



Sentara Albemarle Medical Center
1144 N. Road St.
Elizabeth City, NC 27909

Phone: 252-384-4600
www.sentara.com

Phillip E. Jackson, DSL, FACHE
President

**Comment on Letters in Support of the Need Determination for One Additional Fixed MRI Scanner
Identified in the *Proposed 2022 State Medical Facilities Plan* for the
Pasquotank/Camden/Currituck/Perquimans Service Area**

submitted by

Sentara Albemarle Medical Center

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To the North Carolina State Health Coordinating Council:

As you are aware, Sentara Albemarle Medical Center (SAMC) filed a petition on July 28, 2021, to remove the need determination for one additional fixed MRI scanner identified in Chapter 17 of the *Proposed 2022 State Medical Facilities Plan (SMFP)* for the Pasquotank/Camden/Currituck/Perquimans service area due impact of the COVID-19 pandemic. As described in its petition filed on July 28, 2021, in consideration of the ongoing COVID-19 pandemic, the cost of submitting an application, the cost of developing a second fixed MRI scanner, and the available capacity of SAMC's fixed and mobile MRI scanners to serve the area, SAMC determined that the best alternative was to ask the State Health Coordinating Council (SHCC) to remove the need determination for a fifth year in a row. In addition to the COVID-19 pandemic's impact on MRI utilization, as discussed in SAMC's petition, the reasons to remove the need determination from the *Proposed 2022 SMFP* are similar to those in previous years but are perhaps even greater given the recent decline in utilization of elective services such as MRI.

Concurrent to the submission of SAMC's petition, Chesapeake Regional Healthcare (CRH) and four physicians filed comments in favor of the need determination for one additional fixed MRI scanner identified in Chapter 17 of the *Proposed 2022 SMFP* for the Pasquotank/Camden/Currituck/Perquimans service area. Of note, the language of the comments filed by CRH and in the four physicians' letters is consistent and appears to be part of a concerted effort led by Virginia-based CRH, to argue that the negative impact of the COVID-19 pandemic on utilization and the need for additional MRI capacity in the service area should be ignored. While we understand that anyone may comment on the *SMFP*, SAMC believes that they have no real bearing on the need for an additional fixed MRI scanner in the service area.

Please find below SAMC's comments on the submissions from CRH and the physicians.

CRH Comment:

In Chesapeake’s experience, the residents of the Pasquotank Service Area are generally underserved and often lack access to necessary healthcare resources and choice of provider for many services. This low population area is considered to be a primarily rural, micropolitan statistical area. The entire Pasquotank Service Area is designated as a Health Professional Shortage Area (“HPSA”) by the North Carolina Office of Rural Health for primary care as shown in the attached Exhibit A. Currituck and Camden Counties are geographic HPSAs, indicating there is a provider shortage in the area or region and both Pasquotank and Perquimans are population HPSAs where there is a provider shortage for specific underserved populations. This services area is also designated as a HPSA for mental health and dental services. In other words, this area has too few primary care providers and other healthcare resources to serve its population. In fact, Currituck, Camden and Perquimans have a HPSA score of 14-16 and Pasquotank County has a score of 17+. The greater the HPSA score, the greater the need in a particular area with a need of 17+ being the highest score.

Response:

In its comment excerpted above, CRH discusses the fact that the four-county service area has a relatively low population and is designated as a Health Professional Shortage Area by the North Carolina Office Rural Health for primary care. Of note, CRH does not describe how a lack of primary care providers in the service area translates to a need for additional fixed MRI capacity. The lack of healthcare providers in region is more reason to ensure that existing regulated healthcare assets in the area are adequately utilized before approving the development of additional resources.

Further, SAMC does not believe that the current and projected population growth in the service area warrants a second fixed MRI scanner in the *SMFP* at this time. The four counties in the service area are small, rural, and are projected to experience relatively low population growth. As shown below, the Pasquotank/Camden/Currituck/Perquimans service area has a combined 2021 population of 92,542, which is less than the population of approximately one-third of North Carolina counties.

Pasquotank/Camden/Currituck/Perquimans Service Area Population

<i>County</i>	<i>2021</i>	<i>2031</i>	<i>21-31 Growth</i>	<i>21-31 CAGR*</i>
Camden	10,553	10,622	69	0.1%
Currituck	28,336	32,424	4,088	1.4%
Pasquotank	39,814	39,728	-86	0.0%
Perquimans	13,839	14,941	1,102	0.8%
Total	92,542	97,715	5,173	0.5%
North Carolina	10,658,717	11,791,486	1,132,769	1.0%

Source: North Carolina Office of State Budget and Management.

