.S. §131E-176(22a), the purchase price has been utilized in the Project Capital Cost Form attached as **Exhibit C**. Since the replacement unit is already owned, the only current outlay will be construction costs associated with removing the existing Hitachi Airis MRI from the facility which will be sold and removed from the state. The total capital cost for the proposed replacement equipment project, inclusive of the prior equipment acquisition cost, is estimated to be \$860,000.

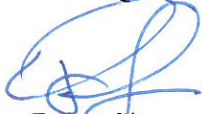
The proposed project meets the definition of “replacement equipment” found in N.C.G.S. §131E-176(22a) and 10A N.C.A.C. 14C.0303 for the following reasons:

- (1) NHIC will replace the existing MRI unit with the proposed MRI unit that is functionally similar and will be used for the same diagnostic purposes, although it possesses expanded capabilities due to technological improvements.
- (2) The proposed MRI unit will not be used to provide a new institutional health service.
- (3) The acquisition of the proposed MRI unit 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.
- (4) NHIC seeks to replace comparable medical equipment currently in use at project cost less than \$2 million.
- (5) The existing equipment was not purchased second-hand nor was the existing equipment leased.
- (6) The existing equipment will be removed from North Carolina.

Please contact me on my direct line (678) 992-7354 or via email to deshepard@medquestmail.com if you have any questions or concerns.

Sincerely,

MEDQUEST ASSOCIATES, INC.



Doug Shepard
Director of Real Estate and Development

Enclosures

cc: Barbara Freedy via email to: blfreedy@novanthealth.org
Tiffany Brooks via email to: brookshealthcareconsulting@gmail.com

EXHIBIT A
NC Equipment Comparison Form

**Equipment Comparison Form
NHI - Cabarrus - MRI Replacement**

	Existing Equipment	Replacement Equipment
Type of Equipment (List Each Component)	MRI Equipment	MRI Equipment
Manufacturer of Equipment	Hitachi	GE
Tesla Rating for MRIs	0.35T	1.5T
Model Number	Airis II	HDxt 23x
Serial Number	C287	R0380
Provider's Method of Identifying Equipment	Internal Asset Numbering System	MQ 26
Specify if Mobile or Fixed	Fixed	Fixed (mobile unit)
Mobile Trailer Serial Number /VIN#	N/A	1JJV482W5XL512394
Mobile Tractor Serial Number /VIN#	N/A	N/A (trailer only)
Date of Acquisition of Each Component	9/28/2000	5/17/2016
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	\$1,295,213	\$ 835,000
Total Cost of Equipment	\$1,007,000	\$ 835,000
Fair Market Value of Equipment	\$ 25,000	\$ 700,000
Net Purchase Price of Equipment	\$1,007,000	\$ 835,000
Locations Where Operated	NHI-Cabarrus	NHI-Cabarrus
Number of Days in Use/To be Used in NC per Year	365	365
Percent of Change in Patient Charges by Procedure	N/A	No increase
Percent of Change in Per Procedure Operating Expenses by Procedure	N/A	No increase
Type of Procedures Currently Performed on Existing Equipment	MRI Procedures	N/A
Type of Procedures New Equipment is Capable of Performing	N/A	MRI Procedures

EXHIBIT B
Equipment Purchase & Sale Agreement

Orbit Medical Technologies, Inc.

16151 Clinton Street, Harvey, IL 60426
Tel: (708) 825-1344 Fax (866) 596-7188
sales@orbitmed.com
www.orbitmed.com



PURCHASE AND SALE AGREEMENT
(EQUIPMENT)

Orbit Medical Technologies, Inc. ("SELLER"), located at 16151 Clinton Street, Harvey, IL 60426 hereby agrees to sell and Jacksonville Diagnostic Imaging, LLC, ("PURCHASER"), 3480 Preston Ridge Road, Alpharetta, GA 30005, billing address is 3480 Preston Ridge Road, Alpharetta, GA 30005, hereby agrees to purchase the equipment described below ("**Equipment**") in accordance with the terms and conditions forth below in this Agreement and the standard terms and conditions set forth in Exhibit A, attached hereto and incorporated to this Agreement by reference:

PURCHASE PRICE: Eight Hundred and Thirty-Five Thousand Dollars, (\$835,000.00) ("**Purchase Price**") less Purchaser's credit balance of **One Hundred and Ninety-Three Thousand and Five Hundred Dollars, (\$193,500.00)** ("**Credit Balance**") with the SELLER, which net a final balance of **Six Hundred and Forty-One Thousand and Five Hundred Dollars, (\$641,500.00)** ("**Net Purchase Price**"). The Net Purchase Price and any other amounts payable under this Agreement shall be paid in U.S. Dollars by the wire transfer of immediately available funds to bank account directed by the SELLER.

