

June 1, 2021

Ms. Lisa Pittman, Assistant Chief  
Mr. Greg Yakaboski, Project Analyst  
Division of Health Service Regulation  
Healthcare Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, North Carolina 27699

**Re: Comments on Competing Applications for a Certificate of Need for a Fixed Magnetic Resonance Imaging machine in Wake County, CON Project ID Numbers:**

- **Cardinal Points Imaging of the Carolinas Wake Forest, J-012063-21**
- **Wake Radiology Garner, J-012068-21**

Dear Ms. Pittman and Mr. Yakaboski:

On behalf of Raleigh Radiology, LLC, thank you for the opportunity to comment on the above referenced applications for a new fixed Magnetic Resonance Imaging scanner in Wake County. During your review of the projects, I trust that you will consider the comments presented herein.

We understand that the State's Certificate of Need ("CON") award for the proposed fixed MRI scanner must be based upon the State's CON health planning objectives, as outlined in G.S 131E-183. In reviewing the applications, we request that the CON Section give careful consideration to the extent to which each applicant, not only meets all statutory review criteria, but also offers sustainable, cost-effective, high-value, quality, multi-specialty MRI imaging services easily accessible to the residents of Wake County and patients of Wake County physicians who care for patients from other places as well.

Sincerely,

*Joanne S. Watson*

Joanne Watson  
Chief Operating Officer  
Raleigh Radiology, LLC

Attachment(s)

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# **ATTACHMENT 1**

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*Comments: Cardinal Points Imaging of the Carolinas Wake Forest;  
J-012063-21*

Competitive Review of –  
Cardinal Points Imaging of the Carolinas Wake Forest  
PID #J-012063-21

**Overview**

Pinnacle Health Services of North Carolina, LLC and Outpatient Imaging Affiliates, LLC (“PHSNC”) propose to acquire a fixed MRI scanner pursuant to the need determination for Wake County in the 2021 SMFP. CPI proposes to locate the proposed scanner in a building owned by MPA Imaging Associates at 839 Durham Road, Unit A, in Wake Forest. CPI’s application to develop a fixed Magnetic Resonance Imaging scanner (“MRI”), is non-conforming with statutory review criteria 1, 3, 4, 5, 6, 13, 18a and does not meet the performance standard in 10A NCAC 14C .2703.

This application proposes to acquire a fixed 1.5 Tesla (“1.5T”) MRI and install it at a practice called Cardinal Points Imaging of the Carolinas Wake Forest (“CPIC”) in Wake Forest, North Carolina. It proposes a **total capital cost of \$1,472,813**. The applicant proposes to serve 4,547 patients from Wake, other North Carolina counties, and other states by Project Year 3, calendar year 2024.

**CON Review Criteria**

- 1. The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, ambulatory surgery operating rooms, or home health offices that may be approved.**

Overview

Although the application provides comments on the points in Policy Gen-3, Basic Principles, it does not “document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan (“SMFP”) as well as addressing the needs of all residents of the proposed service area.” [emphasis added]

In the application, the patient origin data show that only 62 percent of the users will be Wake County residents. Success of the project depends on drawing 38 percent of procedures from Granville and Franklin Counties, presumably attracted to the lower out-of-pocket costs included in this application. CPIC’s cost representation is not reflective of current rates; some providers recently renegotiated contracts with lower MRI rates than CPIC provided on page 39 of its application. Therefore, CPIC cannot rely on attracting patients from other counties based on lower costs claimed in the application.

Furthermore, the application fails to discuss how the proposed MRI scanner will meet a need in Granville and Franklin counties, or how the proposed CPIC MRI will meet the requirement in GEN-3 to demonstrate how projected volumes accommodate need in these counties.

## Value

On page 63, the application acknowledges that “CPIC does not pay a fee for the mobile scanner (which PHSNC owns and operates) ....” Hence, the proposed project to replace a mobile does not represent a cost savings as required by Basic Principle 3<sup>1</sup>. In fact, the additional capital costs will increase the cost of operating the MRI service at CPIC Wake Forest office, as demonstrated in Section Q, Proforma Form F.3. Service Component, pages 129-130.

If forecast procedures do not materialize, unit costs could be much higher than projected in the application.

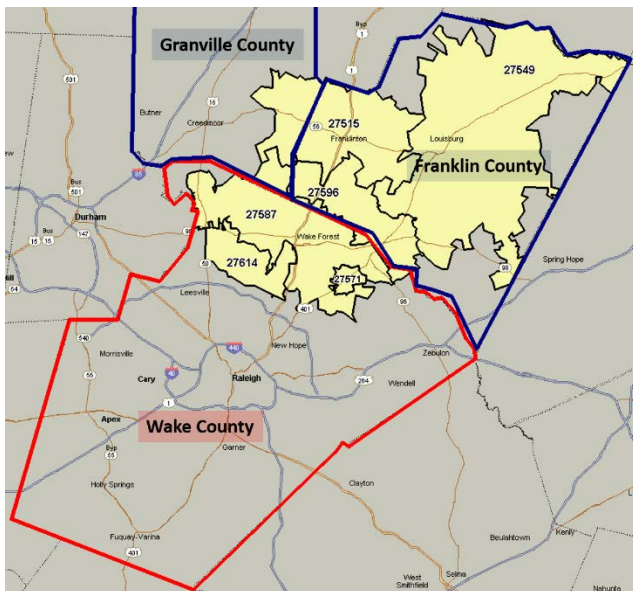
*For these reasons, the application should be found non-conforming to Criterion 1.*

- 3. The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

## Need of the Population

The application identifies the population to be served in the patient origin on page 31 and 32; clearly including a large geography outside Wake County (approximately 38 percent by PY3, 2024). See Figure 1 below.

**Figure 1 – CPIC Wake Forest Proposed Service Area Map, Zip Codes**



Source: CPIC application page 31

<sup>1</sup> State Medical Facilities Plan, Basic Principles Governing the Development of this Plan; “3. Value Basic Principle”; page 3

However, **the application speaks only to needs of the Wake County population, and does not quantitatively explain how that need of the Wake County population translates to the Granville and Franklin County patients** that it forecasts will use the proposed MRI. Discussions of underserved groups on page 90 compare CPIC WF's historical patient demographics to what appears to be only to Wake County demographics. Thus, the application fails to account for the underserved populations of the remaining 38 percent of patients the proposed fixed MRI would serve, the majority of whom are located in Franklin County. The missing analysis for the other counties in the proposed patient origin for the proposed CPIC Wake Forest location not only means that the application is incomplete with regard to Criterion 3; it also casts doubt on the reasonableness of this application's forecast utilization at the proposed location. See details in the discussion of Criterion 5.

Because it fails to address the need of the population to be served for the proposed project, and the extent to which all residents of the proposed area to be served the application should be found non-conforming to Criterion 3.

**4. Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.**

The application discusses alternative solutions, but does not address them in the context of meeting the needs for the project, specifically the needs of the 38 percent of patients from outside Wake County (page 23).

The application speaks generically to growing numbers of primary and specialty medical care offices in the Wake Forest / Rolesville area (p 65) but does not quantify the number of new physicians; nor does it indicate how many of these practices would refer to the proposed project. This is important because none of the physician support letters provided in Exhibit I.2 provide referral estimates to support the procedures forecast on Form C Utilization in Section Q, of the application. Many of the new providers in this area are employees of DukeHealth and UNC Rex Healthcare system, who historically refer most of their patients to their own system facilities.

Furthermore, as detailed in Criteria 3 and 5, at least 38 percent of patients are expected to come from outside of Wake County; this includes 27 percent from Franklin County. None of the referring physicians appear to have practices in Franklin County and none have indicated they serve patients from Franklin County.

For this reason, the application should be found non-conforming to Criterion 4.

5. **Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.**

Capital Costs

It appears that **the applicant has not accounted for all capital costs associated with the entire project.**

First, the amount listed for total equipment cost listed on Form F.1a does not reflect all costs provided in the vendor quotes in Exhibit F.1. The exhibit includes quotes for the MRI scanner unit, additional equipment options, and an injections system. Together, all items included in the quote total \$1,217,755.20; this is significantly higher than the \$991,821 reported on Form F.1a. With no indication from the applicant as to which portions of the equipment it plans to purchase, the reader must assume it will purchase everything listed.

Additionally, none of the quotes include any terms and conditions for taxes, shipping, and/or handling (Exhibit F.1). As illustrated in Table 1 below, taxes and shipping alone will add over \$112,000 to the capital costs.

Table 1 below summarizes the full calculation of all equipment, options, taxes, and shipping. See Attachment 3 for detailed calculations and sources.

**Table 1 – Corrected Equipment Costs for CPIC Wake Forest**

Equipment	Cost	Tax (a)	Shipping (b)	Total
MRI Scanner, Main Unit	\$885,000.00	\$64,162.50	\$17,700.00	\$966,862.50
MRI Scanner, Options	\$282,476.00	\$20,479.51	\$5,649.52	\$308,605.03
MRI Injection System	\$50,279.20	\$3,645.24	\$1,005.58	\$54,930.03
<b>Total Equipment Costs</b>				<b>\$1,330,397.56</b>
<i>Total Equipment Costs as reported on Form F.1a</i>				<i>\$991,821.00</i>
<i>Difference</i>				<i>\$338,576.56</i>

Notes:

- a. Tax is calculated at the Wake County sales tax rate of 7.25 percent
- b. Shipping is estimated at 2.0 percent

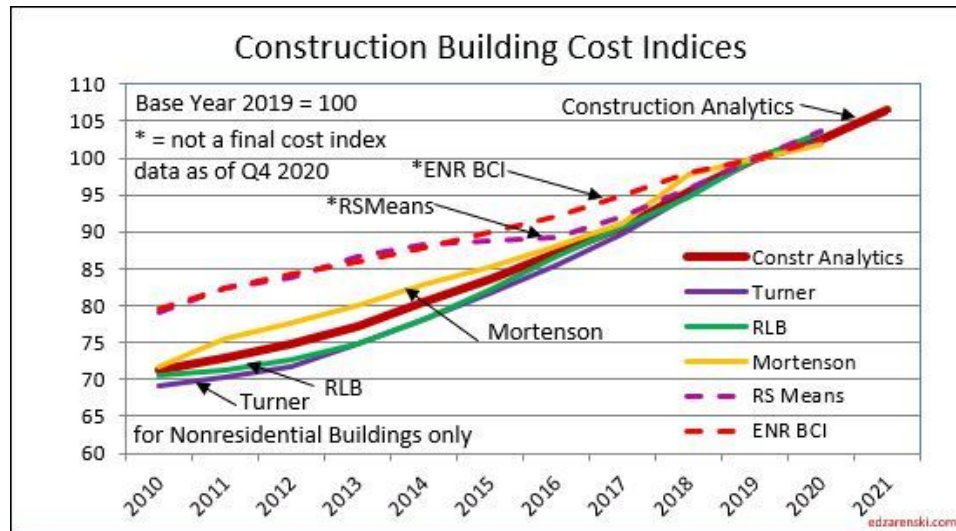
Finally, the construction quote from R.L. Pullen was provided on March 3, 2021. The letter does not indicate that R.L. Pullen will hold this quote through the application approval process. It is a widely reported fact that construction costs began increasing at exponential rates in 2020 and were still increasing at the time of application filing. In fact, an article from *Construction Analytics* noted the following<sup>2</sup>:

*“As of March 2021, PPI for materials inputs to construction is up 12% to 14% yoy, measured to last March before the bottom dropped out. The PPI Buildings Cost Index for final cost to owner is up only 2%. Construction inflation is very different right now for subcontractors vs general contractor/CM.  
<https://www.agc.org/learn/construction-data>”*

And,

*“The Turner Construction Cost Index (nonresidential buildings) for Q1-Q2-Q3 is +1%, -1%, -0.5%, effectively reporting the index down -0.5% year-to-date. But the Turner index year-to-date average (avg Q1+Q2+Q3=1179) is still 2.6% higher than the average of Q1+Q2+Q3 2019 and 2% higher than the avg for all of 2019 (1156). So, while the index appears to show no gains in 2020, through the first nine months of 2020 it is up 2.6% above the average of the same months in the 2019 index.  
<http://turnerconstruction.com/cost-index>”*

**Figure 2 – National Buildings Selling Price Indices vs Input Indices**



Source: 2021 Construction Costs Updated

**Neither the quote nor Form F.1 appear to provide any contingency for construction or for the total project, to cover these likely cost increases.**

<sup>2</sup> Zarinski, Ed. “2021 Construction Inflation – Updated 4-16-21.” *Construction Analytics*, 30 May 2021, [edzarenski.com/2021/01/26/2021-construction-inflation-e1/](http://edzarenski.com/2021/01/26/2021-construction-inflation-e1/).



