



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor

KODY H. KINSLEY • Secretary

MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

January 20, 2022

David French, Consultant to Alliance Healthcare Services  
Djfrench45@gmail.com

**Exempt from Review – Replacement Equipment**

**Record #:** 3791  
**Date of Request:** January 14, 2022  
**Business Name:** Alliance Healthcare Services, Inc.  
**Business #:** 60  
**Project Description:** Temporarily replace a mobile MRI scanner  
**Counties:** Durham, Guilford and Wake

Dear Mr. French:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that the above referenced project is exempt from certificate of need review in accordance with G.S. 131E-184(a)(7). Therefore, you may proceed to acquire without a certificate of need the Siemens Espree 1.5T mobile MRI scanner (ESP 52) to temporarily replace the Siemens Espree 1.5T mobile MRI scanner (ESP 28) that is in need of repair. This determination is based on your representations that, after the existing unit is repaired, the temporary replacement unit will be removed 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,

Michael J. McKillip  
Project Analyst

Micheala Mitchell  
Chief

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: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704  
<https://info.ncdhhs.gov/dhsr/> • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

## ALLIANCE HEALTHCARE SERVICES

January 14, 2022

Mr. Mike Mckillip, CON Analyst  
Ms. Micheala Mitchell, Chief  
Health Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

RE: Alliance Healthcare Services - Written Notice for Exemption from CON Review for  
Emergency Temporary Replacement of Mobile MRI Scanner ESP 28

Dear Ms. Mitchell and Mr. Mckillip:

I am writing on behalf of my client, Alliance Healthcare Services, regarding the urgent need to temporarily replace mobile MRI scanner ESP 28 (Legacy Unit) because the HVAC system requires repairs or replacement. This MRI scanner is an existing Legacy unit that was properly reported in the 2021 Equipment Inventory and is continuing to serve host sites in Wake, Durham and Guilford Counties.

Please accept this notice of exemption to temporarily replace the above unit with ESP 52 Serial # 1M9A3A826CH022806, which is an existing mobile MRI scanner owned by Alliance and will be utilized as an interim temporary unit at this location. When ESP 52 is no longer needed to serve as a temporary replacement for SYM 71 it will be removed from North Carolina.

This letter provides justification and written notice regarding the replacement equipment in accordance with NCGS 131 E-184. Alliance Healthcare Services also provides documentation that the replacement equipment conforms to the Certificate of Need laws and Administrative rules: G.S. 131E-184 (a) (7) Exemptions from review to provide replacement equipment 10A NCAC 14C.0303 Replacement Equipment Administrative Rules

## **Overview**

The existing mobile MRI scanner requires temporary replacement for several reasons:

- The existing ESP 28 requires repairs that are estimated to take approximately one to two weeks
- Service to the existing host sites will be disrupted if a temporary replacement mobile MRI scanner is not provided.
- Alliance has no available capacity on other MRI scanners in North Carolina to provide coverage for the unit that needs to be repaired.

The host sites that will be served by the replacement mobile MRI scanner are:

Raleigh Neurology Imaging  
4111 Ben Franklin Blvd.  
Durham, NC 27704

WakeMed - Apex Healthplex  
120 Healthplex Way  
Apex, NC 27502

WakeMed Garner Healthplex  
400 US Hwy 70 East  
Garner, NC 27529

WakeMed-Raleigh Medical Park  
23 Sunnybrook Road  
Raleigh, NC 27610

Cone MedCenter High Point-Greensboro  
2630 Willard Dairy Road  
High Point, NC 27265

## **Compliance Documentation**

Compliance with G.S. 131E-176 (22a) Replacement Equipment Definition is evident because the temporary replacement scanner has a fair market value of \$400,000 which is far less than the \$2,000,000 threshold.

The replacement MRI equipment will be used for the same diagnostic purposes as the existing equipment. In addition, Alliance is providing prior written notice to the Department in accordance with G.S. 131E-184 (a) (7) Exemption from Review to provide replacement equipment.

## **Applicability and Conformance with Administrative Rule 10A NCAC 14C.0303 Replacement Equipment**

Alliance Healthcare Services plans to use an existing mobile MRI as a temporary replacement. No equipment will be purchased. The temporary replacement equipment conforms to the rules as follows:

### **10A NCAC 14C .0303 REPLACEMENT EQUIPMENT**

(a) This Rule defines the terms used in the definition of “replacement equipment” set forth in G.S. 131E-176(22a).

Alliance Healthcare Services has reviewed this rule definition.

(b) “Currently in use” means that the equipment to be replaced has been used by the person requesting the exemption at least 10 times to provide a health service during the 12 months prior to the date the written notice required by G.S. 131E-184(a) is submitted to the CON Section.

Alliance Healthcare Services confirms that SYM 71 meets the definition of “currently in use” because the MRI scanner provided service at Duke Heritage and UNC Imaging and Spine during the past year. This equipment performed 1322 MRI procedures during the period from March 1, 2021 through September 30, 2021.