EXECUTION OF AGREEMENT AND DEPOSIT BY PURCHASER: PURCHASER shall return an executed Agreement to the SELLER on or before March 15, 2016 along with a deposit of **\$320,750.00** (50% of Net Purchase Price) via wire transfer of immediately available funds to a bank account directed by the SELLER. If PURCHASER fails to execute this Agreement and pay the deposit prior to such date, the terms and conditions set forth in this Agreement shall be null and void.

PAYMENT TERMS: The Purchase Price shall be paid by the PURCHASER as follows: (i) 50% of the Net Purchase Price upon the execution of this Agreement; (ii) 50% upon date of Delivery to PURCHASER's site and Purchaser's Acceptance of the Equipment as further set forth in this Agreement.

REFURBISHMENT: Refurbishing of Equipment includes inspecting all mechanical parts and adjusting or replacing parts if necessary, along with professional cleaning and painting to look like new. Refurbishment of the Trailer will be limited as listed in the Specifications and Exhibit A.

LIMITED WARRANTY: The limited warranty provided by the SELLER shall be governed pursuant to the terms and conditions set forth on Exhibit "A" attached hereto and made a part hereof; provided that notwithstanding anything to the contrary in this Agreement or Exhibit A, the Equipment shall be operating in accordance with OEM specifications at time of Delivery to Purchaser.

Orbit Medical Technologies, Inc.

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sales@orbitmed.com
www.orbitmed.com



DELIVERY DATE: The Equipment delivery time frame is on or before March 30, 2016. ("Delivery Date") at SVSR, Inc., 852 Memorial Hwy, Harmony, NC and, the SELLER shall pay all transportation costs.

ACCEPTANCE OF TERMS AND CONDITIONS: The SELLER and PURCHASER have carefully read the terms and conditions of this Agreement and its Standard Terms and Conditions. The undersigned are duly authorized to execute this Agreement on behalf of the PURCHASER and the SELLER.

SELLER:

Orbit Medical Technologies, Inc.

Orbit Medical Technologies Signature

NADER AZABIN / General Manager.
Print Name/Title

3/14/2016
Date

PURCHASER:

Jacksonville Diagnostic Imaging, LLC

Purchaser Signature

Dan Schaefer / COO
Print Name/Title

3/14/16
Date

Orbit Medical Technologies, Inc.

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Quotation

Quote #: 1434

Date: March 14, 2016

Customer: Jacksonville Diagnostic Imaging, LLC
3480 Preston Ridge Road, Alpharetta, GA 30005

This quotation constitutes Orbit Medical Technologies offer to sell and provide services on the products described herein. This quotation shall not bind Orbit Medical Technologies until it has been countersigned by an authorized representative in the corporate offices in Harvey, Illinois.

Equipment Being Offered:

Refurbished GE 1.5T 23x 16-Channel CXK4 Mobile MRI System

System Features:

- Detachable Patient Table Accommodates Patient Weight to a Maximum 350 lbs.
- HFD Gradient Driver 33 mT/m, Slew Rate 120
- High Performance Gradient Subsystem
- DICOM 3.0 Compliant

System Hardware Included:

- 1.5T Echospeed Plus 23.0X 16-Channel Electronics with Phased Array
- HP Linux Dual Processor Workstation/Operator Console w/Wide Screen
- 16- Channel Digital RF System
- VRE Reconstruction Engine

ScanTools 23.0 System Software Includes:

Modality Worklist (MWL), Flow and Volume Measurement, Bloodsupp, ConnectPro, iDrive, iDrive Pro, iDrive Pro Plus, Performed Procedure Step, Protocol Library, ProtoCopy, Workflow Manager, AutoStart, AutoScan, AutoVoice, Linking, Inline Processing, Inline Viewing and Image Fusion, FuncTools, IP Protection, 16 Channel System

Fast Spin Echo Based Acquisitions: Fast Spin Echo (FSE), Fast Spin Echo-XL (FSE-XL), Fast Recover Fast Spin Echo (FRFSE), Single Shot Fast Spine Echo (SSFSE), FLAIR, 3DFRFSE