## Financial Feasibility

PHSNC explains on page 66 of its application that it will fund the capital costs of the project with a combination of a commercial loan and accumulated reserves. The applicant supports the claim of accumulated reserves by providing a letter from the CEO of OIA and a copy of bank statements from both PHSNC and OIA (Exhibit F.2.2).

The application also says,

*“Note that the PHSNC bank account is a sweep account that goes to OIA every night.”*  
CPIC application page 67.

The bank statements in Exhibit F.2.2 for OIA appear to show that on the last day of the statement period, February 26, 2021, the account had a balance of \$5,434,715.86. OIA is a national company. According to its website OIA has over 50 locations across the United States<sup>3</sup>. The application does not explain how this cash, which by the applicant’s own admission is a sweep account, will accommodate ongoing operations and development of all 50+ locations.

## Utilization of the Proposed Services

CPIC’s projected MRI Utilization Methodology has several inconsistencies which together produce conflicting data. The projections are therefore unreasonable. Inconsistencies include:

### *1. Unverified Patient Data*

As detailed below, CPIC relies on the shift of existing patients from its Midtown location to justify the procedures required to meet the required fixed MRI Performance Standard of 4,805 procedures by project year three. The applicants do not address the need for MRI services in Franklin or Granville counties, yet claim that residents of these counties will account for 38 percent of utilization. However, **the applicant does not provide within its methodology nor any subsequent exhibits, actual counts of historical MRI patient served by CPIC Midtown, by zip code.** Therefore, the reader is unable to verify if the proposed utilization is calculated correctly. The application contains no information to document that such patients even existed.

### *2. Incorrect Weighting Factor*

On page 117, Step 2, the first table details the MRI procedure counts and weighting factors at CPIC Wake Forest for CY2015 through CY2020.

Pinnacle Health Services of North Carolina  
Historical CPIC Wake Forest Mobile MRI Utilization, CY2015 - CY2020

Year	2015	2016	2017	2018	2019	2020*
unweighted procedures	2,156	2,689	2,465	2,504	2,627	1,988
weighted procedures	2,234	2,953	2,941	2,704	2,845	2,136
weighting ratio	1.04	1.10	1.19	1.08	1.083	1.074

Source: CPIC application page 117; highlights added

<sup>3</sup> Outpatient Imaging Affiliates, Inc.; locations; <https://www.oiarad.com/locations/>

Assuming the applicant correctly reported the number of unweighted and weighted procedures in this table, then the annual weighting ratios were also calculated correctly. The narrative goes on to explain that because of the COVID-19 pandemic, the decrease in ratio calculated for CY2020 was an anomaly. Therefore, to project CY2021 procedures, “...PHSNC held the CY2019 total constant...”. The next table shows the projected CY2021 procedures. However, the numbers do not match CY2019 as reported; **the weighted procedures are higher than actual, and therefore the proposed weighting ratio is also higher.** Highlights are added to demonstrate the differences.

Pinnacle Health Services of North Carolina  
 Projected CPIC Wake Forest Mobile MRI Utilization, CY2021

	2021
unweighted procedures	2,627
weighted procedures	2,874
weighting ratio	1.094

Source: CPIC application page 117; highlights added

On page 118, in Step 3, PHSNC applies the 1.094 weighting ratio to the projected unweighted procedures for the first three project years.

Pinnacle Health Services of North Carolina  
 Projected CPIC Wake Forest Mobile MRI Utilization, CY2022 – CY2024

Projected CPIC Wake Forest	2022	2023	2024
fixed unweighted procedures	2,676	2,726	2,776
weighted procedures	2,928	2,982	3,037
weighting ratio	1.094	1.094	1.094

Source: CPIC application page 119

Lacking documented support for the weighting ratio, the Utilization Methodology produces unsupported forecasts.

### 3. Unverified Patient Shift

Beginning on page 120, in Step 4, PHSNC provides a map showing geographically proximate zip codes of patients it expects will shift from seeking services at CPIC Midtown to CPIC Wake Forest. The applicant explains that because of travel, timely access, and proximity to physicians, patients historically served at CPIC Midtown will organically shift to a more convenient CPIC Wake Forest during the first three project years at a rate of 65, 75, and 85 percent annually. The next table lists the number of shifted patients by zip code by year based on this percent shift. However, as stated earlier, **no historical patient data was provided to support the original numbers. Hence, confirmation of these calculations is impossible.**

4. Does not meet Performance Standard

Together, the incorrect weighting factor and unverified patient shift, make the utilization forecast questionable and likely overinflated. **Correcting the inconsistencies could mean that PHNC fails the performance standard test.** Table 2 below applies the correct weighting factor, and excludes the unverified CPIC Midtown patients that the applicant claims will “shift to Wake Forest.” In this scenario, PHSNC falls far short of the 2021 Wake County fixed MRI performance standard of 4,805 adjusted MRI procedures by the third project year (10A NCAC 14C .2703(b)).

**Table 2 – Corrected Forecast of MRI Scans and Weighted Procedures at CPIC Wake Forest**

<b>Projected CPIC Wake Forest</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
a. Fixed unweighted procedures	2,676	2,726	2,776
b. Market share increase procedures	264	537	820
<b>c. Total shifted procedures</b>	<b>701</b>	<b>824</b>	<b>951</b>
d. Total unweighted procedures	2,940	3,263	3,596
e. Correct weighting ratio	1.083	1.083	1.083
<b>f. Total projected weighted procedures</b>	<b>3,184</b>	<b>3,534</b>	<b>3,894</b>

Notes:

- a. Step 3, p119
- b. Step 3, p120; see market increase percentages on p119
- c. Step 4, p121, excluded from the total because patients are unverified
- d.  $a + b$
- e. Step 2, p117
- f.  $d * f$

5. Unverified Procedures per Patient

In Section C.3b, page 31, CPIC projects 3,641, 4,087, and 4,547 MRI patients for the first three operating years. In Section Q, Utilization Methodology, Step 5, page 121, the applicant projects the exact same number of MRI procedures per year. This requires a one-to-one ratio of procedures per patient. While many patients will receive only one procedure, this is not universally true.

Again, without patient data, procedures per patient cannot be calculated. It is therefore **unclear whether the applicant over reported patients or underreported procedures.**

## Incorrect Forms

Additionally, proforma expense statements in Form F.2 and F.3 are not completed correctly. Instructions provided on page 71 of the application read,

*“Diagnostic Centers should complete the revenues and operating costs forms for each service component and the entire facility.”*

However, according to the headers on pages 135-138, Forms F.2 and F.3 are completed as “CPIC Wake Forest entire facility **except for MRI**” [emphasis added]. Furthermore, there are no assumptions for either of these forms. Without assumptions, it is difficult to evaluate the data on the proforma, let alone evaluate the impact of the proposed shifts of a substantial number of procedures from Midtown to the Wake Forest facility or the proposed impact of altered use of CPIC’s owned mobile MRI unit currently utilized at both Midtown and Wake Forest. These are integral parts of this proposed project and without more detail, it is impossible to evaluate the “financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.”

*For these reasons, the project should be found non-conforming to Criterion 5.*

**6. The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.**

In its list on page 75, PHSNC failed to mention the existence of Raleigh Radiology MRI services at its Wake Forest, Knightdale, and Fuquay Varina locations. While two of these locations are not yet listed in the SMFP, their services have been widely advertised and can be confirmed with a Google search<sup>4</sup>. A thorough review of the alternatives available in the service area would have identified, at minimum, the Raleigh Radiology Wake Forest location. By failing to address it, the application is incomplete with regard to Criterion 6.

The application does not demonstrate which of the MRIs listed on pages 74 and 75 are located within the application’s proposed geographic service area. There are, in fact, five locations (not including Raleigh Radiology) in Wake Forest that offer MRI services. According to 2021 Registration and Inventory of Medical Equipment forms, these five locations performed 6,690 unweighted MRI procedures in FY2020, see Table 3 below. **The application does not address whether or not the proposed facility will necessarily or unnecessarily duplicate services at these Wake Forest mobile MRI facilities.**

<sup>4</sup> <https://www.raleighrad.com/locations/>

**Table 3 – Mobile MRI Providers in Wake Forest and Total Scans FY2020**

Owner	Provider	Address	City	Zip	Total Scans FY20
Alliance Healthcare Services, LLC	Duke Heritage Health	3000 Rogers Road	Wake Forest	27587	266
Pinnacle Health Services of North Carolina, LLC	Cardinal Points Imaging of the Carolinas Wake Forest	839 Durham Road	Wake Forest	27587	2,171
Cape Fear Mobile Imaging	Orthopedic Specialist of NC	11200 Governor Manly Way	Raleigh	27614	1,598
WR Imaging, LLC	Wake Radiology Wake Forest	3150 Rogers Road	Wake Forest	27587	1,509
WR Imaging, LLC	Wake Radiology Rex Wakefield	11200 Governor Manly Way	Raleigh	27614	1,146
<b>Total Unweighted MRI Scans Provided in the Wake Forest Service Area</b>					<b>6,690</b>

Source: 2021 SMFP, Table 17E-1, pages 361-363; Google search.

Furthermore, PHSNC does not propose to significantly increase the number of scans performed in the Wake Forest Service Area. As explained in Criterion 5, with exclusion of unverified shift of patients, CPIC proposes to serve 3,596 patients by project year 3. If all other providers grew at the rate of population of Wake County (1.67 percent), **this is a net increase of only 1,500 in four years** (2020-2024). Table 4 below illustrates this.

**Table 4 – Net Increase of MRI Patients in the Wake Forest Service Area**

Owner	Total Scans FY20	Total Scans PY3 2024	Net Increase Patients
Alliance Healthcare Services, LLC	266	270	4
Pinnacle Health Services of North Carolina, LLC	2,171	3,596	1,425
Cape Fear Mobile Imaging	1,598	1,625	27
WR Imaging, LLC	1,509	1,534	25
WR Imaging, LLC	1,146	1,165	19
<b>Total Unweighted MRI Scans Provided in the Wake Forest Service Area</b>	<b>6,690</b>	<b>8,413</b>	<b>1,500</b>

Source: NC OSMB population data; See Attachment 4 for detailed calculations.

