

## Comment on Raleigh Radiology's Petition for a Special Need Determination for One Fixed MRI Scanner in Wake County in 2016 *State Medical Facilities Plan*

### COMMENTER

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### INTRODUCTION

Rex opposes the petition filed by Raleigh Radiology for an additional MRI scanner in Wake County. Based on numerous reasons detailed in this comment, Rex does not believe that the petitioner has demonstrated a special need exists that requires an adjusted need determination; thus, Rex encourages the State Health Coordinating Council (SHCC) to deny the petition.

### MISLEADING AND/OR INACCURATE INFORMATION

The petition contains several items of information that are provided to support the need for an additional MRI in Wake County; however, Rex believes that the information is either incorrect or at least portrayed in a way that can easily be misinterpreted. By more fully understanding the facts, Rex believes the SHCC will conclude that there is no need for MRI scanner. These issues are discussed below.

- **Raleigh Radiology provides MRI services at nine (9) locations in the Triangle.** Although the petition correctly states that the practice itself does not *own* any MRI scanners, it nonetheless provides professional interpretation for all nine locations, including the six Raleigh Radiology-branded facilities that are listed on its website<sup>1</sup>, as excerpted below:

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<sup>1</sup> <https://www.raleighrad.com/locations/>

FACILITY	OPEN BORE MRI	CT	US	DIGITAL MAMMOGRAPHY	DEXA	FLUOROSCOPY	GENERAL RADIOGRAPHY	INTERVENTIONAL SERVICES
Blue Ridge*	X	X	X	X	X	X	X	X
Cedarhurst*	X	X	X	X	X	X	X	
Cary*	X	X	X	X	X	X	X	X
Breast Center				X	X			
Wake Forest	x		X	X			X	
Clayton	x		X	x	x	x	x	
Brier Creek	x	X	X	X	X		X	
<i>* IV Valium Sedation available for severley claustrophobic patients age 18 years and older</i>								

In addition to these Raleigh Radiology-branded facilities, the practice provides interpretation for Rex Hospital at its three MRI sites: Cary, Wakefield and Raleigh. Thus, Raleigh Radiology provides services for a significant portion of the MRI scans performed in Wake County and Clayton (Johnston County).

- Outpatient Imaging Affiliates/Pinnacle Health Services of North Carolina allows co-ownership with radiology groups, such as Raleigh Radiology.** Although the petition states that Raleigh Radiology does not own any portion of Raleigh Radiology-branded facilities owned by OIA/Pinnacle, the petition fails to explain why Raleigh Radiology chose not to have an equity stake in those facilities. According to the OIA website<sup>2</sup>, equity ownership, including by the radiology group that interprets the images, is one of the joint venture models used by the company. Raleigh Radiology clearly allows these non-owned facilities to be branded with its logo, appear on its website and be presented publically as Raleigh Radiology facilities, yet it chose not to require an ownership stake in these facilities, something that is plainly part of OIA’s business model. Raleigh Radiology’s choice to not participate in ownership of existing fixed MRIs in facilities under its brand should not drive the need for an additional fixed MRI in Wake County.
- At least two other providers own grandfathered MRI scanners that can be provided full-time at a fixed location.** The petition asserts that Alliance is the only provider with this ability, which drives up the cost of the contract. While the petitioner is correct that Alliance owns the highest number of grandfathered MRIs in the state, both InSight Imaging and King’s Medical Group (KMG) also own grandfathered equipment. As such, their equipment can also be located full-time at one location. For example, KMG provides fixed MRI service at Physicians East in Greenville using a grandfathered “mobile” unit in similar fashion to the service Alliance provides at Raleigh Radiology. Both KMG and InSight Imaging provide services on grandfathered MRI scanners to other providers in Wake County as well. Please see Table 9P of the *Proposed 2016*

<sup>2</sup> <http://www.oiarad.com/partner-overview/>

*SMFP* for documentation of these facts. Thus, contracting with Alliance is not the only option available to Raleigh Radiology.

