



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

ROY COOPER • Governor

MANDY COHEN, MD, MPH • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

July 23, 2018

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

Exempt from Review – Replacement Equipment

Record #: 2657
Business Name: MedQuest Associates, Inc.
Business #: 2692
Project Description: Replace “fixed” mobile MRI unit MQ 18 at Coastal Diagnostic Imaging with mobile MRI unit MQ21, to serve as “fixed”
County: Onslow

Dear Ms. Gunter:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of July 18, 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 replace without a certificate of need the “fixed” mobile MRI unit MQ 18 with mobile MRI unit MQ 21. This determination is based on your representations that the existing mobile MRI unit MQ18 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,

Celia C. Inman
Project Analyst

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

cc: Melinda Boyette, Healthcare Planning, DHSR
Acute and Home Care Licensure and Certification Section, 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



NELSON MULLINS RILEY & SCARBOROUGH LLP
ATTORNEYS AND COUNSELORS AT LAW

Denise M. Gunter
T 336.774.3322 F 336.774.3372
denise.gunter@nelsonmullins.com

380 Knollwood Street | Suite 500
Winston-Salem, NC 27103
T 336.774.3300 F 336.774.3372
nelsonmullins.com



July 18, 2018

Hand Delivered

Martha J. Frisone, Chief
Healthcare Planning and Certificate of Need Section
North Carolina Department of Health and Human Services
Division of Health Service Regulation
809 Ruggles Drive
Raleigh, North Carolina 27603

Re: Replacement Equipment Exemption Requests for Two Mobile MRI
Scanners

Dear Ms. Frisone:

Pursuant to N.C. Gen. Stat. § 131E-184(a)(7), I am writing on behalf of Novant Health, Inc. (“Novant”) and MedQuest Associates (“MedQuest”) (collectively, “Novant”) concerning the replacement of two mobile MRI scanners, and the addition of host sites to the route of one of these scanners. Novant is MedQuest’s ultimate parent entity. This letter is divided into two parts. Part 1 addresses the replacement of mobile MRI unit MQ 21 with mobile MRI Unit MQ 27 and the addition of host sites. Part 2 addresses the replacement of mobile MRI unit MQ 18 with mobile MRI unit MQ 21.

Part 1: MQ 27 Replaces MQ 21, and Adds Host Sites to MQ 21’s Former Route

In 2010, Novant’s subsidiary, Foundation Health Mobile Imaging, acquired certain assets from Insight Health Corporation. The assets included a grandfathered mobile MRI scanner. **See Exhibit A** (correspondence approving the acquisition). The grandfathered MRI scanner is known internally as MQ 21. MQ 21 currently serves three locations: 1) Neurology Associates Hickory (Catawba County); 2) Novant Health Imaging Piedmont in Winston-Salem (Forsyth County); and 3) Guilford Neurologic Associates in Greensboro (“GNA”) (Guilford County).

Novant proposes to replace MQ 21 with MQ 27. MQ 27 formerly served as the “fixed” mobile at Novant Health Kernersville Medical Center (“NHKMC”) **See Exhibit B**, a May 2013 declaratory ruling describing the background. Novant has since

Martha J. Frisone
July 18, 2018
Page 2

installed a fixed MRI scanner inside NHKMC, and the "fixed" mobile scanner, MQ 27, is now in storage. See **Exhibit C**, which is correspondence related to the MRI scanner which is now installed inside NHKMC. MQ 27 would take over MQ 21's host sites at Novant Health Imaging Piedmont in Winston-Salem (Forsyth County), GNA in Greensboro (Guilford County), and also add host sites at Novant Health Imaging Mooresville (Iredell County) and Novant Health Imaging University (Mecklenburg County).

This replacement is consistent with N.C. Gen. Stat. § 131E-176(22a) because MQ 27 costs less than \$2 million and it will be used for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced. Part 2 of this letter explains what will be done with MQ 21.

MQ 27 also meets the requirements of 10A NCAC 14C.0303(d) because:

- (1) it has the same technology as MQ 21, 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 MQ 21 and is not used to provide a new health service; and
- (3) MQ 27 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. An equipment comparison form is attached as **Exhibit D**.

Novant further represents that the service agreement used for MQ 27 will be similar to the service agreements used at other locations in North Carolina where Novant-owned mobile MRI scanners provide mobile MRI service. Replacing MQ 21 with MQ 27 does not increase the inventory of MRI scanners in North Carolina owned by MedQuest or Novant.

Since MQ 21 is grandfathered, and there is no CON for MQ 21, there is no material compliance issue with MQ 27, as the replacement for MQ 21, taking over MQ 21's host sites and adding the two host sites at Novant Health Imaging-Mooresville (Iredell County) and Novant Health Imaging-University (Mecklenburg County). However, for the sake of transparency, we wanted to inform the Agency of the addition of these sites, and provide the proposed schedule as it is currently planned (some days and locations are still under discussion):

Mondays: Novant Health Imaging Mooresville or Novant Health
Imaging University

Martha J. Frisone
July 18, 2018
Page 3

Tuesdays:	GNA
Wednesdays:	GNA
Thursdays:	Piedmont Imaging Winston-Salem
Fridays:	Novant Health Imaging University

We would appreciate the Agency's written confirmation that the foregoing replacement equipment exemption request is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7).

Part 2: MQ 21 Replaces MQ 18

MQ 21 will move to Coastal Diagnostic Imaging in Jacksonville, North Carolina, where it will replace another MRI scanner, MQ 18. MQ 18 currently serves as a "fixed" mobile MRI scanner at Coastal Diagnostic Imaging. MQ 21 will also serve as a "fixed" mobile MRI scanner at Coastal Diagnostic Imaging. A replacement equipment comparison form is attached as **Exhibit E**. MQ 18 will be taken out of state and will not be brought back into North Carolina without appropriate CON approval.

This replacement is consistent with N.C. Gen. Stat. § 131E-176(22a) because MQ 21 costs less than \$2 million and it will be used for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced.

MQ 21 also meets the requirements of 10A NCAC 14C.0303(d) because:

- (1) it has the same technology as MQ 18, 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 MQ 18 and is not used to provide a new health service; and
- (3) MQ 21 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.

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

Novant further represents that the service agreement used for MQ 21 will be similar to the service agreements used at other locations in North Carolina where Novant-owned mobile MRI scanners provide mobile MRI service. Replacing MQ 18 with MQ 21 does not increase the inventory of MRI scanners in North Carolina owned by MedQuest or Novant.

Martha J. Frisone
July 18, 2018
Page 4

We would appreciate the Agency's written confirmation that the foregoing replacement equipment exemption request is exempt from CON review pursuant to N.C. Gen. Stat. § 131E-184(a)(7).

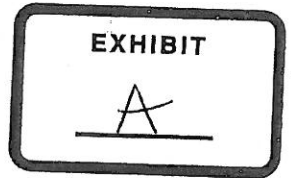
Thank you for your time and consideration. Please let me know if you have any questions or need any other information.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise M. Gunter", with a stylized flourish at the end.