Furthermore, by applying the applicant’s proposed patient origin to its calculated net increase of patients, **this application proposes to serve only an additional 884 Wake County residents** by 2024 (1,425 \* 0.62 = 884).

Finally, the application fails to mention the MRI facilities in Franklin and Granville Counties. There are two, according to the 2021 Hospital License Renewal Applications, one at the Franklin County campus of Maria Parham Medical Center, and one at Granville Medical Center. See Attachment 5.

Because the application failed to address whether the proposed PHSNC Wake Forest MRI would result in unnecessary duplication of facilities in the proposed service area for the project, the application is non-conforming to Criterion 6.

**13. The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and handicapped persons, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:**

**(a) The extent to which medically underserved populations currently use the applicant’s existing services in comparison to the percentage of the population in the applicant’s service area which is medically underserved;**

The application indicates that PHSNC serves the proposed service area with its mobile unit. However, as discussed in Criterion 3, the patient origin profile for the PHSNC mobile unit does not reflect the economic profile of the communities it serves. In Section L, the application addresses only Wake County.

<Cardinal Points Imaging of the Carolinas Wake Forest>	Last Full FY before Submission of the Application	
	Percentage of Total Patients Served	Percentage of the Population of the Service Area *
Female	82.1%	51.4%
Male	17.9%	48.6%
Unknown	0.0%	0.0%
64 and Younger	72.7%	88.0%
65 and Older	27.3%	12.0%
American Indian	**	0.8%
Asian	**	7.7%
Black or African-American	**	21.0%
Native Hawaiian or Pacific Islander	**	0.1%
White or Caucasian	**	60.0%
Other Race	**	10.4%
Declined / Unavailable	**	0.0%

Source: CPIC application page 90

Because the application does not address the other counties in the PHSNC service area, it is impossible to evaluate the extent to which the application conforms to Criterion 13(a).

- (c) **That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant’s proposed services and the extent to which each of these groups is expected to utilize the proposed services; and**

Because the application does not address the other counties in the PHSNC service area, it is impossible to evaluate the extent to which the application conforms to Criterion 13I.

For these reasons, the application should be found non-conforming to Criterion 13.

- 18 a. **The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for the service for which competition will not have a favorable impact.**

#### Competition

PHSNC does not propose a new MRI competitor in Wake County. PHSNC owns one mobile and one fixed MRI scanner. The project will not add to competition. The application says only that the “project will enable PHSNC to better meet the needs of its existing patient population population...” (page 96). It does not demonstrate that the existing population has difficulty accessing existing PHSNC MRI service at Wake Forest. It does not confirm that it has an existing client base in the proposed patient population. It does not demonstrate how the proposed MRI scanner will address an access problem at that location.

#### Cost Effectiveness

The CPIC application does not provide any calculations for capacity of the proposed or existing equipment. However, both the application and its 2021 Registration and Inventory of Medical Equipment form report that its mobile scanner provides service to CPIC Wake Forest two days per week, 52 weeks per year; see Attachment 6.

Presumably by replacing the mobile service with a fixed MRI, CPIC intends to operate services five days per week. **This is an increase in capacity of 150 percent**  $((5-2) / 2 = 150\%)$ .

However, the applicants proposed utilization will not increase service to Wake County by a comparable proportion. In fact, by applying the applicant’s proposed patient origin to the net increase of patients, this application proposes to only serve an additional 884 Wake County residents by 2024  $(1,425 * 0.62 = 884)$ ; **this only a 66 percent increase of MRI patients**  $((3,596 - 2,171) / 2,171 = 66\%)$ .

The disparity in forecast patients compared to increase capacity is not cost effective.

## Access

In Section C, the application discusses increasing age of the population as justification for growth in procedure forecasts (pages 36 through 38), but in the assumptions supporting Forms F.2 and F.3 for the MRI service component, the application shows no increase in the proportion of Medicare patients served (page 132, #1). Hence, the proposed project forecasts are internally inconsistent and the project does not appear to increase access to all persons. Moreover, the application refers to dependence on existing referral physicians on page 94, but the promised referrals in Exhibit I.2 offer no quantified referral estimates to support the forecast procedures, nor does the application offer reasons why the physicians were unwilling / unable to provide referral estimates.

*Because PHSNC's application will not enhance competition or access to the population groups and counties CPIC proposes to serve, nor is it a cost-effective proposal, it should be found non-conforming to 18a.*



## Performance Standards

### 10 NCAC 14C.2703(b)

- (b) An applicant proposing to acquire a fixed magnetic resonance imaging (MRI) scanner, except for fixed MRI scanners described in Paragraphs (c) and (d) of this Rule, shall:
- (3) demonstrate that the average annual utilization of the existing, approved and proposed fixed MRI scanners which the applicant or a related entity owns a controlling interest in and locates in the proposed MRI service area are reasonably expected to perform the following number of weighted MRI procedures, whichever is applicable, in the third year of operation following completion of the proposed project:
- A) 1,716 weighted MRI procedures in MRI service areas in which the SMFP shows no fixed MRI scanners are located,
  - (B) 3,775 weighted MRI procedures in MRI service areas in which the SMFP shows one fixed MRI scanner is located,
  - (C) 4,118 weighted MRI procedures in MRI service areas in which the SMFP shows two fixed MRI scanners are located,
  - (D) 4,462 weighted MRI procedures in MRI service areas in which the SMFP shows three fixed MRI scanners are located, or
  - (E) 4,805 weighted MRI procedures in MRI service areas in which the SMFP shows four or more fixed MRI scanners are located;

The performance standard 10 NCAC 14C.2703(b)(3), requires an applicant to demonstrate a minimum number of average annual fixed MRI procedures per scanner owned in a service area, by the third year of operation. Because the MRI scanner, will be located in Wake County, which has more than four MRI scanners, the applicant must demonstrate at least 4,805 weighted MRI scans on its proposed fixed MRI scanner. As discussed in Criterion 5, the weighting factor errors and unverified patient data caused incorrect utilization projections. Actual projections fail to meet the performance standard outlined above and only demonstrate 3,894 MRI scans, as illustrated in Table 1.

Furthermore, because there is no analysis of the need of the population outside of Wake County, which account for 38 percent of the proposed patients, the forecast is questionable. Moreover, the justification of the shifted patients relies solely on unsupported CPIC internal data.

The application should be found non-conforming to this performance standard.

## **ATTACHMENT 2**

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*Comments: Wake Radiology Garner; J-012068-21*

## **ATTACHMENT 3**

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*Cardinal Points Imaging of the Carolinas,  
Capital Cost Detail Calculations*

## Competitive Review of – Wake Radiology Garner, PID #J-012068-21

### Overview

WR Imaging, LLC and Wake Radiology Diagnostic Imaging, collectively referred to as Wake Radiology (“WR”), propose to acquire a fixed MRI scanner pursuant to the need determination for Wake County in the 2021 SMFP and to locate it in a building owned by CPG PIA Health Park, LLC at 300 Health Park Drive in Garner. WR’s application to develop a fixed Magnetic Resonance Imaging scanner (“MRI”), is non-conforming with statutory review criteria 1, 3,5, 6, 12, and 18a and does not meet the performance standard in 10A NCAC 14C .2703.

This application proposes to acquire a fixed 1.5 Tesla (“1.5T”) MRI at its facility Wake Radiology Garner (“WR Garner”) in Garner, North Carolina for a total capital cost of **\$1,940,350**. The applicant proposes to serve 4,046 patients from Wake, other North Carolina counties, and other states by Project Year 3, calendar year 2025.

### CON Review Criteria

- 1. The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, ambulatory surgery operating rooms, or home health offices that may be approved.**

#### Policy GEN-3: Basic Principles

Policy GEN-3 states that a

*“certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the identified need identified in the State Medical Facilities Plan as well as addressing the needs of **all residents in the proposed service area.**”<sup>1</sup> [emphasis added]*

#### Access

Please see the discussion under Criterion 3 explaining how WR failed to demonstrate the need of all residents in the proposed service area for the service proposed.

<sup>1</sup> 2021 State Medical Facilities Plan; Chapter 4 Statement of Policies; Policy GEN-3: Basic Principles. Page 29.

## Value

Although the application claims cost savings associated with replacement of the Alliance contract, the application contradicts this statement on page 30. "Wake Radiology intends to continue the contract with Alliance...." Approval of this application would both retain the existing high-cost arrangement and provide additional capacity that is not supported by demonstrated need of the population to be served. In fact, Wake Radiology's application contains no information regarding the out-of-pocket cost to patients for MRI services provided at WR Garner. Without this information, claims that the proposed WR Garner facility will provide lower out of pocket costs than other providers in the area are unsupported. In fact, the application provides no information to show that WR Garner is even competitive when comparing cost to patients. Data provided in Attachment 7 show that Wake Radiology freestanding MRI's have one of the very highest out-of-pocket costs for patients in the region.

*As a result, the application does not meet Policy GEN-3 and should be found non-conforming to Criterion 1.*

- 3. The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, and other underserved groups are likely to have access to the services proposed.**

## Demonstration of Need

The application does not adequately demonstrate the need the population to be served has for the proposed project. All forecasts in the application are tied to historical utilization patterns at applicant facilities. The application makes no attempt to quantitatively relate its forecast utilization to need of the population it proposes to serve.

Instead, the application makes the simple assumption that past increases in use of WR Imaging's MRI service alone demonstrate that future use will follow the same pattern. (Form C Utilization Methodology page 1). Even the pattern is questionable. On page 2 of the Form C Utilization Methodology and Assumptions, WR shows historical utilization at WR Garner from CY2016 through CY2020. WR's weighted MRI scans grew 9.7 percent annually from CY2016 to CY2020. The WR application estimates CY2020 scans by annualizing data from nine months: the number of MRI scans performed in January, February, and June through December. All data from March, April, and May were excluded. The application justifies the total exclusion as due to interruptions from COVID-19. Table 1 shows historical utilization at WR Garner as reported in the application.

**Table 1 – WR Garner Historical Utilization CY2016-CY2020 from Form C Methodology**

	CY16	CY17	CY18	CY19	CY20*	CAGR^
Outpatient No Contrast	1,752	1,642	1,794	1,844	1,924	2.4%
Outpatient with Contrast	793	848	1,038	1,296	1,586	18.9%
Total	2,545	2,490	2,832	3,140	3,510	8.4%
Total Weighted Scans**	2,862	2,829	3,247	3,658	4,144	9.7%
Weighted Scans Annual Growth		-1.2%	14.8%	12.7%	13.3%	

\*CY 2020 normalized to adjust for the months of March, April, and May when utilization was temporarily impacted by the COVID-19 pandemic.

^Compound annual growth rate.

\*\*Weighted scans based on 1.0 weight for outpatient no contrast and 1.4 weight for outpatient with contrast.

Source: Wake Radiology internal data.

WR then forecast WR Garner future scans by type by using one half of the CY16-CY20 Weighted Scan CAGR (4.8%). Table 2, below has the application’s forecast procedures from CY2021 through CY2025.

