

Technology and Equipment Committee
Agency Report
Petition for an Adjusted Need Determination for
One Fixed Magnetic Resonance Imaging (MRI) Scanner in Caldwell County
2023 State Medical Facilities Plan

Petitioner:

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Request:

EmergeOrtho requests an adjusted need determination for one additional fixed MRI scanner in the Caldwell County service area from the *2023 State Medical Facilities Plan (SMFP or “Plan”)*.

Background Information:

Chapter Two of the SMFP provides, in relevant part, that “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” Petitions requesting adjustments to need projections are reviewed in the summer. Any person may submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The standard MRI methodology uses the total number of adjusted procedures in an MRI service area, 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 then combined to determine a total number of weighted procedures. The fixed equivalent value is 1.00 for approved and existing fixed MRI scanners, including need determinations from previous SMFPs for MRI scanners. 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. The sum of the weighted MRI procedures is divided by the number of fixed equivalent scanners to get the average adjusted procedures per scanner for each service area. The methodology also considers MRI utilization for the past three reporting years and projected population growth two years beyond the

current reporting year. A need determination for additional MRI scanners occurs when the average adjusted procedures per scanner for the service area exceeds the threshold established for the service area. Application of the methodology to utilization data in the Proposed 2023 SMFP did not generate a need determination for one additional fixed MRI in the Caldwell County service area.

EmergeOrtho cites three primary reasons for the Petition: 1) MRI utilization and outmigration; 2) population growth and aging; and 3) lack of competition and freestanding fixed MRI scanner in the Caldwell County service area.

Analysis/Implications:

EmergeOrtho is a physician-owned orthopedic practice with locations throughout North Carolina. The Caldwell County service area utilizes a fixed MRI located at Caldwell Memorial Hospital and a mobile MRI located EmmergeOrtho-Lenoir. According to the Proposed 2023 SMFP Caldwell County had a utilization of 4,121 unweighted scans. When the new MRI methodology was applied, Caldwell County had 4,802 weighted scans, yielding a fixed equivalent of 1.34 MRI units. The procedures averaged out to be 3,729 scans per fixed equivalent, which is less than the 4,368 threshold for a service area with one fixed MRI scanner. Therefore, the Caldwell County service area is under the threshold need by 639 scans. This available capacity in Caldwell County could reduce, but not eliminate, patient outmigration.

If EmmergeOrtho were to apply for a CON, it would have to demonstrate that the proposed MRI scanner would perform an average of 4,368 weighted procedures per scanner during the third operating year. The Petitioner asserts the growth rate in MRI procedures would preclude any applicant from meeting this performance requirement. In the last five years, the Caldwell County service area has demonstrated an overall positive trend in the numbers of MRI procedures (Table 1). The service area has a 5.08% compound annual growth rate (CAGR) while EmmergeOrtho has only seen a 0.57% CAGR. With the fluctuation of utilization in the service area, the data does not show a trend in the growth of utilization.

Table 1: Service Area Trends in Unweighted MRI Procedures, Data Years 2017 – 2021

	2019 SMFP	2020 SMFP	2021 SMFP	2022 SMFP	Proposed 2023 SMFP	Total Percent Change	CAGR
EmergeOrtho	1,442	1,374	1,419	1,377	1,475	2.29%	0.57%
Caldwell County Service Area	3,288	3,908	3,585	3,426	4,121	25.33%	5.08%
Annual Change in Service Area		18.86%	-8.26	-4.44%	20.28%		

Source: 2018 – 2022 License Renewal Applications, 2018-2022 Registration and Inventory Forms

Note: The data in the SMFP is two years earlier than the publication year of the SMFP.

In addition, Caldwell County has seen a 4.73% decline in population since 2018 (see Table 2). With this decrease in population, Caldwell County is not likely to have a population large enough to support the necessary procedures required for an additional fixed MRI machine.

Table 2: Annual County Population Totals, Years 2018-2022

County	2018	2019	2020	2021	2022	Total Percent Change	CAGR
Caldwell	83,919	83,844	83,703	84,512	79,946	-4.73%	-1.21%

Source: State Medical Facilities Plan; NC Office of State Budget and Management: Projected Annual County Population Totals

Agency Recommendation:

The Agency supports the standard methodology for fixed MRI equipment. However, in consideration of the above, the MRI procedure volume and low population growth rate will not support an additional MRI scanner. Given available information submitted by the August 10, 2022 deadline, and the factors discussed above, the Agency recommends denial of the petition for an adjusted need determination for an additional unit of fixed MRI equipment for the Caldwell County service area in the final 2023 SMFP.