Denise M. Gunter

Enclosures



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

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

www.ncdhhs.gov/dhsr

Craig R. Smith, Section Chief
Phone: 919-855-3875
Fax: 919-733-8139

June 29, 2010

Denise Gunther, Esq.
Nelson, Mullins, Riley & Scarborough, LLP
380 Knollwood St., Ste 530
Winston-Salem, NC 27103

RE: Exempt from Review/ Acquisition of North Carolina Mobile Imaging VII LLC, a wholly-owned subsidiary of Insight Health Corp., by Foundation Health Mobile Imaging, LLC, a subsidiary of Novant Health, Inc.
Serial Number R838

Dear Ms. Gunther:

In response to your letters of May 18, 2010 and June 28, 2010, the above referenced proposal is exempt from certificate of need review in accordance with N.C.G.S 131E-184(a)(8). Therefore, Foundation Health Mobile Imaging, LLC may proceed to acquire the above referenced health service facility without first obtaining a certificate of need. Note that pursuant to N.C.G.S. §131E-181(b): *"A recipient of a certificate of need, or any person who may subsequently acquire, in any manner whatsoever permitted by law, the service for which that certificate of need was issued, is required to materially comply with the representations made in its application for that certificate of need."*

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,

Helen E. Alexander
Team Leader

Craig R. Smith
Chief Certificate of Need Section

cc: Carol Potter, Medical Facilities Planning Section, DHSR



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

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

May 18, 2010

Received by the
CON Section

VIA HAND DELIVERY

19 MAY REC'D 11:00

Craig R. Smith, Chief
Certificate of Need Section
North Carolina Department of Health and Human Services
Division of Health Service Regulation
701 Barbour Drive
Raleigh, North Carolina 27603

Re: Notice of Exempt Acquisition Pursuant to N.C. Gen. Stat. § 131E-184(a)(8) of
North Carolina Mobile Imaging VII LLC

Dear Craig:

I am writing on behalf of Foundation Health Mobile Imaging, LLC, which is a subsidiary of Foundation Health Systems Corp. (collectively, "Foundation"). Foundation is a subsidiary of Novant Health, Inc. Pursuant to N.C. Gen. Stat. § 131E-184(a)(8), I am writing to provide the Agency with prior written notice of Foundation's planned acquisition of all of the assets of North Carolina Mobile Imaging VII LLC (the "Health Service Facility") which is a wholly-owned subsidiary of Insight Health Corp. The Health Service Facility is a mobile diagnostic program that currently provides mobile MRI services. As a mobile diagnostic program, the Health Service Facility is a diagnostic center and therefore a health service facility. See N.C. Gen. Stat. §§ 131E-176(7a) and (9b).

Foundation will acquire all of the assets of the Health Service Facility, including but not limited to:

- InSight's leasehold interest in the mobile MRI scanner (this is a GE 1.5 Tesla HD/x MRI Scanner, Serial Number -R838). This scanner is designated by InSight as ARC No. G1343A. Unit 1343 is a successor to InSight's mobile MRI scanner, ARC T1055E, which was owned and operated by InSight or a predecessor thereof in North Carolina prior to March 18, 1993 and is therefore a replacement of a grandfathered unit. Unit 1343 is therefore a grandfathered mobile MRI scanner.

With twelve office locations in the District of Columbia, Florida, Georgia, Massachusetts, North Carolina, South Carolina, and West Virginia

Craig R. Smith

May 18, 2010

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- InSight's leasehold interest in the coach for the mobile MRI scanner (VIN 1S9FA482641182367);
- all tangible personal property located in or on the mobile MRI unit or the coach for the mobile MRI unit, including all coils, chillers, operating systems, maintenance logs, spare parts and other rights relating thereto and all improvements or alterations to the mobile MRI unit, and any other improvements or upgrades with respect to such tangible property, all inventory and supplies located inside the coach as of the Closing Date (including pharmaceuticals to the extent legally transferable), all fixed assets located in the coach, medical equipment, cameras, film processing equipment and other ancillary diagnostic equipment, cabinetry, furniture, fixtures in the coach, computers (including software thereon to the extent legally transferable), computer related equipment and office equipment;
- assigned contracts, which consist of an Equipment Schedule dated March 27, 2007 to Master Lease Agreement dated March 16, 2007 with GE Capital Corporation, and a services agreement with Duke University Health System d/b/a Raleigh Community Hospital;
- copies of all books and records, sales logs, regulatory filings and communications, accreditations (to the extent legally transferable), designs, drawings, specifications, engineering data, data, files, correspondence, reports, recorded knowledge, plans and records for the Health Service Facility; and
- the goodwill of the Health Service Facility.

The expected date of the acquisition is July 1, 2010.

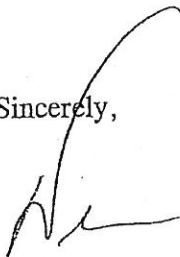
The Health Service Facility being acquired by Foundation is an existing health service facility. Under the proposed acquisition, Foundation will not develop or establish any new health service facility, and Foundation intends to operate the existing Health Service Facility without making any changes which would trigger any of the "new institutional health service" definitions in N.C. Gen. Stat. § 131E-176(16).

N.C. Gen. Stat. § 131E-184(a)(8) provides that the acquisition of an existing health service facility is exempt from certificate of need review, upon prior written notice. As the transaction is scheduled to close on July 1, 2010, please let me know as soon as possible if you have any questions. A draft letter confirming the exempt nature of this transaction is attached for your consideration.

Craig R. Smith
May 18, 2010
Page 3

With best personal regards.

Sincerely,

A handwritten signature in black ink, appearing to read "Denise M. Gunter". The signature is fluid and cursive, with a large, sweeping initial "D" that extends upwards and to the right.

Denise M. Gunter

Enclosure

cc: Marc Hewitt, Esq. (counsel for InSight)(with enclosure)



**NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION
RALEIGH, NORTH CAROLINA**

**IN RE: REQUEST FOR DECLARATORY)
RULING BY FORSYTH MEMORIAL)
HOSPITAL, INC. d/b/a FORSYTH MEDICAL) DECLARATORY RULING
CENTER)
Project I.D. No. G-7919-07)**

I, Drexdal Pratt, as Director of the Division of Health Service Regulation, North Carolina Department of Health and Human Services (“Department” or “Agency”), do hereby issue this Declaratory Ruling pursuant to North Carolina General Statute § 150B-4 and 10A NCAC 14A .0103 under the authority granted me by the Secretary of the Department of Health and Human Services.

Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center (“Forsyth”) has requested a declaratory ruling that allows a change in location for a fixed MRI scanner, contending that the change would not constitute a change in scope for purposes of N.C. Gen. Stat. § 131E-181 and that the location change would not affect Forsyth’s material compliance with representations made in the Certificate of Need (“CON”) application or the conditions imposed upon the CON. The CON law would require a full review of Forsyth’s proposal if it represented a material change in the physical location or scope of the project. N.C. Gen. Stat. § 131E-181(a). This ruling will be binding upon the Department and the entity requesting it, as long as the material facts stated herein are accurate. This ruling pertains only to the matters referenced herein. Except as provided by N.C.G.S. § 150B-4, the Department expressly reserves the right to make a prospective change in the interpretation of the statutes and regulations at issue in this Declaratory Ruling. Denise M. Gunter of Nelson Mullins Riley & Scarborough, LLP has requested this ruling on behalf of Forsyth and has provided the material facts upon which this ruling is based.

STATEMENT OF THE FACTS

On November 28, 2007, the CON Section issued a CON to Forsyth for Project I.D. No. G-7919-07 to acquire a third fixed MRI scanner, to be installed at Forsyth Medical Center ("FMC"), 3333 Silas Creek Parkway, Winston-Salem, NC 27103. On December 29, 2011, the Department issued a declaratory ruling allowing Forsyth to relocate the approved, but unimplemented fixed MRI scanner from FMC to Kernersville Medical Center ("KMC"). Forsyth now proposes to relocate and install the approved, but unimplemented fixed MRI scanner from inside KMC to one of two mobile pads located outside the building.