**Table 2 – WR Garner Projected Utilization, CY21-CY25 from Form C Methodology**

	CY21	CY22	CY23	CY24	CY25	CAGR
Outpatient No Contrast	2,017	2,115	2,217	2,325	2,438	4.8%
Outpatient with Contrast	1,663	1,744	1,828	1,917	2,010	4.8%
Total	3,680	3,858	4,046	4,242	4,447	4.8%
Total Weighted Scans	4,345	4,556	4,777	5,008	5,251	4.8%

The applicant rationalizes annualizing nine months of data for CY2020 because MRI scans were affected by COVID-19. in March through May. This methodology is flawed for many reasons: 1) it implies that all impact of COVID-19 ended in December 2020, 2) it implies the months June through December included no catch up from the three interrupted months. Neither of these is true. **The applicant has eliminated data for 25 percent of its actual caseload in order to boost its forecast caseload.**

In fact, Exhibit C.5, includes scans for all months in 2020, including the months of March through May. Total actual CY2020 scans for all months are less than what the applicant forecast for that year. Table 3 has the total MRI scans performed for CY2020. As shown in Table 3, the four-year CY16-CY20 CAGR for weighted MRI scans declined slightly.

**Table 3 – WR Garner Projected Utilization, CY16-CY20 (Using All of CY2020 Actual Data)**

	CY16	CY17	CY18	CY19	CY20*	CAGR^
Outpatient No Contrast	1,752	1,642	1,794	1,844	1,820	1.0%
Outpatient with Contrast	793	848	1,038	1,296	1,502	17.3%
Total	2,545	2,490	2,832	3,140	3,322	6.9%
Total Weighted Scans**	2,862	2,829	3,247	3,658	3,923	8.2%
Weighted Scans Annual Change		-1.2%	14.8%	12.7%	7.2%	

Using the WR Methodology approach, we take half of the CY16-CY20 weighted scan CAGR (4.1%) to project CY2021-CY2025 scans. See Table 4.

**Table 4 – WR Garner Utilization, CY21-CY25**

	CY21	CY22	CY23	CY24	CY25	CAGR
Outpatient No Contrast	1,895	1,972	2,053	2,137	2,225	4.1%
Outpatient with Contrast	1,564	1,628	1,694	1,764	1,836	4.1%
Total	3,458	3,600	3,748	3,901	4,061	4.1%
Total Weighted Scans	4,084	4,251	4,425	4,607	4,796	4.1%

As illustrated in Table 4, the forecast using actual data shows the applicant will have 455 fewer scans than projected in Table 2, if one uses the CAGR associated with actual CY2020 data. This also means the applicant will fail to meet the performance standard in 10A NCAC 14C .2703. See Discussion in Performance Standards. The applicant notes that 2020 was an unusual year. However, by selectively picking the months to use in its forecast, the applicant fails to acknowledge that the high use rates in the later part of the year could easily have represented scans that would otherwise have occurred in the months when the facility was not permitted to operate.

Furthermore, forecasts are incomplete. The application states on page 77 that WR will continue to utilize the Alliance scanner.

*“The proposed project will be developed at Wake Radiology Garner and Wake Radiology **will continue to contract with Alliance** to support MRI service demand elsewhere in Wake County.”* WR application, page77, [emphasis added].

Because the application indicates the applicant’s intent to retain, rather than “replace, the existing contracted service,” the application is inconsistent with the requirements in Item 8 of the Basic Methodology for fixed MRI (2021 SMFP page 145). That requirement indicates that to qualify as an applicant, the party must replace the service arrangement. The application contains no evidence to show dates of expiration of the service arrangement, or provisions to cancel the contract.

The WR Garner application does not include costs associated with keeping this Alliance service. Nor does it include information regarding the impact of retaining the contracted service on utilization of the proposed new fixed WR Garner MRI.

Because WR does not adequately demonstrate the need the population has for the services proposed, it should be found non-conforming to Criterion 3.

Also, because WR does not provide evidence that it can replace the contracted service, WR is not a qualified applicant.

- 5. Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs, as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.**

#### Financial

As discussed in Criterion 3, the utilization projections are unreasonable and based on unsupported assumptions. Unreasonable projections compromise the financial viability of the project; therefore, the application should be found non-conforming to Criterion 5.

As discussed in Criterion 12, the applicant does not include any contingency costs for the construction. Moreover, although responsible for the cost of relocating the Alliance scanner, the cost estimate does not provide an allowance for those costs.

Moreover, although the application indicates on page ## that WR intends to continue the Alliance service contract for the Garner Alliance MRI, the application provides no information about the costs to maintain that contract; nor does the application provide information of the impact of sustaining that contract on operations of WR Garner.

The missing information mean that the financial projections are inaccurate or incomplete. Thus, it is impossible to determine financial viability of the project. Therefore, the application should be found non-conforming to Criterion 5.

- 6. The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.**

Information in Form O of the application is incomplete. The form lists MRI equipment owned by Wake Radiology, but not MRI equipment owned by UNC REX Healthcare or UNC Health Care, who are related parties by virtue of the joint venture ownership of WR Imaging. By contrast, UNC Hospitals applied in this same batch for a new hospital in Durham County, Project ID #J-012065-21. **In its application UNC lists every WR facility on its Form O.1**, see Attachment 8.

As part of the UNC system, one of the applicants related parties is therefore accountable for all UNC MRIs in Wake County. Hence the application must demonstrate that no related party could absorb the proposed utilization. According to Table 17E-1 of the 2021 SMFP, in Wake County,



UNC Rex and Wake Radiology own and operate 5.84 fixed equivalent MRI scanners. In FY2019, these locations reported 23,447 weighted MRI scans, or 4,015 scans per scanner. This calculation includes the not yet operational MRI scanner at UNC Rex Health Care of Cary. There is no discussion of how the new, nearby, UNC Rex Health Care Cary location could absorb outpatient scans, or why the proposed project would not unnecessarily duplicate any of the UNC REX MRI capacity in Wake County. See detail in Attachment 9.

Failure to include the complete list of related parties or discussion of unnecessary duplication among those parties, should be sufficient reason alone to find this project non-conforming to Criterion 6. Moreover, on page 89, the application proposes to dismiss Grandfathered fixed MRI's that are located in Garner as a rationale to demonstrate that MRIs in the county are unevenly distributed. The same page says,

*"Wake Radiology cannot guarantee permanent access to the MRI scanner at Wake Radiology Garner..."*

as if to indicate that, for some undefined time, WR intends to retain that service arrangement with Alliance in Garner. Even here, the application has conflicting information. The application argues for parity of MRI supply in Garner, but makes no attempt to show that Garner residents will use the facility. On page 51, ratios used to justify Garner suggest that the service area for the proposed new fixed MRI has only 31,070 residents. In fact, the Section Q utilization methodology associated with Section C makes no mention of the population to be served.

Furthermore, the stated intent to retain the service contract with Alliance Imaging is not discussed with regard to duplication of services. Failure to discuss that proposed arrangement, which the application makes an integral part of this proposal, is in itself failure to "demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities."

*For these reasons, the application should be deemed non-conforming to Criterion 6.*

12. **Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.**

### Construction

The schedule in Section P is confusing. It shows the proposed new scanner operational before the building is occupied. With this in question, all dates in the financial proformas and utilization forecasts are questionable.

The application did not explain how the cost, design, and means of construction represent the most reasonable alternative for the proposal. The application indicates, on page 98, that the proposed MRI scanner will replace the existing Alliance-owned MRI scanner at WR Garner. The application does not address how renovation of space would affect current operations of WR Garner MRI and other imaging services in the building. Utilization forecasts show no changes or disruptions in the monthly use during construction.

In the financial forms and the equipment cost quote in Exhibit F.1, the applicant fails to include costs necessary to make the MRI operational such as calibration from a physicist, and removal of the existing magnet.

The construction estimate quote in Exhibit F.1, lists individual item costs associated with the renovation. The total construction cost is consistent with application Form F.1a. However, the application does not explain what work is associated with each line item involved. It does not show the cost of removing the Alliance MRI, yet, in Section C, page, 31, the applicant describes this costly activity as part of the project.

*“As previously discussed, Wake Radiology Garner currently offers MRI services utilizing a grandfathered fixed MRI scanner that is contracted from Alliance. With this proposed project, **the Alliance-owned fixed MRI scanner will be removed from its current location within the MRI suite at Wake Radiology Garner and will continue to remain in service providing MRI services elsewhere in Wake County.**” WR application page 31 [emphasis added].*

This is not an insignificant cost. As recently demonstrated at the Bone and Joint Surgical Clinic when a moving company failed to exercise proper precautions, a poorly planned and executed move can completely destroy an MRI.

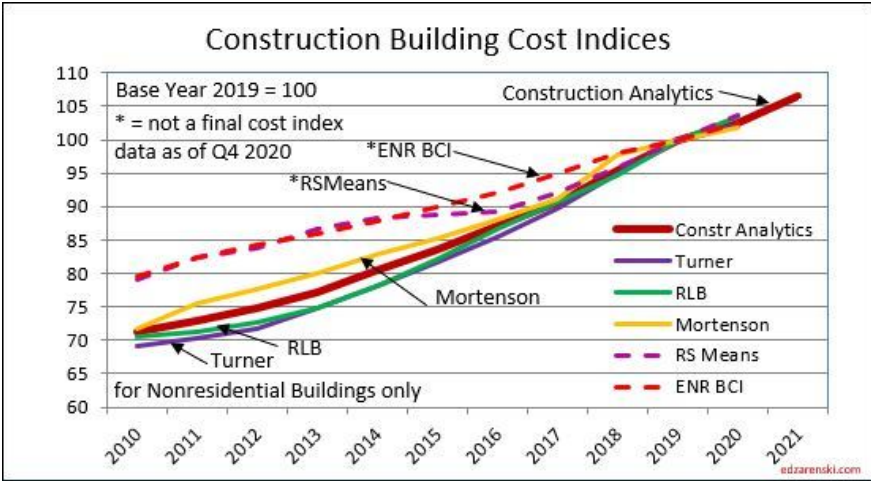
Form F.1a, includes no contingency costs. In 2021, both labor and materials costs have skyrocketed month over month. Industry experts forecast increasing costs. In fact, an article from *Construction Analytics* noted the following<sup>2</sup>:

<sup>2</sup> Zarinski, Ed. “2021 Construction Inflation – Updated 4-16-21.” *Construction Analytics*, 30 May 2021, edzarenski.com/2021/01/26/2021-construction-inflation-e1/.

“R.S. Means quarterly cost index of some materials for the 4th quarter 2020 compared to Q1: Ready-Mix Concrete -1.8%, Brick +10%, Steel Items -1% to -5%, Framing Lumber +32%, Plywood +8%, Roof Membrane +5%, Insulating Glass +12%, Drywall +3%, Metal Studs +23%, Plumbing Pipe and Fixtures +1%, Sheet Metal +20%.

The article also provides this illustration to support the increase in costs:

**Figure 1 – National Buildings Selling Price Indices vs Input Indices**



Source: 2021 Construction Costs Updated

Any increase in costs would exceed the projected capital cost. Because the application fails to address this issue, it is impossible to determine that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project.

Because WR failed to demonstrate how or why the chosen alternative means of construction is the most reasonable alternative or that it will not unduly increase the cost of offering the proposed services, it should be found non-conforming to Criterion 12.