(c) Replacement equipment is not “comparable” if: (1) the replacement equipment to be acquired is capable of providing a health service that the equipment to be replaced cannot provide; or (2) the equipment to be replaced was acquired less than 12 months prior to the date the written notice required by G.S. 131E-184(a) is submitted to the CON Section and it was refurbished or reconditioned when it was acquired by the person requesting the exemption.

The replacement MRI scanner is comparable to the equipment being replaced because the temporary replacement equipment will be used to acquire the same types of MRI images and data. Alliance Healthcare Services certifies that the replacement mobile MRI equipment will be used for the same diagnostic purposes as the existing MRI unit.

The existing equipment to be temporarily replaced was acquired in 2011. The temporary replacement unit will be removed from North Carolina once repairs to SYM 71 are completed.

Please see the attached Equipment Comparison Form:

**EQUIPMENT COMPARISON**

	<b>EXISTING EQUIPMENT</b>	<b>TEMPORARY REPLACEMENT</b>
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	Siemens	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	ESPREE	ESPREE
Serial Number	1S9FA482X91183328	1M9A3A826CH022806
Provider's Method of Identifying Equipment	ESP 28	ESP 52
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1S9FA482X91183328	1M9A3A826CH022806
Mobile Tractor Serial Number/VIN #	NA – No changes	NA – No changes
Date of Acquisition of Each Component	2008	2012
Hold Title or Lease	Holds Title	Holds Title
Specify if Equipment Was/Is New or Used When Acquired	New	New
Total Capital Cost of Project (no construction involved)	NA	\$400,000 FMV Already owned by Alliance
Total Cost of Equipment	NA	NA
Fair Market Value of Equipment	NA	NA
Net Purchase Price of Equipment	NA	NA
Locations Where Operated Currently	Raleigh Neurology in Durham, WakeMed sites in Wake and Cone Med Center in Guilford	Raleigh Neurology in Durham, WakeMed sites in Wake and Cone Med Center in Guilford
Number Days In Use/To be Used in N.C. Per Year	Up to 365	Short Term Replacement
Percent of Change in Patient Charges (by Procedure)	NA	0%
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	0%
Type of Procedures Currently Performed on Existing Equipment	MRI Procedures	MRI Procedures
Type of Procedures New Equipment is Capable of Performing	NA	MRI Procedures

The temporary use of replacement ESP 52 will be discontinued in approximately one to two weeks when the repair of ESP 28 has been completed and returned to service.

Thank you for your review and consideration of this information.  
Please call me at 336 432-8308 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "David J. French".

David J. French

Consultant to Alliance Healthcare Services

P.O. Box 2154  
Reidsville, NC 27023  
djfrench45@gmail.com

Cc: Rodney Skelding  
Manager of Operations  
Alliance Healthcare Services

**From:** [Mckillip, Mike](#)  
**To:** [Waller, Martha K](#)  
**Subject:** FW: [External] MRI Temporary Replacement Exemption for Alliance ESP 28 (Wake, Durham and Guilford)  
**Date:** Tuesday, January 18, 2022 8:56:14 AM  
**Attachments:** [ALLIANCE Temporary Replacement ESP 28 with ESP 52.pdf](#)

---

FYI

**Michael Mckillip**

Project Analyst

Division of Health Service Regulation, Healthcare Planning and Certificate of Need  
[NC Department of Health and Human Services](#)

Office: 919-855-3877

[mike.mckillip@dhhs.nc.gov](mailto:mike.mckillip@dhhs.nc.gov)

809 Ruggles Drive, Edgerton  
2704 Mail Service Center  
Raleigh, NC 27699

**Don't wait to vaccinate. Find a COVID-19 vaccine location near you at [MySpot.nc.gov](#).**

[Twitter](#) | [Facebook](#) | [YouTube](#) | [LinkedIn](#)

---

Email correspondence to and from this address is subject to the North Carolina Public Records Law and may be disclosed to third parties by an authorized State official. Unauthorized disclosure of juvenile, health, legally privileged, or otherwise confidential information, including confidential information relating to an ongoing State procurement effort, is prohibited by law. If you have received this email in error, please notify the sender immediately and delete all records of this email.

---

**From:** David French <djfrench45@gmail.com>  
**Sent:** Friday, January 14, 2022 4:26 PM  
**To:** Mckillip, Mike <mike.mckillip@dhhs.nc.gov>  
**Cc:** Rodney Skelding <rskelding@allianceradiology-us.com>; Jennifer Freeman <jfreeman@allianceradiology-us.com>; Tina Hinshaw <thinshaw@allianceradiology-us.com>  
**Subject:** [External] MRI Temporary Replacement Exemption for Alliance ESP 28 (Wake, Durham and Guilford)

**CAUTION:** External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [Report Spam](#).

Hi Mike,,

Please confirm that you have received the attached letter regarding the Legacy mobile MRI that served several sites. This is a temporary replacement for repairs

I would be glad to answer any questions.

David French  
336 432-8308