The two mobile MRI pads at KMC have already been inspected and have been in use since KMC opened. The MRI scanner will be located and installed on the mobile pad 24 hours per day, 7 days per week and will not be moved without the Department's approval. The approved capital cost for Project I.D. No. G-7919-07 was \$2,413,230.70. The proposed change in location to the mobile pad outside of KMC will cost \$1,114,341, saving over \$1.4 million in capital cost from the 2007 CON. Additionally, FMC has indicated it will be able to avoid future payments of \$900,000 annually, currently paid to a mobile MRI for the mobile MRI scanner currently located on a pad at KMC six days per week. Forsyth represents that the mobile MRI scanner will find a new host site once the approved fixed MRI scanner is implemented at KMC.

ANALYSIS

The CON law would require a full review of Forsyth's proposal if it represented a material change in the physical location or scope of the project. N.C. Gen. Stat. § 131E-181(a). The requested MRI relocation does not represent a material change in the scope of the project for the following reasons:

The change in location for the MRI scanner will not affect the scope of services offered or increase the costs and charges to Forsyth or to the public for the provision of MRI services. The newly proposed host site is a slight revision to the location at KMC where the scanner will be implemented. Furthermore, Forsyth agrees to satisfy all the requirements and representations made regarding the host site in its original CON application. Therefore, Forsyth's proposal does not constitute a material change in the scope of the project.

N.C. Gen. Stat. § 131E-183(b) allows the Agency to withdraw the CON if Forsyth fails to develop the service in a manner consistent with the representations made in the application or with any conditions that were placed on the CON. Forsyth will not be operating the project in a manner that is materially different from the representation made in the application, nor in a manner that is inconsistent with any of the conditions that were placed on the CON.

CONCLUSION

For the foregoing reasons, assuming the statements of fact in the request to be true, I conclude that the proposed change in location for the approved, but unimplemented fixed MRI scanner from inside Kernersville Medical Center to one of two mobile pads located outside the building does not constitute a change in the scope of the project, would not violate N.C. Gen. Stat. § 131E-181, and would not constitute a failure to satisfy a condition of the certificate of need in violation of N.C. Gen. Stat. § 131E-189(b).

This the _____ day of May, 2013.

Drexdal Pratt, Director
Division of Health Service Regulation
N.C. Department of Health and Human Services

CERTIFICATE OF SERVICE

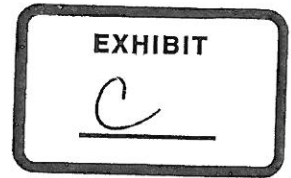
I certify that a copy of the foregoing Declaratory Ruling has been served upon the nonagency party by certified mail, return receipt requested, by depositing the copy in an official depository of the United States Postal Service in first-class, postage pre-paid envelope addressed as follows:

CERTIFIED MAIL

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

This the _____ day of May, 2013.

Cheryl Ouimet
Chief Operating Officer



DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION

ROY COOPER
GOVERNOR

MANDY COHEN, MD, MPH
SECRETARY

MARK PAYNE
DIRECTOR

September 18, 2017

Lisa Griffin
Novant Health, Inc.
2085 Frontis Plaza Boulevard
Winston-Salem, NC 27103

Exempt from Review – Replacement Equipment

Record #: 2385
Facility Name: Forsyth Medical Center (Kernersville Campus)
FID #: 060620
Business Name: Novant Health, Inc.
Business #: 1341
Project Description: Replace existing MRI equipment
County: Forsyth

Dear Ms. Griffin:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of September 7, 2017 and the supplemental information provided on September 13th and 15th, 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 Siemens Magnetom Aera fixed MRI equipment to replace the Siemens Espree fixed MRI equipment, Serial # 31381, acquired through Project ID #G-7919-07 and the Declaratory Ruling issued on December 29, 2011. This determination is based on your representation that the existing unit will be taken out of service and transferred to Novant Health's MedQuest Division to replace one of its existing mobile MRI scanners (to be determined at a future date), which will be sent out of state or otherwise disposed of and will not be used again in the State without first obtaining a certificate of need if one is required. MedQuest will obtain all required regulatory approvals (such as replacement equipment exemption requests or declaratory rulings) to ensure compliance with applicable DHSR and CON regulations and at no time will MedQuest, pursuant to this transaction, exceed the number of MRI scanners which it is allowed to operate in NC or increase the inventory of MRI scanners in NC.

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.

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

WWW.NCDHHS.GOV

TELEPHONE 919-855-3873

LOCATION: EDGERTON BUILDING • 809 RUGGLES DRIVE • RALEIGH, NC 27603

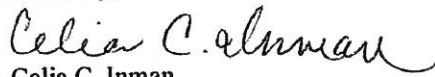
MAILING ADDRESS: 2704 MAIL SERVICE CENTER • RALEIGH, NC 27699-2704

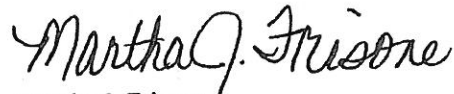
AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER



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,


Celia C. Inman
Project Analyst


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

cc: Construction Section, DHR
Paige Bennett, Assistant Chief, Healthcare Planning, DHR
Acute and Home Care Licensure and Certification Section, DHR

Inman, Celia C

From: Griffin, Lisa L (CON) <lgriffin@novanthealth.org>
Sent: Friday, September 15, 2017 11:09 AM
To: Inman, Celia C
Subject: Revised Capital Cost Worksheet for KMC MRI REER
Attachments: KMC MRI REER Capital Cost WS Rev.09.15.2017.pdf

Celia,

Attached is an updated capital costs worksheet for the KMC MRI replacement that I emailed to you on September 7. The cost of the MRI scanner is \$916,215 and agrees with the latest quote included in the documents originally submitted. The amount on the original capital costs worksheet is a previous vendor estimate. To be conservative, the variance will be considered as an equipment contingency. The other discrepancy was a math error which can be accounted for in the project contingency. The total project costs remains at the originally filed amount of \$1,913,400.

Please let me know if you have any other questions or need more information.

Lisa Griffin
Manager, Certificate-of-Need/Business Planning
Novant Health
(704) 384 - 3462

----- This message and any included attachments are from NOVANT HEALTH INC. and are intended only for the addressee(s). The information contained herein may include trade secrets or privileged or otherwise confidential information. Unauthorized review, forwarding, printing, copying, distributing, or using such information is strictly prohibited and may be unlawful. If you received this message in error, or have reason to believe you are not authorized to receive it, please promptly delete this message and notify the sender by email. If you believe that any information contained in this message is disparaging or harassing or if you find it objectionable please contact Novant Health, Inc. at 1-800-350-0094 or forward the email to reports@novanthealth.org. Thank you.