- 18 a. **The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for the service for which competition will not have a favorable impact.**

### Competition

WR operates four fixed and two mobile MRI scanners at its own locations. Per page 34 of the application, WR owns and operates two fixed MRI scanners at Wake Radiology Raleigh MRI Center and two MRI mobile scanners that serve other WR sites in Wake County. Alliance Healthcare Services owns and operates the other two fixed MRI scanners, which are at WR Cary and WR Garner, respectively. WR joint venture partner, UNC REX owns and operates four more MRI scanners: two fixed MRI scanners at the UNC REX main campus, one fixed MRI scanner at REX Healthcare of Cary, and one mobile MRI scanner at UNC REX Wakefield.

If the Agency were to approve WR's application, together WR and UNC REX would own and operate six fixed MRI scanners in Wake County. Based on data from the 2021 LRAs and EIFs this would represent 30 percent ( $6/20 = 30\%$ ) of the fixed MRI scanners in the entire county, the most of any provider. This **percentage does not include the three mobile MRI scanners** owned by WR and UNC REX. The US Department of Justice has a history of anti-trust investigations in situations where health care mergers result in control of 30 percent or more of a market.<sup>3</sup> WR's application does not enhance competition and is indicative of future MRIs falling under control of a single provider system.

Saturation of a single provider affects the negotiated insurance rates. In a market dominated by one or two providers, the insurance companies and patients have little to no leverage with which to reduce the contract rates for services.<sup>4</sup> This in turn, affects what employers in that market are forced to pay for health insurance coverage. It also affects who will continue to enroll in employee health insurance programs.

According to the Kaiser Family Foundation, the number of insured persons is dropping because of the cost of acquiring insurance. According to a report published by Families USA, in May 2020, at 20 percent, North Carolina ranked seventh in the country in percentage of uninsured adults.<sup>5</sup> It was in the top ten in 2018, as well. Without competition in the marketplace, there is no incentive to change this trend.

<sup>3</sup> [lexisnexis.com/lexis-practice-advisor/the-journal/b/lpa/posts/healthcare-providers-and-insurers-ftc-approach-to-provider-mergers-and-acquisitions](https://www.lexisnexis.com/lexis-practice-advisor/the-journal/b/lpa/posts/healthcare-providers-and-insurers-ftc-approach-to-provider-mergers-and-acquisitions)

<sup>4</sup> Gee, Emily, Gurwitz, Ethan, "Provider Consolidation Drives Up Health Care Costs: Policy Recommendations to Curb Abuse of Market Power and Protect Patients". *Center for American Progress*, Dec 2018, <https://www.americanprogress.org/issues/healthcare/reports/2018/12/05/461780/provider-consolidation-drives-health-care-costs/>

<sup>5</sup> <https://www.beckershospitalreview.com/rankings-and-ratings/states-ranked-by-uninsured-rates.html>

One could read this WR Imaging application as a means for the related party, UNC REX to maintain high charge structures at its hospital locations, by controlling access to outpatient MRI.

**Cost Effectiveness**

WR proposes the highest global charge per MRI procedure among all applicants. WR has a history of high charges at WR Garner and its prices continue to increase. Table 5 compares the charges for all applicants in this batch. WR also proposes the highest operating cost per MRI procedure among all applicants. Table 6 compares the operating costs.

**Table 5 – Charge per MRI Procedure for All Applicants, Project Year 3**

Applicant	Project Year 3		
	Gross Revenue	Unweighted Procedures	Charge per Procedure
Pinnacle Health Services	\$8,340,144	5,244	\$1,590.42
Duke University Health System	\$5,247,866	4,428	\$1,185.15
Wake Radiology	\$11,831,997	4,447	\$2,660.67

Source: Forms C.2b and F.2 of all applicants

**Table 6 – Operating Cost per MRI Procedure for All Applicants, Project Year 3**

Applicant	Project Year 3		
	Total Expenses	Unweighted Procedures	Cost per Procedure
Pinnacle Health Services	\$1,576,415	5,244	\$300.61
Duke University Health System	\$1,690,587	4,428	\$381.79
Wake Radiology	\$2,879,377	4,447	\$647.49

Source: Forms C.2b and F.3 of all applicants

Clearly, the proposed WR project is not cost effective. It has high operating costs and charges. The purpose of WR’s joint venture with UNC REX, which is to:

*“.... decrease the need for patients to access hospital-based MRI scanners when they are appropriate for a freestanding setting, which improves overall convenience for patients because they do not have to navigate a busy hospital campus and reduces the cost of this service for patients and payors alike” (page 43).*

According to the Blue Cross Blue Shield of North Carolina Treatment Cost Estimator, it may be less expensive to receive MRI scans at UNC REX, than at a WR facility. See Table 7 below. WR charges and operating costs increase every year, as demonstrated in its Forms F.2 and F.3.

**Table 7 – Comparison of UNC REX and Wake Radiology MRI Treatment Costs**

Treatment	UNC REX	Wake Radiology
MRI Abdomen	\$2,260	\$2,564
MRI Brain w/ & w/o Contrast	\$1,885	\$2,571

Source: BCBSNC Treatment Cost Estimator, accessed 04.29.21

**20. An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.**

As explained in Criterion 18a, WR and UNC Rex are part of a joint venture. Per definitions at the beginning of the application form:

*“The term “related entity,” which is defined in 10A NCAC 14C. 0202(10), means “a person that”*

- a) Shares the same parent corporation or holding company with the applicant;*
- b) Is a subsidiary of the same parent corporation or holding company as the applicant;*  
*or*
- c) **Participates with the applicant in a joint venture that provides the same type of health services proposed in the application.** [emphasis added]*

By this definition, the applicant should have listed UNC facilities on its Form O.1 and addressed any quality issues throughout the UNC System. WR did not do this. However, it does admit a relationship with UNC Rex in its application:

*“...Wake Radiology physicians also – along with their hospital partner UNC REX Healthcare (UNC REX) – have partial ownership of WR Imaging, LLC (Applicant 1), which will own the proposed MRI scanner. Throughout this application, these entities may collectively be referred to as Wake Radiology.”* WR Application, Footnote 4, page 16

As detailed in Criterion 6, UNC Hospitals list every WR facility on its Form O.1, see Attachment 8. Clearly members of the JV agree that they are related entities.

*Because the applicant failed to provide evidence for all related entities and address any quality issues, it should be found non-conforming to Criterion 20.*

## PERFORMANCE STANDARDS

### 10 NCAC 14C.2703(b)

- (b) An applicant proposing to acquire a fixed magnetic resonance imaging (MRI) scanner, except for fixed MRI scanners described in Paragraphs (c) and (d) of this Rule, shall:
- (3) demonstrate that the average annual utilization of the existing, approved and proposed fixed MRI scanners which the applicant or a related entity owns a controlling interest in and locates in the proposed MRI service area are reasonably expected to perform the following number of weighted MRI procedures, whichever is applicable, in the third year of operation following completion of the proposed project:
- A) 1,716 weighted MRI procedures in MRI service areas in which the SMFP shows no fixed MRI scanners are located,
  - (B) 3,775 weighted MRI procedures in MRI service areas in which the SMFP shows one fixed MRI scanner is located,
  - (C) 4,118 weighted MRI procedures in MRI service areas in which the SMFP shows two fixed MRI scanners are located,
  - (D) 4,462 weighted MRI procedures in MRI service areas in which the SMFP shows three fixed MRI scanners are located, or
  - (E) 4,805 weighted MRI procedures in MRI service areas in which the SMFP shows four or more fixed MRI scanners are located;

The performance standard 10 NCAC 14C.2703(b)(3), requires an applicant to project a minimum number of fixed MRI procedures per scanner in a service area by the third year of operation. Because the MRI scanner will be located in Wake County, which has more than four MRI scanners, the applicant must demonstrate at least 4,805 weighted MRI scans on its proposed fixed MRI scanner.

As discussed in Criterion 3, using the actual CY2020 scans to project WR Garner utilization, causes the applicant to fail the performance standard outlined above, the application methodology only justifies a forecast projection of 4,796 MRI scans. Detail is in Table 4 in these comments.

Moreover, to make the forecasts work the application argues in Exhibit C.7-1 that

*“...Wake Radiology assumes that much of the shift of appropriate outpatient scans from a hospital-based setting to the freestanding outpatient locations has already occurred, and that the rate of decline in outpatient scans, which already slowed from 2019 to 2020 compared to the previous year, will continue to slow, or cease altogether and offset further by the strong growth in inpatient scans.”*

Without this assumption, the forecast would not meet the performance standard. Yet, throughout the application argues that a key rationale for the project is the continued shift of MRI procedures from inpatient to freestanding facilities, e.g. application pages 76, 77, 89.

Attempts to offset the decline by including data for a disapproved WR Cary MRI as if it had been approved (application page 66) further confuse the methodology.

*The application should be found non-conforming to this performance standard.*

## Cardinal Points Imaging of the Carolinas - Wake Forest - Equipment Costs

Category	Equipment	Unit Cost	Qty	Pre Tax Total	Tax Rate	Shipping Rate	Total	Source	
					7.25%	2.00%			
MRI Scanner, Main Unit	MAGNETOM Aera eco	\$ 885,000.00	1.0	\$ 885,000.00	\$ 64,162.50	\$ 17,700.00	\$ 966,862.50	Exhbit F.1, MRI Scanner, page 7 of 11	
MRI Scanner, Options	MRXperion injector	\$ 42,800.00	1.0	\$ 42,800.00	\$ 3,103.00	\$ 856.00	\$ 46,759.00	Exhbit F.1, MRI Scanner, page 8 of 11	
	MRXperion penetration panel	\$ 1,900.00	1.0	\$ 1,900.00	\$ 137.75	\$ 38.00	\$ 2,075.75	Exhbit F.1, MRI Scanner, page 8 of 11	
	RS FREEZEit Body MRI	\$ 21,536.00	1.0	\$ 21,536.00	\$ 1,561.36	\$ 430.72	\$ 23,528.08	Exhbit F.1, MRI Scanner, page 8 of 11	
	RS NATIVE syngo	\$ 15,600.00	1.0	\$ 15,600.00	\$ 1,131.00	\$ 312.00	\$ 17,043.00	Exhbit F.1, MRI Scanner, page 8 of 11	
	RS 2/4/8- Sentinelle BreastCoil	\$ 60,960.00	1.0	\$ 60,960.00	\$ 4,419.60	\$ 1,219.20	\$ 66,598.80	Exhbit F.1, MRI Scanner, page 8 of 11	
	RS Breast Biopsy Software	\$ 4,680.00	1.0	\$ 4,680.00	\$ 339.30	\$ 93.60	\$ 5,112.90	Exhbit F.1, MRI Scanner, page 8 of 11	
	RS Hand/Wrist	\$ 31,200.00	1.0	\$ 31,200.00	\$ 2,262.00	\$ 624.00	\$ 34,086.00	Exhbit F.1, MRI Scanner, page 9 of 11	
	RS Foot/Ankle	\$ 36,000.00	1.0	\$ 36,000.00	\$ 2,610.00	\$ 720.00	\$ 39,330.00	Exhbit F.1, MRI Scanner, page 9 of 11	
	RS Tx/Rx CP Head Coil	\$ 38,400.00	1.0	\$ 38,400.00	\$ 2,784.00	\$ 768.00	\$ 41,952.00	Exhbit F.1, MRI Scanner, page 9 of 11	
	RS Coil Storage Cart	\$ 2,400.00	1.0	\$ 2,400.00	\$ 174.00	\$ 48.00	\$ 2,622.00	Exhbit F.1, MRI Scanner, page 9 of 11	
	RS Body 6	\$ 27,000.00	1.0	\$ 27,000.00	\$ 1,957.50	\$ 540.00	\$ 29,497.50	Exhbit F.1, MRI Scanner, page 9 of 11	
	MRI Injection System	MRXperion MR Injection System	\$ 35,750.00	1.0	\$ 35,750.00	\$ 2,591.88	\$ 715.00	\$ 39,056.88	Exhbit F.1, MRI Injection System, page 2 of 4
		Installation	\$ 2,400.00	1.0	\$ 2,400.00	\$ 174.00	\$ 48.00	\$ 2,622.00	Exhbit F.1, MRI Injection System, page 2 of 4
		Penetration Panel Kit	\$ 1,625.00	1.0	\$ 1,625.00	\$ 117.81	\$ 32.50	\$ 1,775.31	Exhbit F.1, MRI Injection System, page 2 of 4
Related Products / Services		\$ 10,504.20	1.0	\$ 10,504.20	\$ 761.55	\$ 210.08	\$ 11,475.84	Exhbit F.1, MRI Injection System, page 1 of 5	
<b>TOTAL EQUIPMENT COSTS</b>							<b>\$ 1,330,397.56</b>		