*Compound annual growth rate.

Further, Pasquotank County is projected to have a slight decrease in population over the next 10 years. Although Currituck County has a higher growth rate than the other counties in the service area, its population is still relatively low, and could likely not support a fixed MRI scanner. To that point, Table 17E-1 in the *Proposed 2022 SMFP* shows that no county with a population lower than Currituck's has a fixed MRI scanner, except those with a hospital, which Currituck County does not have. In addition, none of the MRI sites in counties of a similar or smaller size, whether fixed or mobile, have the volume required to demonstrate need for a second fixed MRI scanner in a Certificate of Need (CON) review, which is 3,775 weighted scans. Furthermore, as demonstrated above, the population of the service area is projected to increase 0.5 percent annually from 2021 to 2031, which is equal to one-half of the state's average population compound annual growth rate (CAGR) during the same time period. Additionally, the four-county service area is projected to add slightly over 5,100 residents from 2021 to 2031, which is less than what will be experienced in one-quarter of North Carolina counties.

CRH Comment:

This chronic primary care shortage is the driving motivation for why Chesapeake has, in recent years, expanded its primary care service offerings into this area. MRI services are one such service where this area is deficient. At present, there is only one choice for patients needing to obtain an MRI scan in the entire four-county Pasquotank Service Area—Sentara Albemarle Medical Center (“Sentara”). Sentara offers both fixed and mobile MRI services but is the *only provider* that patients can use in that service area. Moreover, the MRI services offered by Sentara are hospital-based and therefore come at a higher cost to patients than the same lower cost services that can be provided through non-hospital-based facilities. As the Proposed 2022 SMFP recognizes, the Pasquotank Service Area requires an additional fixed MRI Scanner in order to meet the needs of its growing population.

Response:

SAMC acknowledges that it is the only provider of MRI services in the service area; however, it has demonstrated its commitment to ensuring access to MRI services through its investment in a mobile MRI as well as the fixed MRI at the hospital. Moreover, competition that results in unnecessary duplication and underutilization of health services is precisely what prompted the General Assembly to promulgate the CON statutes, including the statute authorizing the creation of the SHCC to assist in ensuring that the access needs of rural areas are balanced with the need to support rural healthcare facilities, like SAMC. To that end, in the second full paragraph on page 3 of the *Proposed 2022 SMFP*, the SHCC presents one of its three basic principles, stating:

The needs of rural and small communities that are distant from comprehensive urban medical facilities merit special consideration. In rural and small communities, selective competition that disproportionately captures profitable services may threaten the viability of sole providers of comprehensive care and emergency services. (emphasis added)

SAMC is committed to providing comprehensive care and emergency services to the residents of rural northeastern North Carolina, including many essential services that operate at a loss. SAMC is currently developing a new replacement hospital for this community, including a new state-of-the-art cancer

center. The CON¹ for the new hospital was issued just a few months ago—in April 2021, which approved the investment of approximately \$160 million to meet the ongoing needs of the rural service area population—as the “sole provider of comprehensive care and emergency services.”

As described in detail in SAMC’s petitions in previous years to remove the MRI need determination, one primary concern with the need determination remaining in the 2022 SMFP is that another entity, such as CRH, could apply and project sufficient volume to meet the CON utilization standards by assuming that a significant portion of volume is shifted from SAMC’s existing fixed and mobile MRI scanner. Of note, the CON rules for MRI scanners do not preclude an applicant from projecting that all its utilization will be shifted from an existing provider, nor do they require an applicant demonstrate that all of the MRI scanners in the service area, include those that already exist, continue to be well utilized. As such, SAMC requests that the SHCC consider that approving the need determination for the service area could result in such a scenario.

According to the SMFP, the annual maximum capacity of a fixed MRI scanner is 6,864 scans per year. With a total of 4,224 scans performed in Federal Fiscal Year (FFY) 2020, the existing fixed MRI scanner at SAMC is capable of performing an additional 2,600 scans before reaching capacity. While SAMC agrees with the standard methodology, which allows for planning well in advance of reaching maximum capacity, given the historical volume and population trends, SAMC believes that the existing fixed scanner has sufficient capacity to meet any normal growth for the foreseeable future. Furthermore, SAMC owns an existing mobile MRI scanner, which is able to provide additional capacity at SAMC if needed. In FFY 2020, the mobile MRI scanner performed 1,287 weighted scans. Clearly, the mobile scanner has sufficient capacity to provide additional service to the Pasquotank/Camden/Currituck/Perquimans service area, if needed. As such, the SHCC should consider that two fixed MRI scanners in the service area may not both be well-utilized, in which case the second MRI scanner would represent unnecessary duplication.