PROPOSED CAPITAL COSTS

Project Name: **Replace MRI Scanner**

September 15, 2017

Proponent: **NH Kernersville Medical Center**

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	\$	-		
	Sub-Total Site Preparation Costs			\$	-
(6)	Other (specify)			\$	-
(7)	Sub-Total Site Costs			\$	-

B. Construction Contract

(8)	Cost of Materials				
	General Requirements	\$	700,000.00		
	Concrete/Masonry	\$	-		
	Woods/Doors & Windows/Finishes	\$	-		
	Thermal & Moisture Protection	\$	-		
	Equipment/Specialty Items	\$	-		
	Mechanical/Electrical	\$	70,000.00		
	Other	\$	-		
	Sub-Total Cost of Materials			\$	770,000.00
(9)	Cost of Labor GC Labor			\$	-
(10)	Other - (Specify)			\$	-
(11)	Sub-Total Construction Contract			\$	770,000.00

C. Miscellaneous Project Costs

(12)	Building Purchase			\$	-
(13)	Fixed Equipment Purchase/Lease			\$	916,215.00
	Other (equipment contingency)			\$	196,256.00
(14)	Movable Equipment Purchase/Lease			\$	-
(14a)	Information Technology			\$	2,200.00
(15)	Furniture			\$	-
(16)	Signage			\$	600.00
(17)	Consult Fees				
	Architect and Engineering Fees	\$	-		
	Market Analysis	\$	-		
	Other - (Specify)	\$	-		
	Sub-Total Consultant Fees			\$	-
(18)	Financing Costs (e.g. Bond Loan, etc)			\$	-
(19)	Interest During Construction			\$	-
(20)	Other (Project Contingency)			\$	28,129.00
	Other (SPECIFY)			\$	-
(21)	Sub-Total Miscellaneous			\$	1,143,400.00
(22)	Total Capital Cost of Project (Sum A-C above)			\$	1,913,400.00

Inman, Celia C

From: Denise Gunter <denise.gunter@nelsonmullins.com>
Sent: Wednesday, September 13, 2017 2:24 PM
To: Inman, Celia C
Subject: NH Kernersville Medical Ctr - Replacement Equipment Exemption for an MRI Scanner
Attachments: KMC MRI REER Ltr to Agency 09.07.2017.pdf

Hi, Celia.

I understand that some questions have been asked about this MRI replacement equipment exemption request for Novant Health Kernersville Medical Center (NHKMC), so I would like to clarify. The existing unit is a "fixed" mobile MRI Scanner ("Existing Unit"). When the replacement MRI scanner is ready to be installed at NHKMC, the Existing Unit will go to maintenance and be out of service for some period of time. Once the Existing Unit is finished with maintenance, MedQuest will most likely use the Existing Unit to replace one of its other existing mobile MRI scanners. This could be in NC or it might also be in another state where MedQuest operates. MedQuest has not made any decisions at this time regarding which of its other MRI units it will replace with the Existing Unit, or the timing of such a replacement, so MedQuest is not able to submit an additional replacement equipment request at this time. At no time, however, will MedQuest exceed the number of MRI scanners which it is allowed to operate in NC or increase the inventory of MRI scanners in NC. MedQuest will obtain all required regulatory approvals (such as replacement equipment exemption requests or declaratory rulings) to ensure compliance with applicable DHSR and CON regulations. We wanted to take this process one step at a time so that MedQuest can assess its needs once the Existing Unit comes out of maintenance.

I understand Lisa Griffin is going to respond to the capital cost questions you raised.

Please let me know if you need anything else.

Thanks and best regards.

Denise

Confidentiality Notice

This message is intended exclusively for the individual or entity to which it is addressed. This communication may contain information that is proprietary, privileged, confidential or otherwise legally exempt from disclosure.

If you are not the named addressee, you are not authorized to read, print, retain, copy or disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately either by phone (800-237-2000) or reply to this e-mail and delete all copies of this message.

STATE OF NORTH CAROLINA

*Department of Health and Human Services
Division of Health Service Regulation*

CERTIFICATE OF NEED

for

Project Identification Number #G-7919-07
FID# 923174

ISSUED TO: Forsyth Memorial Hospital, Inc.
d/b/a Forsyth Medical Center
3333 Silas Creek Parkway
Winston-Salem, NC 27103

Pursuant to N.C. Gen. Stat. § 131E-175, et. seq., the North Carolina Department of Health and Human Services hereby authorizes the person or persons named above (the "certificate holder") to develop the certificate of need project identified above. The certificate holder shall develop the project in a manner consistent with the representations in the project application and with the conditions contained herein and shall make good faith efforts to meet the timetable contained herein. The certificate holder shall not exceed the maximum capital expenditure amount specified herein during the development of this project, except as provided by N.C. Gen. Stat. § 131E-176(16)e. The certificate holder shall not transfer or assign this certificate to any other person except as provided in N.C. Gen. Stat. § 131E-189(c). This certificate is valid only for the scope, physical location, and person(s) described herein. The Department may withdraw this certificate pursuant to N.C. Gen. Stat. § 131E-189 for any of the reasons provided in that law.

SCOPE: Acquire one fixed Magnetic Resonance Imaging (MRI) scanner, for a total of three MRI scanners/ Forsyth County

CONDITIONS: See Reverse Side

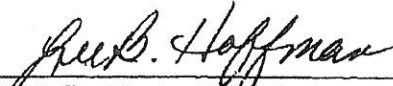
PHYSICAL LOCATION: Forsyth Memorial Hospital d/b/a Forsyth Medical Center
3333 Silas Creek Parkway
Winston-Salem, NC 27103

MAXIMUM CAPITAL EXPENDITURE: \$2,568,122

TIMETABLE: See Reverse Side

FIRST PROGRESS REPORT DUE: October 1, 2008

This certificate is effective as of the 28th day of November, 2007.



Chief, Certificate of Need Section
Division of Health Service Regulation

CONDITIONS:

1. Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center shall materially comply with all representations made in the certificate of need application.
2. Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.
3. Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.

TIMETABLE:

50% Completion of Construction -----	October 1, 2008
Completion of Construction -----	March 1, 2009
Accreditation of facility -----	April 1, 2011



North Carolina Department of Health and Human Services
Division of Health Service Regulation
Office of the Director
2701 Mail Service Center • Raleigh, North Carolina 27699-2701
<http://www.ncdhhs.gov/dhsr>

Beverly Eaves Perdue, Governor
Lanier M. Cansler, Secretary

Drexdal Pratt, Director
Phone: 919-855-3750
Fax: 919-733-2757

December 29, 2011

ELECTRONIC & CERTIFIED MAIL

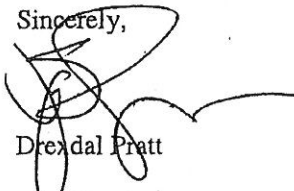
Denise M. Gunter, Esq.
Nelson Mullins Riley & Scarborough LLP
380 Knollwood Street, Suite 530
Winston-Salem, NC 27103

RE: Declaratory Ruling for Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center,
Project I.D. No. G-7919-07

Dear Ms. Gunter:

I am enclosing a Declaratory Ruling that you requested. If questions arise, do not hesitate to let me know.

Sincerely,



Drexdal Pratt

DP:JH:peb

Enclosure

cc: Jeff Horton, Chief Operating Officer, DHSR
Craig Smith, Chief, Certificate of Need Section
Steven Lewis, Chief, Construction Section
Azzie Conley, Chief, Acute and Home Care Licensure and Certification Section
DHSR Medical Facilities Planning Section
Marc Lodge, Special Deputy Attorney General, DOJ



Location: 809 Ruggles Drive ■ Dorothea Dix Hospital Campus ■ Raleigh, N.C. 27603
An Equal Opportunity / Affirmative Action Employer



NORTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF HEALTH SERVICE REGULATION
RALEIGH, NORTH CAROLINA

IN RE: REQUEST FOR DECLARATORY)	
RULING BY FORSYTH MEMORIAL)	
HOSPITAL, INC. d/b/a FORSYTH)	DECLARATORY RULING
MEDICAL CENTER)	
Project I.D. No. G-7919-07)	

I, Drexdal Pratt, as Director of the Division of Health Service Regulation, North Carolina Department of Health and Human Services ("Department" or "Agency"), do hereby issue this Declaratory Ruling pursuant to North Carolina General Statute § 150B-4 and 10A NCAC 14A .0103 under the authority granted me by the Secretary of the Department of Health and Human Services.