## **ATTACHMENT 4**

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*Cardinal Points Imaging of the Carolinas, Net Increase of Patients  
Calculations*

## Cardinal Points Imaging Wake Forest, Net Increase of Patients in Wake Forest Service Area

Step 1. Determine Population of Wake County  
Five-year Compound Annual Growth  
Rate, 2019-2024

Year	2019	2020	2021	2022	2023	2024	CAGR
Population	1,085,297	1,102,782	1,117,556	1,137,863	1,158,291	1,178,919	1.67%

Source: NC OSBM, Population Projections by Race, Sex, & Age Groups, 2019-2025; accessed 05.24.21

Step 2. Determine total unweighted MRI scans  
by location, all Wake Forest providers

Owner	Total Scans FY20
Alliance Healthcare Services, LLC	266
Pinnacle Health Services of NC, LLC	2,171
Cape Fear Mobile Imaging	1,598
WR Imaging, LLC	1,509
WR Imaging, LLC	1,146
<b>Total Unweighted MRI Scans</b>	<b>6,690</b>

Source: 2021 SMFP, Table 17E-1, pages 361-363

Step 3. Determine Total FY24 Unweighted MRI  
Scans

Owner	Total Scans PY3 2024
Alliance Healthcare Services, LLC	270
Pinnacle Health Services of NC, LLC	3,596
Cape Fear Mobile Imaging	1,625
WR Imaging, LLC	1,534
WR Imaging, LLC	1,165
<b>Total Unweighted MRI Scans</b>	<b>8,190</b>

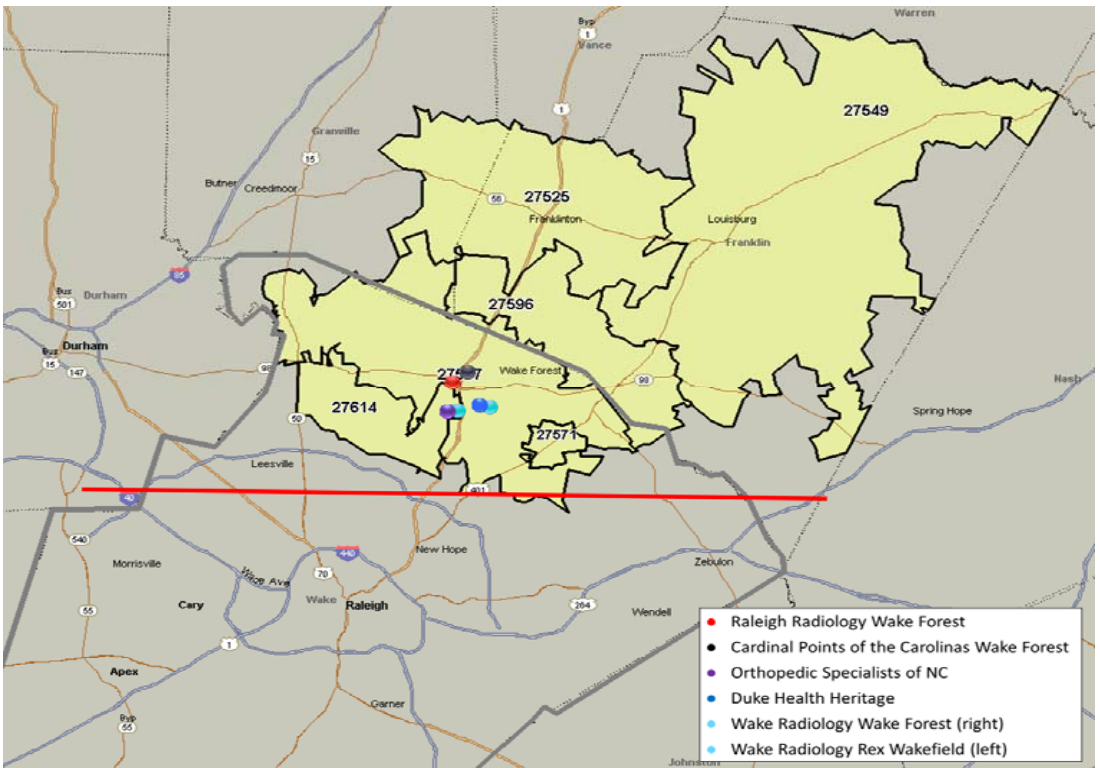
Notes: PHSNC corrected unweighted scans

Other providers: Step 2 \* (1 + 1.67%)

Step 4. Calculate the net increase of MRI scans  
in the Wake Forest Service Area between FY20  
and PY3, 2024

Owner	Net Increase Scans
Alliance Healthcare Services, LLC	4
Pinnacle Health Services of NC, LLC	1,425
Cape Fear Mobile Imaging	27
WR Imaging, LLC	25
WR Imaging, LLC	19
<b>Net Increase of Unweighted MRI Scans</b>	<b>1,500</b>

Notes: Step 3 - Step 2



## **ATTACHMENT 5**

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*2021 Hospital License Renewal Application Excerpts;  
Maria Parham Medical Center and Granville Health System*

# State of North Carolina

## Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2021, this license is issued to*

***County of Granville***

*to operate a hospital known as*

***Granville Health System***

*located in Oxford, North Carolina, Granville County.*

*This license is issued subject to the statutes of the  
State of North Carolina, is not transferable and shall remain  
in effect until amended by the issuing agency.*

***Facility ID: 943195***

***License Number: H0098***

***Bed Capacity: 142***

*General Acute 62,*

*Nursing: 80*

**Dedicated Inpatient Surgical Operating Rooms: 0**

**Dedicated Ambulatory Surgical Operating Rooms: 0**

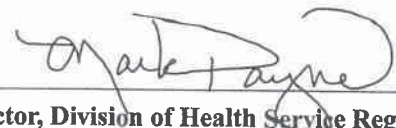
**Shared Surgical Operating Rooms: 3**

**Dedicated Endoscopy Rooms: 1**

**Authorized by:**



**Secretary, N.C. Department of Health and  
Human Services**



**Director, Division of Health Service Regulation**

JAN 13 2021

North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Acute and Home Care Licensure and Certification Section  
Regular Mail: 1205 Umstead Drive  
2712 Mail Service Center  
Raleigh, North Carolina 27699-2712  
Overnight UPS and FedEx only: 1205 Umstead Drive  
Raleigh, North Carolina 27603  
Telephone: (919) 855-4620 Fax: (919) 715-3073

**For Official Use Only**

License # H0098 Medicare # 340127  
FID #: 943195  
PC   J   Date   1/24/21  

License Fee:                     \$2,935.00                    

**2021  
HOSPITAL LICENSE  
RENEWAL APPLICATION**

Legal Identity of Applicant: County of Granville  
(Full legal name of corporation, partnership, individual, or other legal entity owning the enterprise or service.)

Doing Business As  
(d/b/a) name(s) under which the facility or services are advertised or presented to the public:

PRIMARY: Granville Health System  
Other: Granville Medical Center, Brantwood Nursing  
Other: \_\_\_\_\_

Facility Mailing Address: P O Box 947  
Oxford, NC 27565

Facility Site Address: 1010 College St  
Oxford, NC 27565  
County: Granville  
Telephone: (919)690-3405 919-690-3414  
Fax: (919)690-3400

Application Rec'd Date 1-13-21  
Fee Paid-Ck # 0188275  
Amount \$ 2,935  
Initials   @    
DHSR Acute and Home Care L&C

Administrator/Director: John F Snow  
Title: CEO  
(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

Chief Executive Officer: John F. Snow Title: CEO  
(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

Name of the person to contact for any questions regarding this form:

Name: Linda L. Grissom Telephone: 919-690-3414

E-Mail: LGrissom@granvillemedical.com

All responses should pertain to October 1, 2019 through September 30, 2020.

---

For questions regarding NPI contact Azzie Conley at (919) 855-4646.

Primary National Provider Identifier (NPI) registered at NPPES 1326061730

If facility has more than one "Primary" NPI, please provide N/A

**List all campuses as defined in NCGS 131E-176(2c) under the hospital license. Please include offsite emergency departments**

<b>Name(s) of Campus:</b>	<b>Address:</b>	<b>Services Offered:</b>
Granville Health System	see attached listing	

**Please attach a separate sheet for additional listings**

---

**ITEMIZED CHARGES:** Licensure Rule 10A NCAC 13B .3110 requires the Applicant to provide itemized billing. Indicate which method is used:

- a. The facility provides a detailed statement of charges to all patients.
- b. Patients are advised that such detailed statements are available upon request.

All responses should pertain to October 1, 2019 through September 30, 2020.

**Instructions for Hospitals with multiple campuses: For MRI Services, (Sections 10b-10e, pp 17-18), do not provide cumulative/combined data for all campuses. Provide data for individual campuses only.**

**b. MRI Procedures**

Indicate the number of procedures performed on MRI scanners (units) operated during the 12-month reporting period at your facility. For hospitals that use equipment at multiple sites/campuses, please copy the MRI pages and provide separate data for each site/campus. **Campus – If multiple sites:** \_\_\_\_\_

Procedures	Inpatient Procedures*			Outpatient Procedures*			TOTAL Procedures
	With Contrast or Sedation	Without Contrast or Sedation	TOTAL Inpatient	With Contrast or Sedation	Without Contrast or Sedation	TOTAL Outpatient	
Fixed	38	122	160	183	763	946	1,106
Mobile (performed only at this site)							
<b>TOTAL**</b>	38	122	160	183	763	946	1,106

\* An MRI procedure is defined as a single discrete MRI study of one patient (single CPT-coded procedure). An MRI study means one or more scans relative to a single diagnosis or symptom.

\*\* Totals must be greater than or equal to the totals in the MRI Patient Origin Table on page 30 of this application.

Note: Healthcare Planning and Certificate of Need may request CPT codes for MRI procedures if further clarification is needed.