SAMC further implores the SHCC to consider that in order to be approved under the CON rules for a second fixed MRI scanner, SAMC would need to demonstrate that its existing fixed and mobile scanners and its proposed second fixed scanner achieve a total of 10,878 weighted scans. The *Proposed 2022 SMFP* shows that only 5,511 weighted scans were performed in FY 2020, and due to the pandemic, that number is even lower in annualized FY 2021. A comparison with data from FY 2019 shown in the 2021 SMFP demonstrates that total service area MRI volume grew by only 14 adjusted scans from FY 2019 to FY 2020, impacted at least in part by the pandemic. If the SHCC does not believe that in the near future, service area residents will generate nearly *twice* the MRI volume they have historically (i.e., grow from 5,511 to 10,878 scans), then failing to approve SAMC’s petition to remove the need determination could result in unnecessary duplication of MRI services. Of note, neither the comments filed by CRH, or the physician letters provide any evidence of the number of MRI scans referred from the service area, nor do they demonstrate that a second fixed MRI scanner is needed by the service area population.

SAMC did analyze its internal data for its historical MRI referrals from CRH providers and the other physicians who wrote letters in support of the need determination. These include CRH providers in the service area counties, as well as Drs. Manuli, Lane, and Cerveny. In total, these providers referred 171, 168, and 142 unadjusted MRI scans to SAMC’s fixed and mobile scanner in FY 2019, 2020 and annualized 2021, respectively. Clearly these providers do not refer a sufficient number of MRI scans in the service area to warrant a second fixed MRI scanner.

¹ <https://info.ncdhhs.gov/dhsr/coneed/decisions/2021/march/decisions/Pasquotank-R-12007-20-Sentara-Albemarle-Medical-Center-952933-Approval.pdf>

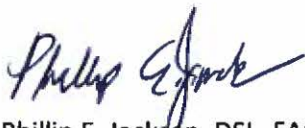
To further clarify the data presented in SAMC's petition, the table on page 2 shows the COVID-19 impact on SAMC's MRI volume. What may not be clear, however, is that the total MRI volume for FY 2020, which is presented in Table 17E-1 of the *Proposed 2022 SMFP*, shows a total of 5,511 adjusted MRI scans in the service area, of which 4,224 were performed at the hospital. The same table in the *2021 SMFP* shows that the hospital scanner performed 4,330 scans in 2019. In other words, utilization at the hospital declined slightly, and the small increase in scans is attributable to the mobile MRI scanner. Moreover, using data for the first nine months of FY 2021 annualized, SAMC is on track to perform only 4,616 adjusted scans on both the fixed and mobile—compared to 5,511 shown in the *Proposed 2022 SMFP*—a decrease in nearly 900 scans. Moreover, SAMC just replaced its fixed MRI in April 2021, and the new scanner provides enhanced technology to allow improved service to patients. Given these factors, SAMC believes that the SHCC should approve its petition and remove the need determination, based on the same factors the SHCC has considered in the past as well as the impact of the COVID-19 pandemic on MRI utilization.

Conclusion

SAMC supports the standard MRI methodology in the *SMFP*, which takes a tiered approach to determining need in order to ensure access to the service in areas with different levels of existing capacity. If growth in MRI scans continues, there may be a true need for another fixed MRI in future years. However, given the ongoing COVID-19 pandemic as well as the unique factors in the Pasquotank/Camden/Currituck/Perquimans service area, such as low volume growth trends, low population growth, sufficient fixed and mobile MRI capacity, and the difficulty an applicant would have in meeting the CON rules given these factors, SAMC believes that the citizens of North Carolina, particularly those in northeastern North Carolina, would best be served by removing the need determination from the *Proposed 2022 SMFP*.

The SHCC has graciously considered previous petitions from SAMC to remove the need for another fixed MRI scanner from the service area. We understand that continued growth in utilization and/or population may drive the need for another scanner in the service area sometime in the future. However, given the clear impact of COVID-19 on the MRI utilization in the service area, SAMC continues to believe that prudent health planning principles demonstrate that the need determination for a fixed MRI scanner should be removed from the *2022 SMFP*.

Respectfully,



Phillip E. Jackson, DSL, FACHE
President
252-384-4600
pejacks1@sentara.com