Forsyth Memorial Hospital, Inc. d/b/a Forsyth Medical Center ("Forsyth") has requested a declaratory ruling that allows a change in location for a fixed MRI scanner, contending that the change would not constitute a change in scope for purposes of N.C. Gen. Stat. § 131E-181 and that the location change would not affect Forsyth's material compliance with representations made in the CON application or the conditions imposed upon the CON. The CON law would require a full review of Forsyth's proposal if it represented a material change in the physical location or scope of the project. N.C. Gen. Stat. § 131E-181(a). This ruling will be binding upon the Department and the entity requesting it, as long as the material facts stated herein are accurate. This ruling pertains only to the matters referenced herein. Except as provided by N.C.G.S. § 150B-4, the Department expressly reserves the right to make a prospective change in the interpretation of the statutes and regulations at issue in this Declaratory Ruling. Denise M. Gunter of Nelson Mullins Riley & Scarborough, LLP has requested this ruling on behalf of Forsyth and has provided the material facts upon which this ruling is based.

STATEMENT OF THE FACTS

On November 28, 2007, the CON Section issued a CON to Forsyth to acquire a third fixed MRI scanner, to be installed at Forsyth Medical Center ("FMC"), 3333 Silas Creek Parkway, Winston-Salem, NC 27103.

Since that time, Forsyth has concluded that locating a third fixed MRI scanner inside FMC is not the most effective option for two reasons: (1) the existing fixed MRI scanners in FMC are able to accommodate existing volumes and are projected to be able to accommodate this volume for the foreseeable future; and (2) space constraints within the hospital make installing a third MRI scanner within FMC impractical.

Forsyth has determined that the best location for the MRI scanner is inside Kernersville Medical Center ("KMC"), which opened on March 16, 2011. The KMC CON application initially proposed to have mobile MRI services, and that is what it has been doing since the hospital opened in March 2011.

According to its request, there will be no capital expenditures, no obligations for capital expenditures, no commitment of funds, no addition of any health services, no planning, no construction, no purchases of any equipment, and no other activities related to this MRI relocation, including contracting with any contractors, until after March 16, 2012.

ANALYSIS

The CON law would require a full review of Forsyth's proposal if it represented a material change in the physical location or scope of the project. N.C. Gen. Stat. § 131E-181(a). The requested MRI relocation does not represent a material change in the scope of the project for the following reasons:

KMC is located in Forsyth County and is approximately 14 miles from FMC. KMC is licensed as part of FMC, so the location change for this scanner will not involve a change of ownership. There will also be no change in the scope of services offered.

The capital costs to implement the MRI scanner will be lower than originally proposed to develop the scanner inside FMC.

Forsyth represents that there will be no increase in costs or charges to the public for MRI services as a result of this location change.

N.C. Gen. Stat. § 131E-176(16)e. states that a "new institutional health service" includes:

a change in a project that was subject to certificate of need review and for which a certificate of need was issued, if the change is proposed during the development of the project or within one year after the project was completed. For purposes of this subdivision, a change in a project is a change of more than fifteen percent (15%) of the approved capital expenditure amount or the addition of a health service that is to be located in the facility, or portion thereof, that was constructed or developed in the project.

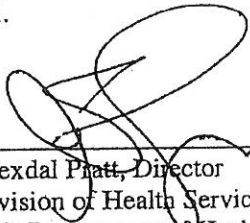
This provision is not applicable because there will be no capital expenditures, no obligations for capital expenditures, no commitment of funds, no addition of any health services, no planning, no construction, no purchases of any equipment, and no other activities related to this MRI relocation, including contracting with any contractors, until after March 16, 2012. Forsyth also does not propose to increase the approved capital expenditure for the MRI project by more than 15%.

N.C. Gen. Stat. § 131E-183(b) allows the Agency to withdraw the CON if Forsyth fails to develop the service in a manner consistent with the representations made in the application or with any conditions that were placed on the CON. Forsyth will not be operating the project in a manner that is materially different from the representation made in the application, nor in a manner that is inconsistent with any of the conditions that were placed on the CON.

CONCLUSION

For the foregoing reasons, assuming the statements of fact in the request to be true, I conclude that the proposed change in location for the approved, but unimplemented fixed MRI scanner from Forsyth Medical Center to Kernersville Medical Center does not constitute a change in the scope of the project, would not violate N.C. Gen. Stat. § 131E-181, and would not constitute a failure to satisfy a condition of the certificate of need in violation of N.C. Gen. Stat. § 131E-189(b).

This the 29th day of December, 2011.



Drexdal Pratt, Director
Division of Health Service Regulation
N.C. Department of Health and Human Services

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Declaratory Ruling has been served upon the nonagency party by electronic and certified mail, return receipt requested, by depositing the copy in an official depository of the United States Postal Service in a first-class, postage pre-paid envelope addressed as follows:

CERTIFIED MAIL

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

This the 29th day of December, 2011.



Jeff Horton
Chief Operating Officer

September 7, 2017

Via Email

Celia Inman, Project Analyst, Certificate of Need
N.C. Department of Health Service Regulation
809 Ruggles Drive
Raleigh, North Carolina 27603

**NOVANT
HEALTH**



Re: Novant Health, Inc. – Novant Health
Kernersville Medical Center
Replacement of Existing MRI Scanner
Kernersville, NC (Forsyth County)

Dear Ms. Inman:

Novant Health, Inc. and Novant Health Kernersville Medical Center (“NHKMC”) intend to replace an existing MRI scanner currently located at the main campus of NHKMC in Kernersville, North Carolina¹. The existing MRI scanner is located as a “fixed” mobile scanner at NHKMC and, as a result of this replacement, the new scanner will be relocated within the hospital’s imaging department. NHKMC will acquire a new Siemens Aera 1.5T MRI scanner. See Attachment A for the Equipment Quote. As part of the equipment cost, the vendor will provide onsite clinical training for the equipment. The total capital cost for the proposed replacement equipment project is estimated to be \$1,913,400². See Attachment B – Project Capital Cost.

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

- (1) NHKMC 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 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) NHKMC 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.

In support of our request, please find attached:

Attachment A – Vendor Equipment Quote
Attachment B – Project Capital Cost
Attachment C – NC CON Equipment Comparison chart

¹ The MRI scanner located at NHKMC is licensed under NHFMC as a result of Project ID#G-7917-07. A declaratory ruling was issued in December 2011 to relocate the MRI scanner from NHFMC to NHKMC.

² The project cost does not include sales, property or excise taxes as NHKMC is not subject to these taxes as a non-profit, tax-exempt organization.

G-7919-07


The existing MRI scanner will be transferred to Novant Health's MedQuest Division to replace one of its mobile MRI scanners which will be sent out of state in order to maintain the current MRI inventory. The exemption documentation for this project will be sent to the Agency under separate cover by MedQuest.

NHKMC's acquisition of the replacement MRI unit does not require a certificate of need because none of the definitions of "new institutional health services" set forth in N.C.G.S. Section 131E-176(16) apply to the proposed project. As outlined above, the total cost for the project is \$1,913,400. The proposed capital cost includes equipment, as well as studies, surveys, designs, plans, working drawings, specifications, construction installation and other activities essential to making the equipment operational.

Based on the information provided, please confirm that NHKMC's replacement equipment request does not constitute a new institutional health service and is exempt from certificate of need review.

If you need additional information, please do not hesitate to contact me.

Sincerely,



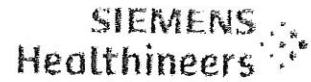
Lisa Griffin
Manager, Certificate of Need
Novant Health, Inc.