**c. Fixed MRI Scanners**

Indicate the number of MRI scanners (units) operated during the 12-month reporting period at your facility. For hospitals that operate medical equipment at multiple sites/campuses, please copy the MRI pages and provide separate data for each site/campus. **Campus – If multiple sites:** \_\_\_\_\_

Fixed Scanners	Number of Units
Number of fixed MRI scanners-closed, including open-bore scanners (do not include any Policy AC-3 scanners)	1
Number of fixed MRI scanners-open (do not include any Policy AC-3 scanners)	0
Number of Policy AC-3 MRI scanners used for general clinical purposes	0
<b>Total Fixed MRI Scanners</b>	<b>1</b>

Number of grandfathered fixed MRI scanners on this campus: \_\_\_\_\_

For questions, please contact Healthcare Planning and Certificate of Need at 919-855-3873.

CON Project ID numbers for all other fixed MRI scanners on this campus: \_\_\_\_\_



# State of North Carolina

## Department of Health and Human Services Division of Health Service Regulation

*Effective January 01, 2021, this license is issued to  
DLP Maria Parham Medical Center, LLC*

*to operate a hospital known as  
Maria Parham Health  
located in Henderson, North Carolina, Vance County.*

*This license is issued subject to the statutes of the  
State of North Carolina, is not transferable and shall remain  
in effect until amended by the issuing agency.*

*Facility ID: 943326*

*License Number: H0267*

***Bed Capacity: 205***

*General Acute 161, Rehabilitation 11 , Psych 33,*

**Dedicated Inpatient Surgical Operating Rooms: 0**

**Dedicated Ambulatory Surgical Operating Rooms: 0**

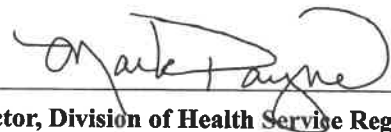
**Shared Surgical Operating Rooms: 8**

**Dedicated Endoscopy Rooms: 3**

**Authorized by:**



**Secretary, N.C. Department of Health and  
Human Services**



**Director, Division of Health Service Regulation**

JAN 20 2021

North Carolina Department of Health and Human Services  
Division of Health Service Regulation  
Acute and Home Care Licensure and Certification Section  
Regular Mail: 1205 Umstead Drive  
2712 Mail Service Center  
Raleigh, North Carolina 27699-2712  
Overnight UPS and FedEx only: 1205 Umstead Drive  
Raleigh, North Carolina 27603  
Telephone: (919) 855-4620 Fax: (919) 715-3073

**For Official Use Only**

License # H0267 Medicare # 340132  
FID #: 943326  
PC LJ Date 1/21/21

**License Fee:** \$4,137.50

**2021  
HOSPITAL LICENSE  
RENEWAL APPLICATION**

Legal Identity of Applicant: DLP Maria Parham Medical Center, LLC  
(Full legal name of corporation, partnership, individual, or other legal entity owning the enterprise or service.)

Doing Business As  
(d/b/a) name(s) under which the facility or services are advertised or presented to the public:

PRIMARY: Maria Parham Health  
Other: Maria Parham Franklin  
Other: Maria Parham Behavioral Health

Facility Mailing Address: PO Box 59  
Henderson, NC 27536

Facility Site Address: 566 Ruin Creek Rd  
Henderson, NC 27536

County: Vance  
Telephone: (252)436-1100  
Fax: (252)438-3690

Application Rec'd Date 1-20-21  
Fee Paid-ck # 01944210  
Amount \$4,137.50  
Initials [Signature]  
DHCR Acute and Home Care L&C

**Administrator/Director:** Bert Beard  
**Title:** CEO

(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

**Chief Executive Officer:** Bert Beard **Title:** CEO  
(Designated agent (individual) responsible to the governing body (owner) for the management of the licensed facility)

Name of the person to contact for any questions regarding this form:

**Name:** Michael Gordian **Telephone:** 252-436-1101

**E-Mail:** michael.gordian@LPNT.NET

All responses should pertain to **October 1, 2019 through September 30, 2020.**

For questions regarding NPI contact Azzie Conley at (919) 855-4646.

Primary National Provider Identifier (NPI) registered at NPES 1164707725

If facility has more than one "Primary" NPI, please provide 1093099582 - IP Rehab  
1689166605 - Franklin

**List all campuses as defined in NCGS 131E-176(2c) under the hospital license. Please include offsite emergency departments**

Name(s) of Campus:	Address:	Services Offered:
Maria Parham Health	566 Ruin Creek Rd Henderson, NC 27536	Acute, Rehab
Maria Parham Franklin	100 Hospital Dr. Louisburg, NC 27549	ED, Behavioral Health

*Please attach a separate sheet for additional listings*

**ITEMIZED CHARGES:** Licensure Rule 10A NCAC 13B .3110 requires the Applicant to provide itemized billing. Indicate which method is used:

- a. The facility provides a detailed statement of charges to all patients.
- b. Patients are advised that such detailed statements are available upon request.

All responses should pertain to **October 1, 2019 through September 30, 2020.**

**Instructions for Hospitals with multiple campuses: For MRI Services, (Sections 10b-10e, pp 17-18), do not provide cumulative/combined data for all campuses. Provide data for individual campuses only.**

**b. MRI Procedures**

Indicate the number of procedures performed on MRI scanners (units) operated during the 12-month reporting period at your facility. For hospitals that use equipment at multiple sites/campuses, please copy the MRI pages and provide separate data for each site/campus. **Campus – if multiple sites: Maria Parham Franklin**

Procedures	Inpatient Procedures*			Outpatient Procedures*			TOTAL Procedures
	With Contrast or Sedation	Without Contrast or Sedation	TOTAL Inpatient	With Contrast or Sedation	Without Contrast or Sedation	TOTAL Outpatient	
Fixed	1	0	1	10	24	34	35
Mobile (performed only at this site )	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>TOTAL**</b>	1	0	1	10	24	34	35

\* An **MRI procedure** is defined as a single discrete MRI study of one patient (single CPT-coded procedure). An MRI study means one or more scans relative to a single diagnosis or symptom.

\*\* Totals must be greater than or equal to the totals in the MRI Patient Origin Table on page 30 of this application.

Note: Healthcare Planning and Certificate of Need may request CPT codes for MRI procedures if further clarification is needed.

**c. Fixed MRI Scanners**

Indicate the number of MRI scanners (units) operated during the 12-month reporting period at your facility. For hospitals that operate medical equipment at multiple sites/campuses, please copy the MRI pages and provide separate data for each site/campus. **Campus – if multiple sites: Maria Parham Franklin**

Fixed Scanners	Number of Units
Number of fixed MRI scanners-closed, including open-bore scanners ( <i>do not include any Policy AC-3 scanners</i> )	1
Number of fixed MRI scanners-open ( <i>do not include any Policy AC-3 scanners</i> )	0
Number of Policy AC-3 MRI scanners used for general clinical purposes	0
<b>Total Fixed MRI Scanners</b>	1

Number of grandfathered fixed MRI scanners on this campus: 0

**For questions, please contact Healthcare Planning and Certificate of Need at 919-855-3873.**

CON Project ID numbers for all other fixed MRI scanners on this campus: \_\_\_\_\_

## **ATTACHMENT 6**

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*Pinnacle Health Services of North Carolina, LLC*

*January 2021 Registration and Inventory of Medical Equipment Form*

*Excerpt*



**Registration and Inventory of Medical Equipment**  
**Mobile Magnetic Resonance Imaging Scanners**  
**January 2021**

---

**Instructions**

This is the legally required “Registration and Inventory of Medical Equipment” (G.S. 131E-177) for mobile magnetic resonance imaging (MRI) scanners. Please complete all sections of this form and return to Healthcare Planning by **Friday, January 29, 2021**.

1. **Submit one completed Registration and Inventory form per MRI scanner.**
2. Complete and sign the form
3. Return the form by one of two methods:
  - a. Email a scanned copy to [DHSR.SMFP.Registration-Inventory@dhhs.nc.gov](mailto:DHSR.SMFP.Registration-Inventory@dhhs.nc.gov).
  - b. Mail the form to Trenesse Michael, Healthcare Planning, 2704 Mail Service Center, Raleigh, NC 27699-2704.

If you have questions, call Trenesse Michael in Healthcare Planning at (919) 855-3867 or email [DHSR.SMFP.Registration-Inventory@dhhs.nc.gov](mailto:DHSR.SMFP.Registration-Inventory@dhhs.nc.gov).

**Section 1: Contact Information**

1. Full legal name of corporation, partnership, individual, or other legal entity that acquired the equipment by purchase, donation, lease, transfer, or comparable arrangement:

Pinnacle Health Services of North Carolina, LLC

\_\_\_\_\_  
(Legal Name)

2. Address of the corporation, partnership, individual, or other legal entity that acquired the equipment:

1212 Cedarhurst Drive

\_\_\_\_\_  
(Street and Number)

Raleigh

\_\_\_\_\_  
(City)

NC, 27609

\_\_\_\_\_  
(State) (Zip)

(919-877-5400

\_\_\_\_\_  
(Phone Number)

3. Chief Executive Officer or approved designee who is certifying the information in this registration form:

Cannon King

\_\_\_\_\_  
(Name)

President

\_\_\_\_\_  
(Title)

840 Crescent Center Drive, Suite 200 Franklin, TN 37067

\_\_\_\_\_  
(Street and Number)

\_\_\_\_\_  
(City)

\_\_\_\_\_  
(State) (Zip)

( 615 ) 550-6000

\_\_\_\_\_  
(Phone Number)

cking@oiarad.com

\_\_\_\_\_  
(Email)

4. Information compiled or prepared by: Kelly Firestine

\_\_\_\_\_  
(Name)

( 615 ) 720-0914

\_\_\_\_\_  
(Phone Number)

kfirestine@oiarad.com

\_\_\_\_\_  
(Email)



**Section 2: Equipment and Procedures Information**

Reporting Period:  10/01/2019 – 9/30/2020     Other time period: \_\_\_\_\_

**Do not make extra copies of this page if the entity has multiple MRIs. Submit a complete, separate R&I form for each scanner.**

(Please make additional copies of this page as needed for additional Service Sites.)

