

TO: North Carolina Division of Health Service Regulation
Healthcare Planning and Certificate of Need Section
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COMMENT: Opposition to the Carolina Neurosurgery and Spine Center Petition for
New Technology and Equipment Policy

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On behalf of Alliance Healthcare Services (Alliance), I am writing in opposition to the petition submitted by Carolina Neurosurgery and Spine Center (CNSC) for a new Policy TE-4. The proposed policy would allow Certificate of Need applications to be submitted for “provider-owned” mobile MRI scanners to be acquired to replace “vendor-owned” mobile MRI scanners. This petition has no merit and should be denied because it would undermine the MRI methodology in the State Medical Facilities Plan and would result in unnecessary duplication of MRI services.

Alliance is committed to deliver excellent imaging services and work collaboratively with hospitals and physicians throughout North Carolina. The MRI scanners that are owned and operated by Alliance include CON-approved fixed and mobile units as well as grandfathered units. There are some CON-approved MRI scanners with Alliance as a CON co-applicant with another healthcare entity. Alliance provides mobile and fixed MRI services in a variety of business arrangements that go beyond the petitioner’s erroneous characterization as “vendor-owned.” Moreover, Alliance maintains the option to become a billing provider of MRI services in North Carolina as it has done so in other states. Consequently, the petition is impractical due to its improper terminology.

CNSC’s proposed new Policy is simply a scheme to maximize their own opportunity to gain additional MRI capacity and limit the opportunities for others to obtain CON approval through the standard MRI methodology. The petitioner’s request for this new Policy would undermine the current MRI methodology because the utilization and capacity of all fixed and mobile MRI scanners, including grandfathered units, are included in the calculations and analysis.

The petition fails to adequately demonstrate that its proposal would not result in unnecessary duplication of services. Assuming that CSNA were to obtain CON approval to acquire an additional mobile MRI to substitute for the current Alliance mobile unit, the grandfathered Alliance unit could be contracted to be used elsewhere. However, it is likely that the Alliance mobile unit would be utilized in one or more of the same MRI service areas where the new CSNC unit would be deployed. Consequently, the MRI inventory would be increased, which in

turn would change the outcome of the standard MRI need methodology and delay a potential future need determination for a fixed MRI.

CNSC fails to identify the numerous providers in North Carolina that own mobile MRI scanners and also contract for mobile MRI service from Alliance or another mobile MRI provider. There could be many potential CON applicants who believe themselves to fit into the petitioner's definition of "qualified applicant." Thus, there are no limits to the maximum number of potential additional mobile MRI scanners that could be acquired under the proposed Policy TE-4.

Fixed MRI need determinations have occurred in Mecklenburg County four of the past five years. The CNSC petition omits the obvious alternative of submitting a CON application to acquire a fixed MRI scanner in response to the 2020 SMFP need determination for Mecklenburg County. With the high utilization for the existing CNSC mobile unit in Mecklenburg County, the option of submitting a CON application for a fixed MRI can be pursued in the current year.

In summary, the CNSC petition should be denied because it would destabilize the MRI methodology and make it more difficult for others to obtain CON approval for fixed MRI scanners.