

**Comment on Petition for an Adjusted Need Determination for  
Fixed MRI Scanner in Person County**

Commenter

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Alliance Healthcare Services provides MRI services throughout North Carolina and appreciates the opportunity to submit comments regarding the petition submitted by Person Memorial Hospital. Over the years, adjusted need determinations for fixed MRI scanners have occasionally been granted when special circumstances have been demonstrated by the petitioner. Alliance is convinced that there are no special circumstances and that no need for additional fixed MRI capacity exists in Person County.

As seen in the following table, MRI utilization has not yet rebounded to the levels seen in 2008. Utilization in Person County in 2012 is down **21.99 percent** from the volume in 2008. In contrast, the total number of MRI scans in NC in 2012 were only 3.66 percent less than the 2008 number of scans.

	2008	2009	2010	2011	2012	2008 to 2012 Decrease	2008 to 2012 % Change
Person County Total MRI Scans	1178	1224	983	686	919	-259	-21.99%
NC Total MRI Scans	818,048	828,805	777,609	776,852	788,095	-29,953	-3.66%

The request for an adjusted need determination for a fixed MRI is unrealistic because the petitioner's historical utilization would have to increase by over 60 percent to reach the MRI performance standard. This huge increase in volume is unrealistic even if Person Memorial Hospital were to have the availability of a full time fixed MRI scanner.

The 2014 State Medical Facilities Plan includes the following statement, ***“Because of the availability of mobile units, it appears that MRI technology is accessible within a reasonable distance and travel time to all of the population of North Carolina.”*** Person County is like numerous other counties in North Carolina with populations of less than 40,000 persons that are served by mobile MRI scanners. Alliance Healthcare Services provides an accredited program of high quality service with well maintained equipment and highly trained staff.

According to the North Carolina Department of Commerce, over 43 percent of workers in Person County commute to work in a neighboring county. With this high percent of Person County residents traveling out-of-county to their workplace, access to outpatient healthcare services in a neighboring county is an entirely reasonable choice for many. There are numerous specialty and subspecialty medical practices in Durham and Orange Counties that serve a large number of patients from Person County. Consequently, it is likely that the outmigration of patients from Person to Durham, Orange and other counties will continue. This patient outmigration will include many inpatients and outpatients from Person who will obtain their MRI procedures at tertiary acute care hospitals and freestanding MRI locations. Furthermore, there are no geographic barriers that create unique access issues for residents in Person County. Travel times of 40 to 45 minutes to MRI scanners in adjoining counties is not a compelling reason for an adjusted need determination because patients currently have the option of accessing the existing mobile MRI at Person Memorial Hospital. The hospital also has the option of increasing or modifying its scheduled use of the mobile MRI in response to increases in utilization.

The fixed MRI requested by the petitioner would be duplicative of the existing mobile MRI scanner that is included in the MRI inventory for Person County as well as MRI scanners in adjoining counties. The population of Person (39,309 persons) has reasonable geographic access to mobile MRI and full time fixed MRI scanners in adjoining counties including the seventeen fixed scanners in Durham County, the nine fixed scanners in Orange County and the one fixed scanner in Granville County. Patients seeking lower cost MRI procedures will continue to utilize freestanding MRI facilities as opposed to hospital-based MRI services.

In contrast to the petitioner's revenue projections, the future outlook of MRI reimbursement looks grim. Under the proposed rule for 2014, changes to the Medicare's Hospital Outpatient Prospective Payment System (HOPPS), CMS is proposing deep reductions in MRI scan reimbursement. According to the American College of Radiology, this will reduce hospital outpatient payments for both CT and MRI studies by 18 – 38 percent.

The financial projections contained in the petition omit hundreds of thousands of dollars of expense that would be incurred by a fixed MRI scanner including:

- Cost for the MRI contrast
- Equipment maintenance service agreement, which can exceed \$100,000 per year
- Costs for MRI staff on-call pay and benefits
- Costs for staff training
- Costs for MRI supervision staff

Based on these omitted expenses, the real cost of operating the MRI is understated. A fixed scanner at Person Memorial Hospital would fail to improve the financial performance of the hospital. With the likely reductions in MRI reimbursement combined with higher operating expenses, Person Memorial Hospital has misjudged the financial feasibility of acquiring a fixed MRI scanner.

In summary, Alliance Healthcare Services recommends that the petition submitted by Person Memorial Hospital be denied.