Enclosures

Cc: Barbara Freedy, Director, CON, Novant Health

**ATTACHMENT A –
Equipment Quote**

Siemens Medical Solutions USA, Inc.
40 Liberty Boulevard, Malvern, PA 19355
Fax: (866) 309-6967



SIEMENS REPRESENTATIVE
Karen Dixon - (865) 360-8644

PRELIMINARY PROPOSAL

Customer Number: 0000187513

Date: 7/25/2017

KERNERSVILLE MEDICAL CENTER
654 WISHBONE FARM RD
KERNERSVILLE, NC 27284

Quote Nr: 1-L5IFIB Rev. 0

MAGNETOM Aera

All items listed below are included for this system:

Qty	Part No.	Item Description	Extended Price
1	14456140	MAGNETOM Aera - System MAGNETOM Aera is designed to provide you the versatility you need to meet the increasing demands in healthcare. Maximize 1.5T with its core technologies Tim(r) 4G and Dot(r), along with its comprehensive application portfolio and experience unique functionalities to increase patient comfort. Every case. Every day. System Design - Short and open appearance (145 cm system length and 70 cm Open Bore Design) to reduce patient anxiety and claustrophobia - Whole-body superconductive Zero Helium Boil-Off 1.5T magnet - Actively Shielded water-cooled Siemens gradient system for maximum performance - TrueForm Magnet and Gradient Design Tim 4G (Total imaging matrix in the 4th generation) for excellent image quality and speed - Siemens unique DirectRF(tm) technology enabling the all digital-in/ digital-out design - Dual-Density Signal Transfer Technology - Tim Coil Interface Dot (Day optimizing throughput) for higher consistency, flexibility and efficiency - Dot Display - Dot Control Centers - Brain Dot Engine Tim Application Suite allowing excellent head-to-toe imaging - Neuro Suite - Angio Suite - Cardiac Suite - Body Suite	\$607,500

Siemens Medical Solutions USA, Inc.
 40 Liberty Boulevard, Malvern, PA 19355
 Fax: (866) 309-6967

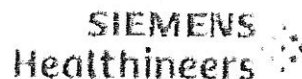


SIEMENS REPRESENTATIVE
 Karen Dixon - (865) 360-8644

PRELIMINARY PROPOSAL

Qty	Part No.	Item Description	Extended Price
		<ul style="list-style-type: none"> - Onco Suite - Breast Suite - Ortho Suite - Pediatric Suite - Scientific Suite <p>Further included</p> <ul style="list-style-type: none"> - High performance host computer - Patient communication: standard headphones and MagnaColl(tm) In-Ear headset - Siemens uniqueTimCT FastView localizer and CAIPIRINHA - syngo MR software including - 1D/2D PACE - BLADE - iPAT* - Phoenix - Inline Diffusion - WARP - MDDW (Multiple Direction Diffusion Weighting) - CISS - DESS - TGSE <p>The system (magnet, electronics and control room) can be installed in 30sqm space. For system cooling either the Eco Chiller options or the Separator is required.</p>	
1	14456141	<p>Tim [204x24] XJ Gradients #Ae</p> <p>Tim [204x24] XJ-gradient performance level</p> <p>Tim 4G with it's newly designed RF system and innovative coil architecture enables high resolution imaging and increased throughput. Up to 204 simultaneously connected coil elements can be combined with the 24 independent RF channels for the most flexible parallel imaging and support demanding applications. Maxlimum SNR is ensured through the new Tim 4G matrix coil technology.</p> <p>XJ - gradients</p> <p>The XJ- gradients are designed combining high performance and linearity to support clinical whole body imaging at 1.5T. The force compensated gradient system minimizes vibration levels and accoustic noise. The XJ gradients combine 33 mT/m peak amplitude with a slew rate of 125 T/m/s.</p> <p>High-performance measurement and reconstruction system</p>	\$0
1	14456138	<p>Standard Coil Package 24-ch #Ae</p> <p>This package includes:</p> <ul style="list-style-type: none"> - Head/Neck 16 DirectConnect - Spine 24 DirectConnect - Body 6 - Flex Large 4 - Flex Small 4 - Flex Coil interface 	\$22,500

Siemens Medical Solutions USA, Inc.
 40 Liberty Boulevard, Malvern, PA 19355
 Fax: (866) 309-6967



SIEMENS REPRESENTATIVE
 Karen Dixon - (865) 360-8644

PRELIMINARY PROPOSAL

Qty	Part No.	Item Description	Extended Price
1	14416906	<p>Tim Dockable Table #Ae</p> <p>The Tim Dockable Table is designed for maximum patient comfort and smooth patient preparation. Tim Dockable Table can support up to 250 kg (550 lbs) patients without restricting the vertical or horizontal movement.</p> <p>The one step docking mechanism and the innovative multi-directional navigation wheel ensure easy maneuvering and handling. Critically ill or immobile patients can now be prepared outside the examination room for maximum patient care, flexibility and speed.</p>	\$33,750
1	14416914	<p>Pure White Design #T+D</p> <p>The MAGNETOM Aera / MAGNETOM Skyra design is available in different light and appealing variants which perfectly integrates into the different environments. The color of the main face plate cover of the Pure White Design Variant with the integrated Dot Control Centers and the unique Dot Display is brilliant white surrounded by a brilliant silver trim. The asymmetrical deco area on the left side is colored white matte and also with a brilliant surrounding silver trim.</p> <p>The table cover is presented also in the same color and material selection.</p>	\$0
1	08464872	<p>PC Keyboard US english #Tim</p> <p>Standard PC keyboard with 101 keys.</p>	\$0
1	14446650	<p>SW syngo MR E11C</p> <p>syngo MR E11C software with new features and applications. GOBrain protocols (for Aera and Skyra with 48 or more rf-channels).</p>	\$0
1	14441866	<p>DotGO Routine Package #T+D</p> <p>The DotGO Routine Package includes both:</p> <ul style="list-style-type: none"> - Spine Dot Engine and - Large Joint Dot Engine. <p>As a package they offer a comprehensive set of workflows with guidance and automation, for standardized image quality in Spine and MSK MR imaging.</p> <p>The Spine Dot Engine provides the functionality of Inline Composing and Tim Planning Suite for streamlining workflows in all spine imaging. Tools, such as auto-positioning and vertebral recognition with AutoAlign Spine, AutoCoverage and Spine Labelling support and optimize reproducibility for your cervical, thoracic and lumbar spine imaging for all clinical indications.</p> <p>The Large Joint Dot Engine enhances standardization of the knee, hip and shoulder workflows and optimizes reproducible image quality by incorporating automation tools, such as anatomically based auto-positioning (AutoAlign). Dedicated imaging techniques, such as Advanced WARP, are included and can help to expand the access of diagnostic MRI to a broader range of patient types.</p>	\$27,500
1	14405224	<p>Composing syngo #Tim</p> <p>This application provides dedicated evaluation software for creation of full-format images from overlapping MR volume data sets and MIPs (starting from syngo MR B13) acquired at multiple stages.</p>	\$6,750
1	14441748	<p>Quiet Suite #T+D</p> <p>Quiet Suite enables complete, quiet examinations for neurology and orthopedics with at least 70% reduction in sound pressure levels.</p>	\$0
1	14441587	<p>Body 6 #Ae</p> <p>Flexible, universal 6-channel receive coil with 6 integrated preamplifiers. Elements are arranged in 2 rows of 3 elements each.</p>	\$19,350

Main features:

Siemens Medical Solutions USA, Inc.
 40 Liberty Boulevard, Malvern, PA 19355
 Fax: (866) 309-6967

