

TO: Medical Facilities Planning Section and the State Health Coordinating Council
FROM: David French Speaking on Behalf of Alliance Healthcare Services
RE: Public Hearing Regarding the Proposed 2011 State Medical Facilities Plan
Date: August 2, 2010

Alliance Healthcare Services supports the MRI methodology and the need determinations of the Proposed 2011 State Medical Facilities Plan including the following statements:

"The standard methodology resulted in a need determination in Table 9K for one additional fixed MRI scanner each in Gaston, Mecklenburg, and Pitt/Greene/Hyde service areas. There is no need for any additional fixed MRI scanners anywhere else in the state. There is no need for any additional mobile MRI scanners anywhere in the state."

The Technology Committee of the State Health Coordinating Council and the Medical Facilities Planning Staff have worked diligently to produce an MRI methodology that is equitable and responsive to the needs of the citizens of North Carolina. Therefore, the standard methodology and the resulting need determinations should be accepted, without adjustment, to add unnecessary fixed or mobile MRI capacity anywhere else in North Carolina.

Over the last two years, statewide utilization of fixed and mobile MRI scanners shows minimal growth. During this time period, there are at least six additional fixed MRI scanners that are yet to be fully implemented as a result of the 2009 and 2010 need determinations and CON decisions. These CON applications for additional fixed MRI scanners were evaluated and approved based on previous years' historical growth assumptions that, in hindsight, appear overly optimistic. It seems doubtful that these recently-approved fixed MRI scanners will be capable of achieving their utilization projections. Consequently, any petitions that request an adjusted need determination for more fixed or mobile scanners should be denied.

Healthcare reform will certainly reduce reimbursement and impose new requirements for maintaining high productivity levels for expensive imaging equipment including MRI scanners. These recent changes are radically different from the assumptions that were included in the financial pro forma statements of most of the CON applications submitted over the past several years. Therefore the financial viability of the new and recently approved MRI scanners is extremely uncertain. It is also increasingly difficult for existing fixed and mobile MRI providers to consider equipment replacement knowing that utilization is depressed and reimbursement is declining. Based on these circumstances, the State Health Coordinating Council should uphold the standard methodology and need determinations of the Proposed 2011 Plan and resolutely deny any petitions that request an adjusted need determination for superfluous fixed or mobile MRI scanners.

Thank you for your consideration of our comments.

DFS Health Planning
RECEIVED

AUG 02 2010

Medical Facilities
PLANNING SECTION