Gradient Echo Based Acquisitions: GRE, FGRE, SPGR, FSPGR, 2D and 3D Dual Echo Gradient Echo, 2D and 3D Time of Flight (TOF), 2D MERGE, 3D MERGE, COSMIC, 2D FIESTA, 3D FIESTA, 3D FatSat FIESTA, BRAVO, SPECIAL, LAVA, FastCINE, iDrive Pro, SmartPrep

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Echo Planar Based Acquisitions: Diffusion EchoPlanar Imaging (DW EPI), FLAIR EPI, Array Spatial Sensitivity Encoding Technique (ASSET), Auto-Calibrating Reconstruction (ARC)

Propeller 3.0 Package: T1 FLAIR Propeller, T2 Propeller, T2 FLAIR Propeller, Diffusion Weighted Propeller (DW Propeller)

VIBRANT Package: Vibrant (Breast2)

IDEAL: Provides consistent, robust fat and water separation every time. Four different contrasts: water-only, fat-only, in-phase, out-of-phase are generated from a single acquisition, to help facilitate more confident diagnoses and reduce repeat exams

Additional Software Upgrades:

Inhance 2.0 Suite: Inhance 2D Inflow, Inhance 3D Velocity, Inhance 3D Inflow IR

- LAVA, LAVA-XV
- Enhanced Diffusion Weighted Imaging(eDWI)
- Time Resolved Imaging and Contrast Kinetics (TRICKS)
- Phase Contrast Vascular Imaging
- Probe Press Single Voxel
- Probe 2000 Upgrade & Probe 3D Brain
- CUBE T2
- T2 STAR WEIGHTED IMAGING (SWAN)
- Fluoro Triggered MRA
- Spectroscopy PROBE

Coil List:

- 16-Channel Head, Neck and Spine Coil
- 12-Channel Body Coil
- 8-Channel Breast Coil
- 8-Channel T/R Knee Array
- 8-Channel Foot and Ankle Array
- 8-Channel Wrist Array
- 3-Channel Shoulder Array
- General Purpose Flex Coil

- **Medrad Spectris Soloris Dual Head Injector**

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Additional Items:

Refurbished Trailer: Refurbishment of Trailer will be limited to:

Exterior:

- Test generator/ fix issues
- Paint Trailer
- Weather stripping on all doors
- Check tires replace if needed
- Refurbish patient lift
- Replace door hardware with stainless
- Fix generator corners
- Check rails
- Perform trailer checklist
- Evaluate HVAC unit fix or replacement if needed
- New Tires
- Valid DOT inspection and sticker

Interior:

- Magnet room floor ramp down and replace if necessary
- Add door stopper in magnet room
- Equipment room wall replace
- Equipment room floor replace remove system cabinets
- Equipment room ceiling remove carpet
- Install whiteboard ceiling
- Replace counter top
- Tune all cabinets all trim and wall in all three Rooms

EXHIBIT C
Project Capital Cost Form

PROJECT CAPITAL COST
NHI - Cabarrus- MRI Replacement

A. Site Costs		
	(1) Full purchase price of land	
	(2) Closing Costs	
	(3) Site Inspection & Survey	
	(4) Legal Fees & subsoil investigation	
	(5) Site Preparation Costs	
	(6) Other:	
	(7) Sub-Total Site Costs	N/A*
B. Construction Contract		
	(8) Cost of Materials	\$10,000
	(9) Cost of Labor	\$15,000
	(10) Other:	
	(11) Sub-Total Construction Contract	\$25,000**
C. Miscellaneous Project Costs		
	(12) Building Purchase	
	(13) & (14) Fixed Equipment Purchase/Lease + Movable Equipment Purchase/Lease*	\$835,000
	(14a) Information Technology	\$
	(15) Furniture	
	(16) Landscaping	
	(17) Consultant Fees (CON Consultant)	
	Other: Signage	\$
	Sub-Total Consultant Fees	
	(18) Financing Costs (Bond, Loan, etc.)/Imputed Interest	
	(19) Interest During Construction	
	(20) Other (Specify):	
	(21) Sub-Total Miscellaneous	\$860,000
D. Total Capital Cost of Project	(22) Total Capital Cost of Project -Sum above Subtotals for Rows (11) & (21)	\$860,000

*NHIC has an existing and operational mobile MRI pad that can accommodate the proposed replacement unit without additional expense.

**Construction estimate for the removal of the existing MRI from the building.