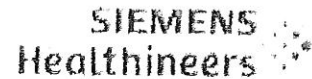


SIEMENS REPRESENTATIVE
 Karen Dixon - (866) 360-8644

PRELIMINARY PROPOSAL

Qty	Part No.	Item Description	Extended Price
		<ul style="list-style-type: none"> - Integrated operation with the Spine 24. - iPAT-compatible. - Dual-Density Signal Transfer. - SlideConnect(tm) technology for easy coil set up. 	
1	14416960	<p>Shoulder 16 Coil Kit #Ae</p> <p>The new Tim 4G coil technology with Dual Density Signal Transfer and SlideConnect Technology combines key imaging benefits: excellent image quality, high patient comfort, and unmatched flexibility. The Shoulder 16 Coil Kit for examinations of the left or right shoulder consists of a base plate and two different sized iPAT compatible 16 channel coils (Shoulder Large 16 and Shoulder Small 16). These will be attached and can be relocated on the base plate. The 16-element coils with 16 integrated pre-amplifiers ensure maximum signal-to-noise ratio. Shoulder Large 16 and Shoulder Small 16 will be connected via a SlideConnect plug for fast and easy coil set-up and patient preparation.</p>	\$27,000
1	14456317	<p>Tx/Rx Knee 15 Flair 1.5T #Ae</p> <p>New 15-channel transmitter/receiver coil for joint examinations in the area of the lower extremities.</p> <p>Main features :</p> <ul style="list-style-type: none"> - 15-element design (3x5 coil elements) with 15 integrated preamplifiers, - iPAT-compatible - SlideConnect Technology 	\$32,400
1	14416962	<p>Foot/Ankle 16 #Ae</p> <p>The new Tim 4G coil technology with Dual Density Signal Transfer and DirectConnect Technology combines key imaging benefits: excellent image quality, high patient comfort, and unmatched flexibility.</p> <p>Foot/Ankle 16 for examinations of the left or right foot and ankle region consists of a base plate and an iPAT compatible 16-channel coil and allows high resolution imaging of the foot and ankle within one examination. Foot/Ankle 16 is a cable-less coil and will be connected via DirectConnect for fast and easy patient preparation.</p>	\$33,750
1	14407261	<p>MR Workplace Container, 50cm</p> <p>50 cm wide extra case for the syngo host computer with sliding front door to allow change of storage media (CD/DVD/USB).</p>	\$900
1	14456315	<p>UPS system (Libert)</p> <p>UPS system Liebert GXT4 3000RT230E for MAGNETOM Aera, Skyra, Prisma, Essenza, Amira, Spectra, CI for safeguarding computers. Including Power Cable of 9 m for connecting the UPS.</p> <p>Power output: 3.0 kVA / 2.7 kW Bridge time: 3 min full load / 12 min half load Input voltage: 230 VAC</p>	\$2,700
1	14456316	<p>UPS Battery module (Libert GXT4 BATT)</p> <p>UPS battery module Liebert GXT4 72VBATTE for MAGNETOM Aera, Skyra, Prisma, ESSENZA, Amira, Spectra, CI for safeguarding computers.</p> <p>Extension for: Liebert GXT4 3000RT230E (14456315)</p> <p>Battery type: Closed, maintenance-free</p> <p>Extension of the bridge time to: 21 minutes full load / 48 min half load with one module</p> <p>Dimensions (H x D x W): Battery module: 430 x 602 x 85 mm</p> <p>Weight: approx. 46 kg</p>	\$1,000

Siemens Medical Solutions USA, Inc.
 40 Liberty Boulevard, Malvern, PA 19355
 Fax: (866) 309-6967



SIEMENS REPRESENTATIVE
 Karen Dixon - (865) 360-8644

PRELIMINARY PROPOSAL

Qty	Part No.	Item Description	Extended Price
1	MR_STD_RIG_INST	MR Standard Rigging and Installation MR Standard Rigging and Installation This quotation includes standard rigging and installation of your new MAGNETOM system Standard rigging into a room on ground floor level of the building during standard working hours (Mon. - Fri./ 8 a.m. to 5 p.m.) It remains the responsibility of the Customer to prepare the room in accordance with the SIEMENS planning documents Any rigging requiring a crane over 80 tons and/or special site requirements (e.g. removal of existing systems, etc.) is an incremental cost and the responsibility of the Customer. All other "out of scope" charges (not covered by the standard rigging and installation) will be identified during the site assessment and remain the responsibility of the Customer.	\$0
1	MR_BTL_INST ALL	MR Standard Rigging & Install	\$15,000
1	MR_PREINST_DOCK	T+D Preinstall kit for dockable table	\$550
1	MR_CRYO	Standard Cryogens	\$8,000
1	MR_PM	MR Project Management A Siemens Project Manager (PM) will be the single point of contact for the implementation of your Siemens equipment. The assigned PM will work with the customer's facilities management, architect or building contractor to assist you in ensuring that your site is ready for installation. Your PM will provide initial and final drawings and will coordinate the scheduling of the equipment, installation, and rigging, as well as the initiation of on-site clinical education.	\$0
1	MR_SYDOT_W KSP	MR syngo Dot Onsite Workshop This 2 day onsite MR syngo(r) Dot Workshop introduces the MR technologist to the user interface and operating software implemented on the MAGNETOM(r) system. Through the use of demonstrations, lecture, and hands-on labs using Siemens simulation consoles, participants will learn the basic principles and workflow of patient examinations. Attendees will receive workbooks. This onsite workshop is scheduled consecutively (Monday - Friday) during standard business hours and accommodates up to (10) imaging professionals. This educational offering must be completed (12) months from purchase or install end date. If training is not completed within the applicable time period, Siemens' obligation to provide the training will expire without refund.	\$12,000
1	MR_INITIAL_32	Initial onsite training 32 hrs MR_INITIAL_32 Up to (32) hours of on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Training will cover agenda items on the ASRT approved checklist. Uptime Clinical Education phone support is provided during the warranty period for specified posted hours. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.	\$7,800
1	MR_FOLLOWU P_32	Follow-up training 32 hrs Up to (32) hours of follow-up on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Uptime Clinical Education phone support is provided during the warranty period for specified posted hours. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.	\$7,800

Siemens Medical Solutions USA, Inc.
 40 Liberty Boulevard, Malvern, PA 19355
 Fax: (866) 309-6967

