

Technology and Equipment Committee
Agency Report for
Adjusted Need Determination Petition Regarding the
Proposed 2011 State Medical Facilities Plan
Southeastern Orthopaedic Specialists, P.A.

Petitioner:

Southeastern Orthopaedic Specialists, P.A. (SOS)
1130 North Church Street
Greensboro, NC 28472
(336) 375-2300, mwo@sosbonesdocs.com

Request:

The petitioner requests an adjusted need determination for a fixed Magnetic Resonance Imaging (MRI) scanner in Guilford County for the 2011 State Medical Facilities Plan (SMFP).

Background Information:

The methodology for MRI scanners uses the total number of adjusted procedures in MRI service areas, equivalent values for fixed and mobile MRI scanners, and graduated need determination thresholds based on the number of fixed scanners in a service area. Procedures are weighted according to complexity and added together; the sum is divided by the number of fixed equivalent scanners to get the average adjusted procedures per scanner for each service area. The fixed equivalent value is 1.00 for approved and existing fixed scanners, including need determinations for MRI scanners from previous SMFPs. For mobile sites, the fixed equivalent is the number of MRI adjusted procedures performed at the site divided by the threshold for the MRI service area. The fixed equivalent for a mobile site can be no greater than 1.00. Need determination thresholds for MRI service areas depend on the total number of fixed scanners in the service area. A need determination occurs when the average adjusted procedures for the service area exceed the threshold established for the service area.

As shown in the 2011 Proposed SMFP, beginning on page 171, Guilford County has 14.40 fixed equivalent MRI scanners, including one need determination from the 2009 SMFP. With a total of 67,389 adjusted procedures and an average of 4,680 adjusted procedures in the 2011 Proposed SMFP, Guilford County does not exceed the threshold of 4,805 for service areas with four or more MRI scanners. The 2009 SMFP shows Guilford County with 12.60 fixed equivalent magnets, 68,144 adjusted procedures and an average of 5,452 adjusted procedures, which triggered a need determination for a fixed MRI scanner for the service area. The application date for a certificate of need (CON) was 05/15/2009, and three providers applied for the CON, including Southeastern Orthopaedic Specialists (SOS). On 10/28/2009, a decision of Conditional Approval was issued for Greensboro Orthopaedic Center (GOC). Currently, the decision is under appeal.

In deference to the standard methodology, Chapter Two of the North Carolina 2011 Proposed SMFP allows persons to petition for an adjusted need determination if they believe their needs are not appropriately addressed by the standard methodology. Southeastern Orthopaedic

Specialists states that there is need for an additional fixed MRI scanner in Guilford County due to circumstances unique to the provider and service area.

Analysis/Implications:

The petitioner states that SOS is unique in that it "... is the only remaining mobile host site with MRI volumes exceeding the applicable utilization threshold that remains totally reliant upon contracted mobile MRI services to meet patient demands for MRI services." The petitioner reports that SOS provided more procedures than the threshold of 4,805, and the procedures were provided on mobile MRI scanners. The Agency notes that while SOS provided 4,996 weighted (adjusted) procedures on mobile MRI scanners, the comparison of one provider's volume against the service area threshold is not consistent with the MRI standard methodology of comparing average adjusted procedures for an entire service area against the threshold. The SOS volume in combination with that of other providers and used in calculations outlined in the standard methodology results in no need determination for Guilford County for the 2011 SMFP.

Other factors described in the petition include a discussion about counting the 0.90 fixed equivalency for the GOC mobile site. The petitioner states that once GOC develops the new fixed MRI scanner, the "old GOC Mobile MRI ... will be discontinued", and therefore should not count in the inventory in the 2011 SMFP. "If the total procedures for Guilford County were divided by one less scanner, a Need would be shown" in Guilford County. The methodology provides for the situation where a provider has been issued a CON for a fixed unit, and has received approval to use mobile services until the fixed unit is operational. Alliance HealthCare Services reported on its 2010 Registration and Inventory form having provided 4,344 procedures at the GOC site from 10/1/2008 through 9/30/2009 using a grandfathered mobile MRI scanner. The CON for the 2009 SMFP Need Determination *has not been issued*, pending resolution of the appeal of the CON decision. The timing of the award of the CON will be after the time period for the report of GOC's mobile procedures used in the 2011 SMFP. Therefore, the 4,344 procedures and the 0.90 fixed equivalent for the GOC site in the Proposed 2011 SMFP do not fall under the provisions for using mobile services until a fixed unit is operational.

Furthermore, the equipment that performed the procedures is owned by Alliance Healthcare Services, and is a grandfathered unit. If and when GOC terminates its contract with Alliance for mobile services, Alliance can use the mobile scanner to provide services to patients of other providers in Guilford County or other counties, because the scanner is grandfathered and can be moved without a CON. Use of the Alliance grandfathered mobile scanner may not be discontinued in Guilford County, meaning that there may not be one less scanner operating in the county when GOC puts its new fixed unit into service. At that time, the methodology in place will be used to determine need, taking into consideration procedures and inventory as indicated.

The petitioner provides statistics comparing SOS and Guilford County with other counties and providers in the state; however, the comparisons leave out the 2009 SMFP Need Determination for Guilford County. As described in Step 1 of the MRI standard methodology, need determinations from previous SMFPs are counted in the number of scanners in a service area. If no placeholder were used for unfilled need determinations and the number of procedures that triggered the need were to remain constant, the methodology would continue to result in a need determination year after year, which is an outcome not intended by the methodology. The 2009 SMFP shows Guilford County with 68,144 adjusted procedures, 12.50 fixed equivalent magnets, and average procedures of 5,452, which exceeds the applicable threshold of 4,805. The 2011

Proposed SMFP indicates that 67,389 adjusted procedures were performed from 10/1/2008 through 9/30/2009 on 14.40 fixed equivalent scanners, including the 1.00 placeholder for the 2009 SMFP Need Determination and the 0.90 fixed equivalent shown for the GOC mobile site. Taking the 1.00 placeholder out of the calculations results in a need determination in Guilford County, suggesting that the number of procedures performed has remained within the range of procedures that triggered the 2009 SMFP Need Determination. One difference between the two Plans, however, is the added capacity from the 2009 SMFP Need Determination for a fixed MRI scanner in the county. As stated earlier, the standard methodology results in no need determination in the county for the 2011 SMFP.

Though the petitioner indicates that a fixed MRI scanner for SOS may increase patient comfort and reduce costs associated with contracted mobile services, the petitioner also notes that SOS has submitted CON applications for previous SMFP need determinations in Guilford County. Should an adjusted need determination for a fixed MRI scanner in Guilford County be included in the 2011 SMFP, SOS and other providers will have opportunity to apply for the CON, and no one provider can be certain of a CON award.

Agency Recommendation:

The Agency supports the standard MRI methodology, and concludes that there are not sufficiently unique circumstances in Guilford County at this time to warrant an adjusted need determination for a fixed MRI scanner. Therefore, the Agency recommends that the petition be denied.