For DHSR Planning Use Only:	
Manufacturer/Tesla	<b>Siemens Espree 1.5T /</b>
Model number	<b>100188165</b>
Open or closed (including open bore) scanner	<input type="checkbox"/> Open <input checked="" type="checkbox"/> Closed
Serial or I.D. Number	<b>400-418683</b>
Date of acquisition	<b>09/21/2012</b>
Purchase price (if purchased)	<b>\$2413517</b>
Certificate of Need Project ID (or grandfathered)	<b>J-8268-08</b> <input type="checkbox"/> Grandfathered
Certificate holder, as listed on Certificate of Need	<b>Pinnacle Health Services of North Carolina LLC</b>
If equipment went to only 1 site, is it permanently parked at that site?	<input type="checkbox"/> Parked <input checked="" type="checkbox"/> Not Parked
	<b>Service Site Number <u>  2  </u></b>
Service Site Information: Please include <b>all</b> the information requested for each location.	Service Site <u>Cardinal Points Imaging of the Carolinas- Wake Forest</u> Address <u>839 Durham Rd</u> City: <u>Wake Forest</u> Zip <u>27587</u> County <u>Wake</u>
Procedures*: - with Contrast or Sedation - without Contrast/ Sedation -Total inpatient/outpatient	<b>Inpatient:</b> with: <u>  0  </u> w/out: <u>  0  </u> Total: <u>  0  </u>  <b>Outpatient:</b> with: <u>  454  </u> w/out: <u>  1706  </u> Total: <u>  2171  </u>
<b>Total Number of Procedures</b>	<b>Total: <u>  2171  </u></b>
For each day of the week, enter the <b>number of hours</b> the scanner is in operation.	<u>  </u> Sunday <u>  15  </u> Thursday <u>  15  </u> Monday <u>  </u> Friday <u>  </u> Tuesday <u>  </u> Saturday <u>  </u> Wednesday
Total number of hours in operation for reporting period	1560

\*An **MRI procedure** is defined as a single discrete MRI study of one patient (single CPT coded procedure). An MRI study means one or more scans relative to a single diagnosis or symptom. **The total number of procedures should be equal to or greater than the total number of patients reported on the MRI Patient Origin Table on page 3 of this form.**

Name of entity that acquired the equipment (from page 1) Pinnacle Health Services of North Carolina LLC

## **ATTACHMENT 7**

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*MRI Procedure Cost Comparison, Wake County Providers*



**Cost Comparison Wake County MRI Providers, Various MRI Procedures**

<b>Provider</b>	<b>MRI Spine</b>	<b>MRI Lower Spine</b>	<b>MRI Lower Limb</b>	<b>MRI Upper Limb</b>
Bone and Joint Clinic	\$ 582	\$ 631	\$ 599	no data
Cardinal Points, Brier Creek	\$ 709	\$ 621	\$ 712	\$ 869
Raleigh Orthopedic	\$ 791	\$ 880	\$ 788	\$ 786
EmergeOrtho	\$ 805	\$ 815	\$ 807	\$ 806
Cardinal Points, Other Locations	\$ 961	\$ 767	\$ 766	\$ 769
Raleigh Radiology	\$ 1,038	\$ 899	\$ 753	\$ 762
Duke Imaging	\$ 1,046	\$ 796	\$ 919	no data
<b>Wake Radiology</b>	<b>\$ 1,864</b>	<b>\$ 1,663</b>	<b>\$ 1,749</b>	<b>\$ 1,562</b>
UNC Rex	\$ 2,049	\$ 1,829	\$ 2,661	no data
Duke Raleigh Hospital	\$ 2,096	\$ 1,819	\$ 1,968	\$ 1,890

Source: Blue Cross Blue Shield treatment costs estimator, Blue Advantage, accessed 05.12.21

## **ATTACHMENT 8**

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*UNC Hospitals-RTP, Project ID#J-012065-21, Excerpts*



**UNC Hospitals-RTP**

**Certificate of Need**

**Application & Exhibits**

**April 15, 2021**

## SECTION A - IDENTIFICATION

1. **Applicant(s):** There are tables for up to three applicants. See the definitions for who should be identified as an applicant. If there are more than three applicants, copy the first table, insert it below the third table, and change the 1 to a 4. Repeat this process if there are more than four applicants.

<b>Applicant 1</b>		
Business ID # (Internal Use Only)		
Legal Name (do NOT include a d/b/a)	University of North Carolina Hospitals at Chapel Hill (UNC Hospitals)	
Street or Post Office Box	101 Manning Drive	
City	Chapel Hill	
State	North Carolina	
ZIP Code	27514	
Name of parent or holding company	UNC Health Care System	
Is this an existing legal entity?	Yes*	If not an existing legal entity, briefly explain in the cell below
Not applicable.		

\*Please see Exhibit A.1 for documentation of UNC Hospitals' existence as a legal entity.

<b>Applicant 2</b>		
Business ID # (Internal Use Only)		
Legal Name (do NOT include a d/b/a)	University of North Carolina Health Care System (UNC Health Care System)	
Street or Post Office Box	101 Manning Drive	
City	Chapel Hill	
State	North Carolina	
ZIP Code	27514	
Name of parent or holding company	Not applicable.	
Is this an existing legal entity?	Yes	If not an existing legal entity, briefly explain in the cell below
Not applicable.		

**Do not change headers, footers, margins, font, font size, page orientation, or formatting of tables**

**Form O Facilities**

	County	Name of Facility	Type of Health Service Facility	Owned by the Applicant(s)?	Provide the Name of the Related Entity if Not Owned by the Applicant
1	Orange	UNC Hospitals <sup>a</sup>	Hospital	Yes	
2	Orange	North Chapel Hill Surgery Center <sup>b</sup>	ASF	No	North Chapel Hill Surgery Center, LLC
3	Orange	Wake Radiology, Chapel Hill	Diagnostic Center	No	WR Imaging, LLC
4	Alamance	Burlington Imaging and Breast Center	Diagnostic Center	Yes	
5	Caldwell	Caldwell Memorial Hospital	Hospital	No	Caldwell Memorial Hospital, Inc.
6	Caldwell	Caldwell Surgery Center	ASF	No	Caldwell Memorial Hospital, Inc.
7	Chatham	Chatham Hospital	Hospital	No	Chatham Hospital, Inc.
8	Henderson	Margaret R. Pardee Memorial Hospital	Hospital	No	Henderson County Hospital Corporation
9	Johnston	Johnston Health	Hospital	No	Johnston Health Services Corporation
10	Johnston	Wake Radiology, Smithfield	Diagnostic Center	No	WR Imaging, LLC
11	Lenior	UNC Lenoir Health Care	Hospital	No	Lenoir Memorial Hospital, Inc.
12	Nash	Nash General Hospital	Hospital	No	Nash Hospitals, Inc.
13	Onslow	Onslow Memorial Hospital	Hospital	No	Jacksonville Hospital, Inc.
14	Rockingham	UNC Rockingham Health Care	Hospital	No	UNC Rockingham Health Care, Inc.
15	Robeson	UNC Health Southeastern	Hospital	No	Southeastern Regional Medical Center
16	Wake	UNC REX Hospital <sup>c</sup>	Hospital	No	Rex Hospital, Inc.
17	Wake	Rex Surgery Center of Wakefield	ASF	No	Rex Surgery Center of Wakefield, LLC
18	Wake	Rex Surgery Center of Cary	ASF	No	Rex Surgery Center of Cary, LLC
19	Wake	Raleigh Orthopaedic Surgery Center	ASF	No	Orthopaedic Surgery Center of Raleigh
20	Wake	Raleigh Orthopaedic Surgery Center-West Cary	ASF	No	Orthopaedic Surgery Center of Raleigh
21	Wake	Orthopaedic Surgery Center of Garner <sup>d</sup>	ASF	No	Rex Orthopedic Ventures, LLC
22	Wake	Wake Radiology, MRI Center	Diagnostic Center	No	WR Imaging, LLC
23	Wake	Wake Radiology, Breast Care Center	Diagnostic Center	No	WR Imaging, LLC
24	Wake	Wake Radiology, Cary	Diagnostic Center	No	WR Imaging, LLC
25	Wake	Wake Radiology, Fuquay-Varina	Diagnostic Center	No	WR Imaging, LLC
26	Wake	Wake Radiology, Garner	Diagnostic Center	No	WR Imaging, LLC
27	Wake	Wake Radiology, Holly Springs	Diagnostic Center	No	WR Imaging, LLC
28	Wake	Wake Radiology, Knightdale	Diagnostic Center	No	WR Imaging, LLC
29	Wake	Wake Radiology, North Hills	Diagnostic Center	No	WR Imaging, LLC
30	Wake	Wake Radiology, Panther Creek	Diagnostic Center	No	WR Imaging, LLC
31	Wake	Wake Radiology, Wake Forest	Diagnostic Center	No	WR Imaging, LLC
32	Wake	Wake Radiology, Wakefield	Diagnostic Center	No	WR Imaging, LLC
33	Wake	Wake Radiology, West Raleigh	Diagnostic Center	No	WR Imaging, LLC
34	Wake	UNC Health Care Panther Creek Diagnostic Center	Diagnostic Center	Yes	
35	Wayne	Wayne UNC Health Care	Hospital	No	Wayne Memorial Hospital, Inc.
36	Wayne	UNC Orthopedics at Goldsboro	Diagnostic Center	No	UNC Physicians Network, LLC

Form O Facilities					
	County	Name of Facility	Type of Health Service Facility	Owned by the Applicant(s)?	Provide the Name of the Related Entity if Not Owned by the Applicant
		a UNC Medical Center and UNC Hospitals Hillsborough Campus are licensed together under UNC Hospitals.			
		b Pursuant to Project ID # J-11645-18, North Chapel Hill Surgery Center is approved to develop two operating rooms.			
		c UNC Rex Hospital Main Campus and Holly Springs Campus are licensed together under UNC Rex Hospital.			
		d Pursuant to Project ID # J-11962-20, Orthopaedic Surgery Center of Garner is approved to develop a new ASF with one operating room and two procedure rooms.			

## **ATTACHMENT 9**

---

*2021 SMFP Table 17E-1 Excerpt:  
MRI Scan Data for all Wake Radiology and UNC Rex  
Wake County Locations*

**2021 SMFP Table 17E-1 Excerpt: Wake Radiology and UNC Rex MRI Scans, Wake County**

Service Area	Service Type	CON #	Service Site (Provider/Owner)	Fixed Magnet	Fixed Equiv	Total MRI Scans	Outpt No Contrast	Outpt Contrast	Inpt No Contrast	Inpt Contrast	Adjusted Total	Adjusted Scans / Fixed Equiv
Wake	Mobile		Rex Hospital - Wakefield	-	0.13	601	224	377	-	-	752	
Wake	Hospital Fixed		Rex Hospital-Main	2	2.00	8,173	2,313	2,636	1,705	1,519	11,125	
Wake	Hospital Fixed		Rex Hospital-UNC Rex Health Care of Cary	1	1.00	-	-	-	-	-	-	
Wake	Mobile	J-7012-04	Wake Radiology Cary (WR Imaging, LLC-Mobile MRI 1)	-	0.09	456	318	138	-	-	511	
Wake	Mobile	J-7012-04	Wake Radiology Fuquay Varina (WR Imaging, LLC- Mobile MRI 1)	-	0.09	429	343	86	-	-	463	
Wake	Freestanding Fixed	J5783-97	Wake Radiology MRI (WR Imaging, LLC)	1	1.00	3,176	1,460	1,716	-	-	3,862	
Wake	Freestanding Fixed	Grandfathered	Wake Radiology MRI (WR Imaging, LLC)	1	1.00	3,177	1,461	1,716	-	-	3,863	
Wake	Mobile	J-11291-17	Wake Radiology Rex Holly Springs (WR Imaging, LLC-Mobile MRI 2)	-	0.03	125	124	1	-	-	125	
Wake	Mobile	J-11291-17	Wake Radiology Rex Wakefield (WR Imaging, LLC-Mobile MRI 2)	-	0.19	897	461	436	-	-	1,071	
Wake	Mobile	J-7012-04	Wake Radiology Wake Forest (WR Imaging, LLC- Mobile MRI 1)	-	0.31	1,488	1,020	468	-	-	1,675	
Wake	Freestanding Fixed	Grandfathered	Wake Radiology Diagnostic Imaging (Alliance Healthcare Services)	1	1.00	3,725	2,319	1,406	-	-	4,287	
Wake	Freestanding Fixed	Grandfathered	Wake Radiology-Garner (Alliance Healthcare Services)	1	1.00	3,055	1,843	1,212	-	-	3,540	
<b>Totals of UNC Rex and Wake Radiology Owned / Operated Scanners</b>				<b>5</b>	<b>5.84</b>	<b>18,522</b>	<b>7,724</b>	<b>7,574</b>	<b>1,705</b>	<b>1,519</b>	<b>23,447</b>	<b>4,015</b>