- **Raleigh Radiology has already increased its capacity by at least 25 percent.** The petition notes on page 8 that the provider’s most recent contract has increased service from 72 hours per week to 90 hours, a 25 percent increase in capacity. Even if the provider were operating at capacity historically (which was not stated), the expanded service would allow it to increase its volume by at least another 25 percent, obviating the need for another fixed scanner at this time.
- **Raleigh Radiology, like Alliance, is a for-profit entity.** The petition mentions multiple times that Alliance’s fees include the company’s profit margin. It should be noted, however, that Raleigh Radiology is also a for-profit entity. While the practice may serve some patients without insurance or the ability to pay insurance co-pays, it is not a “safety net provider,” as the petition states. Core safety net providers, as defined by the Institute of Medicine, have a legal mandate or mission to offer services regardless of their ability to pay, among other factors<sup>3</sup>. Safety net providers also typically provide services for which the payment, if any, does not cover the cost of the service. Nothing in the petition demonstrates that Raleigh Radiology is a safety net provider, nor that the numerous MRI scanners owned by not-for-profit entities are insufficient to serve those unable to pay for the service; thus, the need to allocate an additional MRI scanner in Wake County is not warranted to meet the needs of the indigent or medically underserved.

#### ADDITIONAL CONCERNS

Along with the points noted above, Rex believes there are additional reasons that the petition should be denied.

- **The standard methodology in the *SMFP* is likely to generate a need in the near future.** Chapter 2 of the *SMFP* describes the instructions for requesting an adjustment to a need determination, including the “unique attributes” that generate requirements that differ from the application of the standard need methodology. Rex believes this is a valuable method of strengthening the planning process and the methodologies – by giving providers the opportunity to demonstrate how the methodology works for statewide planning purposes, but does not for their particular circumstance. Rex does not believe, however, that the petition provides any evidence that application of the standard methodology will not, eventually and even in the near future, allocate another fixed MRI scanner in Wake County and provide the opportunity for Raleigh

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<sup>3</sup> IOM, America’s Health Care Safety Net: Intact but Endangered, 2000

Radiology to apply for a certificate of need for a fixed MRI. Data in the *Proposed 2016 SMFP* shows that the Wake County average weighted MRI procedures are nearing the threshold to generate a need. Thus, application of the standard methodology is likely to be effective in generating a need in Wake County in due time.

- **Raleigh Radiology only recent exceeded the MRI volume threshold.** Although the petition does show that one of Raleigh Radiology's sites provided more than 4,805 weighted procedures in 2014, the SHCC has historically (and recently) determined that a one-year trend does not support such a petition. In particular, Rex petitioned the SHCC twice in 2014 for changes that would allocate an additional unit of cardiac catheterization equipment in Wake County. As part of its analysis, the Agency recommended denial of Rex's petition, noting several factors that are also true for the Raleigh Radiology petition. Specifically, the Agency noted that Rex had only exceeded the utilization threshold in one of the past five years; the same is true for Raleigh Radiology, which exceeded the MRI volume threshold for only one of its facilities and only in the past one year. In addition, the Agency noted that the deficit at Rex was offset by the surplus at the other providers; so, too, is the deficit at Raleigh Radiology's one facility offset by the surplus at other providers. **Please note that Rex does not agree with the Agency's analysis summarized here;** however, since the analysis was accepted by the SHCC during last year's review of Rex's petition, it believes that fairness dictates that the same analysis must be applied to the data presented in this petition as well.
- **MRI is unlike other services, such as cardiac catheterization.** Even assuming that the SHCC does not apply the same analysis to the Raleigh Radiology petition as it has to other petitions in the past, MRI is a service that does not merit the same special considerations as other services. For example, unlike a service like cardiac catheterization, it is not provided on an emergency basis (particularly outpatient), is not needed for immediate life-saving intervention, and does not require the physician (either the referring physician or the radiologist) to be directly involved in providing the service for effective results. As noted above, Raleigh Radiology physicians provide services at nine locations in the Triangle; thus, patients are not prevented from being served by these physicians because of a lack of capacity at one of its facilities.

## SUMMARY

In conclusion, Rex requests that the SHCC deny Raleigh Radiology's petition to allocate an additional fixed MRI scanner in Wake County.

Thank you for your consideration.