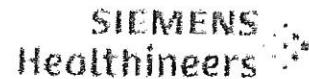


SIEMENS REPRESENTATIVE
 Karen Dixon - (865) 360-8644

PRELIMINARY PROPOSAL

Qty	Part No.	Item Description	Extended Price
1	MR_FOLLOWU P_24	Follow-up training 24 hrs Up to (24) hours of follow-up on-site clinical education training, scheduled consecutively (Monday - Friday) during standard business hours for a maximum of (4) imaging professionals. Uptime Clinical Education phone support is provided during the warranty period for specified posted hours. This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.	\$6,300
1	MR_ELEARN	e.learning CEU subscription (12 mths) This (12) month multi-modality e.learning subscription will provide access for (10) imaging professionals at the customer site to utilize up to (50 CEUs). This educational offering must be completed (12) months from install end date. If training is not completed within the applicable time period, Siemens obligation to provide the training will expire without refund.	\$650
1	KKTECOMR_6 0	KKT ECOCHILLER 133L The KKT ECO 133 -L chiller is a dedicated 20°C cooling system for MAGNETOM Aera and MAGNETOM Skyra which automatically adapts to the different cooling requirements (e.g. system in operation, standby, ...) to reduce the energy consumption for cooling. The cooling system must be used in combination with the IFP (interface Panel), if there is no on-site chilled water supply at all. The IFP is included in the scope of supply.	\$28,515
1	KRAUS_CHILI NST	Kraus Start-up and Warranty	\$4,500
1	MR_GOBRAIN	GOBrain GOBrain delivers reliable quality at exceptional speed. It enables clinically validated, push-button brain exams, with multiple orientations and all relevant contrasts. This fast exam is more tolerable for patients, and helps reduce motion-related artifacts and the need for rescans and sedation. As a result, GOBrain potentially doubles throughput and reduces costs per scan. Supported by our Tim 4G technology and DotGO, it delivers consistently high quality and maximizes the productivity of your MRI scanner - while improving patient care.	\$0
1	SY_PR_TEAM PLAY	teampay Welcome & Registration Package teampay is a cloud-based network that brings together your imaging modality users, the systems' dose and utilization data, and the users' expertise to help you improve the delivery of care to your patients. Basic features are provided free of charge. Premium features (benchmarking, non-Siemens devices) are provided on a trial basis for three months at no charge, and may be used thereafter on a subscription fee basis. To register: http://teampay.siemens.com/#/institutionRegistration/1	\$0
1	MR_BUDG_AD DL_RIG	Budgetary Add'l/Out of Scope Rigging	\$10,000
System Total:			\$916,215

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PRELIMINARY PROPOSAL

FINANCING: The equipment listed above may be financed through Siemens. Ask us about our full range of financial products that can be tailored to meet your business and cash flow requirements. For further information, please contact your local Sales Representative.

Siemens Healthcare is pleased to submit this Preliminary Pricing Proposal. A Preliminary Pricing Proposal is provided for planning purposes only; it is not contractually binding. To receive a contractually binding proposal for the Products listed above, inclusive of Terms, Conditions, and Warranty coverage, please contact your Siemens Healthcare Sales Representative.

Siemens Healthcare

Karen Dixon
(865) 360-8644
karen.dixon@siemens-healthineers.com

**ATTACHMENT B –
Project Capital Cost Form**

**PROJECT CAPITAL COST
NHKMC- 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*	\$700,000
	(9) Cost of Labor	
	(10) Other: <i>Construction Contingency</i>	\$70,000
	(11) Sub-Total Construction Contract	\$770,000
C. Miscellaneous Project Costs		
	(12) Building Purchase	
	(13) & (14) Fixed Equipment Purchase/Lease + Movable Equipment Purchase/Lease*	\$1,112,471
	(14a) Information Technology	\$2,200
	(15) Furniture	
	(16) Landscaping	
	(17) Consultant Fees (CON Consultant)	
	Other: Signage	\$600
	Sub-Total Consultant Fees	
	(18) Financing Costs (Bond, Loan, etc.)/Imputed Interest	
	(19) Interest During Construction	
	(20) Other (Specify): <i>Project Contingency</i>	\$28,423
	(21) Sub-Total Miscellaneous	\$1,143,400
D. Total Capital Cost of Project	(22) Total Capital Cost of Project -Sum above Subtotals for Rows (11) & (21)	\$1,913,400

*Construction contract includes labor and materials.

**ATTACHMENT C –
NC Equipment Comparison Form**

NH Kernersville MRI Scanner Replacement	Existing Equipment	Replacement Equipment
Type of Equipment (List Each Component)	MRI Equipment	MRI Equipment
Manufacturer of Equipment	Siemens	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	Espreo	Aera
Serial Number	31381	TBD
Provider's Method of Identifying Equipment	Internal Asset Numbering System	Internal Asset Numbering System
Specify if Mobile or Fixed	Fixed Mobile	Fixed
Mobile Trailer Serial Number /VIN#	N/A	N/A
Mobile Tractor Serial Number /VIN#	N/A	N/A
Date of Acquisition of Each Component	Sept. 2013	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	New
Total Capital Cost of Project	\$1,144,341	\$1,913,400
Total Cost of Equipment	\$1,120,000	\$916,215
Fair Market Value of Equipment	\$450,000	\$916,215
Net Purchase Price of Equipment	\$1,120,000	\$916,215
Locations Where Operated	NHKMC	NHKMC
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

**Equipment Comparison Form
Mobile MRI Replacement**

	Existing Equipment MQ 21 (Grandfathered)	Replacement Equipment MQ 27
Type of Equipment (List Each Component)	MRI Equipment	MRI Equipment
Manufacturer of Equipment	GE	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	HDXT	Espreo
Serial Number	G1343	31381
Provider's Method of Identifying Equipment	Internal Asset Numbering System	Internal Asset Numbering System
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number /VIN#	1S9FA4826Y1182367	1M9A3A825DH022815
Mobile Tractor Serial Number /VIN#	N/A	N/A
Date of Acquisition of Each Component	2010	2013
Does Provider Hold Title to Equipment or Have a Capital Lease?	Owned; Novant has title	Owned; Novant has title
Specify if Equipment Was/Is New or Used When Acquired	New	New
Total Capital Cost of Project	\$0 (Novant already owns it)	\$0 (Novant already owns it; the total project cost in 2013 was \$1,144,341)
Total Cost of Equipment	Acquired as part of acquisition of certain assets of Insight Corp.	\$1,120,000 (when originally acquired)
Fair Market Value of Equipment	\$650,000	\$450,000
Net Purchase Price of Equipment	Acquired as part of acquisition of certain assets of Insight Corp.	N/A; Novant already owns the unit, but the net purchase price in 2013 was \$1,120,000)
Locations Where Operated	Neurology Associates - Hickory, Piedmont Imaging WS, Guilford Neurological Associates	Proposed Locations: Piedmont Imaging WS, Guilford Neurological Associates, NHI- Mooresville, NHI University
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

	Existing Equipment MQ 21 (Grandfathered)	Replacement Equipment MQ 27
Percent of Change in Per Procedure Operating Expenses by Procedure	N/A	No increase
Type of Procedures Currently Performed on Existing Equipment	MRI Procedures	MRI Procedures
Type of Procedures New Equipment is Capable of Performing	N/A	N/A



**Equipment Comparison Form
Coastal Diagnostic Imaging - MRI Replacement**

	Existing Equipment MQ 18	Replacement Equipment MQ 21 (grandfathered)
Type of Equipment (List Each Component)	MRI Equipment	MRI Equipment
Manufacturer of Equipment	GE	GE
Tesla Rating for MRIs	1.5T	1.5T
Model Number	HDi	HDXT
Serial Number	R3783	G1343
Provider's Method of Identifying Equipment	Internal Asset Numbering System	Internal Asset Numbering System
Specify if Mobile or Fixed	Fixed Mobile	Fixed Mobile
Mobile Trailer Serial Number /VIN#	N/A	N/A
Mobile Tractor Serial Number /VIN#	N/A	N/A
Date of Acquisition of Each Component	2009	2010
Does Provider Hold Title to Equipment or Have a Capital Lease?	Owned; Novant holds title	Owned; Novant holds title
Specify if Equipment Was/Is New or Used When Acquired	New	New
Total Capital Cost of Project	\$0 (Novant already owns it)	\$0 (Novant already owns it)
Total Cost of Equipment	\$1.15 million	Acquired as part of an acquisition of certain assets from Insight Corp.
Fair Market Value of Equipment	\$650,000	\$650,000
Net Purchase Price of Equipment	\$1.15 million	Acquired as part of an acquisition of certain assets from Insight Corp.
Locations Where Operated	Coastal Diagnostic Imaging Jacksonville, NC	Proposed: Coastal Diagnostic Imaging Jacksonville, NC
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

