

TO: North Carolina State Health Coordinating Council
Healthcare Planning and Certificate of Need Section
North Carolina Division of Health Service Regulation
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Received 3-17-16 Healthcare Planning

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RE: Comments Regarding Cape Fear Valley Health System's Petition for New Policy TE-3

Alliance Healthcare is opposed to the Petition for New Policy TE-3 because it is inconsistent with the basic principles of the State Medical Facilities Plan, it undercuts the MRI methodology and it would result in unnecessary duplication of services. Please consider the following facts regarding MRI services:

Alliance Healthcare confirms that mobile MRI service to community hospitals affords access to high quality of service due to the availability of excellent clinical staff and advanced MRI technology as well as back-up equipment capacity. Highly-trained and experienced MRI technologists are one of the greatest strengths of Alliance Healthcare mobile MRI services. Alliance Healthcare has continuous availability of multiple MRI scanners that can be utilized to serve a host site if a primary mobile MRI scanner assigned to a site requires maintenance. In contrast, a small hospital with very low MRI utilization will certainly struggle to recruit and maintain one or more highly qualified MRI technologists. Hospitals with only one fixed MRI scanner usually lack access to other MRI scanners to provide back-up capacity at their facility.

The petitioner's argument for a full-time fixed MRI scanner to improve access for emergency patients and inpatients is unsubstantiated and illogical. The vast majority of fixed MRI scanners at community hospitals in North Carolina are staffed and operational no more than 60 hours per week or approximately 36 percent of total weekly hours. Patients that have emergent need for an MRI are usually transported to trauma centers that have expanded MRI availability and physician specialists. Furthermore, the petition includes no statistics regarding the actual numbers of emergency and inpatient MRI scans that are provided at Cape Fear Bladen and Cape Fear Hoke Hospitals or the numbers of patients that had to be transferred to other facilities. If the genuine need for a full-time fixed MRI scanner were based on emergency patients and inpatients, then community hospitals would be staffing the MRI scanners for 7 days per week operation with on-call coverage. But of course no community hospital such as CFV Bladen or CFV Hoke could afford this staffing level because the MRI scanner would not be financially feasible.

The petitioner incorrectly believes that access to a fixed MRI scanner is a priority when in fact the State Medical Facilities Plan (SMFP) does not differentiate between patient access to fixed MRI service and mobile MRI service. The statement in Chapter 9 of the SMFP states that **“rural areas of the state have opportunity to access this important technology through both fixed and mobile MRI scanners, as it has become a standard of care.”** The MRI methodology in the SMFP includes fixed and mobile MRI utilization to determine the potential need of the MRI service areas. It is incorrect for Cape Fear Valley to assume that mobile MRI service is at best an interim solution because not all hospitals are likely to achieve sufficient growth in MRI utilization to support a fixed MRI scanner.

The petitioner’s claim that hospitals are held hostage to vendor contracts is untrue because there are multiple hospitals systems in North Carolina that own MRI scanners and contract to provide services to community hospitals. For example, Carolinas Healthcare System provides mobile MRI services to hospital affiliates that are not held hostage. University Health Systems (Vidant) with Alliance Healthcare provide a jointly-held CON-approved mobile MRI that serves hospital sites in eastern North Carolina that are also not being held hostage. MRI host sites, including community hospitals, routinely have the opportunity to obtain competing proposals for MRI services. Furthermore, all mobile MRI services agreements have a defined term and can be renegotiated.

Cape Fear Valley’s petition fails to demonstrate that the proposed Policy TE-3 supports improved value or cost effectiveness. The petitioner wrongly assumes that a fixed MRI scanner is less costly than a mobile scanner regardless of utilization. Furthermore the petition provides no financial analysis to determine the minimum annual MRI volume that must be performed for a fixed MRI scanner to be more cost effective as compared to a mobile MRI scanner.

The MRI need methodology in the SMFP is the statewide methodology for assessing the future need for MRI services in all MRI service areas. Cape Fear Valley proposes that community hospitals that lack fixed MRI scanners should have opportunity to submit a CON without regard to the need shown in Chapter 9 of the SMFP. If Policy TE-3 is adopted, then the SHCC would be granting community hospitals a similar exemption from the Plan as the AC-3 Policy for Academic Medical Centers. However, the justification for the proposed Policy TE-3 is inadequate and unreasonable as compared to AC-3 for multiple reasons:

1. There are specific criteria and characteristics that define Academic Medical Centers but there are no criteria and characteristics that formally designate community hospitals.
2. Policy AC-3 relates to needs for graduate and post graduate medical education, clinical research and the treatment needs of patients from a broad geographical area. The proposed Policy TE-3 serves none of these needs.
3. The AC-3 Policy takes into consideration the availability of existing capacity of CON-regulated services within 20 miles of an Academic Medical Center. In contrast, the proposed TE-3 includes no mechanism to prevent unnecessary duplication of existing services within the service area or within a specified geographic distance.

Cape Fear Valley's petition does not define which hospitals would qualify as a "community hospital" under the proposed Policy TE-3. For example, are the "community hospitals" required to provide 24 hour emergency department services and basic imaging services? Could a "community hospital" be a satellite campus of a larger hospital? The petition also fails to address the issue that counties with more than one "community hospital" would still have to contend with comments and potential CON appeals from competitors.

Cape Fear Valley's attempt to use the previous Doshier petition as justification for the proposed change in Basic Policies does not make sense because the facts in the Doshier petition are not applicable to all other community hospitals. Doshier Hospital did not lack a fixed MRI scanner and the population of Brunswick County is increasing rapidly, whereas that is not the case in many other rural counties. Hospitals are not mandated by licensure or accreditation standards to provide full-time fixed MRI or even mobile MRI services. Given that Cape Fear Valley Hoke opened in 2015 it has limited hospital utilization and no historical MRI utilization. Consequently, future years' MRI volumes are entirely speculative. Other community hospitals have wide variations in bed capacity, scope of services, demographic characteristics and geographic proximity to fixed MRI scanners at other facilities. Therefore the Doshier petition for an adjusted need determination in Brunswick County is not applicable for other MRI service areas or a change in basic policies for MRI scanners throughout the state.

MRI technology is accessible to all of the population of North Carolina due to the availability of mobile MRI scanners in addition to the extensive availability of fixed MRI scanners. Cape Fear Valley's petition for Policy TE-3 would result in unnecessary duplication of fixed MRI scanners because the proposed Policy TE-3 would override the MRI need methodology and sidestep the CON regulator performance standards. Because Policy TE-3 would add fixed MRI scanners to the inventory that are not needed, based on the standard MRI methodology, these surplus MRI scanners would be duplicative of existing resources.

Alliance Healthcare believes that the Cape Fear Valley Health System's petition for new Policy TE-3 should be denied.