



**WRITTEN COMMENTS ON NEW HANOVER COUNTY
2023 FIXED MRI SCANNER COMPETITIVE REVIEW**

SUBMITTED BY DELANEY RADIOLOGY

MAY 31, 2023

Four applicants submitted CON applications in response to the need identified in the 2023 SMFP for one (1) additional fixed MRI scanner in New Hanover County.

O-012353-23 Delaney Radiology
O-012370-23 Wilmington Health at Porters Neck
O-012374-23 EmergeOrtho- Wilmington Porters Neck
O-012361-23 Novant Health New Hanover Regional Medical Center

These comments are submitted by Delaney Radiology in accordance with N.C. Gen. Stat. § 131E-185(a1)(1). Pursuant to G.S. 131E-183(a)(1) and the 2023 SMFP, no more than one fixed MRI scanner can be approved in this review. Therefore, Delaney Radiology has prepared comments to highlight how their proposal is the most effective. The following factors are typically utilized by the Agency in competitive reviews regardless of type of services or equipment proposed:

- Scope of Services
- Historical Utilization
- Geographic Accessibility (Location within the Service Area)
- Access by Service Area Residents
- Access by Underserved Groups: Charity Care
- Access by Underserved Groups: Medicaid
- Access by Underserved Groups: Medicare
- Competition (Access to a New or Alternate Provider)
- Projected Average Net Revenue per Patient/Procedure
- Projected Average Total Operating Cost per Patient/Procedure

The following summarizes some of the reasons why Delaney believes it has the most effective application relative to the potential comparative factors.

Scope of Services

Generally, the application proposing to provide the broadest scope of services is the more effective alternative with regard to this comparative factor. All applications submitted are in response to the 2023 SMFP which includes a need determination for one fixed MRI scanner.

For information purposes, Delaney Radiology's proposed project will serve patients of all specialties, from all referral sources, and is capable of providing the highest level of advanced MRI imaging in cardiology, neurology, orthopedics, and oncology.

Delaney Radiology proposes to develop a fixed MRI scanner with the highest magnet strength, i.e., 3T. This would be a new technology for New Hanover County and the region. Any patient who currently has to drive a distance for 3T advanced imaging, i.e., prostate or rectal cancer staging, could remain in New Hanover County and receive their high-quality scan locally at Delaney Radiology. A key advantage of 3T MRI compared to 1.5T is improved image quality. The Signal to Noise Ratio (SNR) received at 3T is approximately twice that received on a 1.5T system. This increased SNR leads to an ability to superior resolution, decrease slice thickness, and reduce scan times. Overall, 3T provides higher image clarity and diagnostic strength when compared to 1.5T systems in many imaging scenarios. Additionally, the wide bore configuration of the proposed 3T MRI would allow claustrophobic and bariatric patients the opportunity to benefit from the superior image quality a 3T offers. Therefore, Delaney Radiology's proposal offers the greatest scope of services.

Historical Utilization

Delaney Radiology has operated leased mobile MRI scanners since 2004 (19 years).¹ Due to the extremely high volume of MRI referrals it receives, Delaney Radiology has had to offer MRI services via two mobile MRI service providers: Porters Neck Imaging and RAYUS Radiology (formerly Insight Imaging). The Porters Neck Imaging mobile MRI has been located at Delaney Radiology since 2006.

Each of the applicants has a history of providing MRI services in New Hanover County. All other applicants are currently providers with fixed MRI units.

Based on a comparison of average MRI procedures per fixed MRI equivalent, Delaney Radiology demonstrates the highest utilization of available MRI capacity in New Hanover County. Their adjusted MRI scans per fixed equivalent is 5,427, making it the highest in the region regarding historical utilization.

Geographic Accessibility (Location within the Service Area)

The 2023 SMFP identifies the need for one fixed MRI scanner in the New Hanover County service area. The following table identifies the location of the existing and proposed fixed MRI scanners in New Hanover County.

¹ Delaney Radiology began by contracting with Alliance Imaging in 2004, then transitioned to RAYUS in 2010.

Facility	# of Fixed Scanners	Location
Existing/Approved Fixed Scanners		
NHRMC-Main Campus	2	Central New Hanover County
NHRMC-Medical Mall	1	Central New Hanover County
NHRMC-Orthopedic Hospital	1	Central New Hanover County
NHRMC Scotts Hill	1	Northern New Hanover County
EmergeOrtho PA	1	Central New Hanover County
Wilmington Health	1	Central New Hanover County
Proposed Fixed Scanners		
Delaney Radiology	1	Central New Hanover County
NHRMC-Main Campus	1	Central New Hanover County
EmergeOrtho-Porters Neck	1	Northern New Hanover County
Wilmington Health-Porters Neck	1	Northern New Hanover County

The existing and approved fixed MRI scanners are located in Central and Northern New Hanover County.

Delaney Radiology proposes to locate its proposed MRI scanner in Wilmington in Central New Hanover County. The applications each propose to develop fixed MRI services in an area that already hosts existing or approved fixed MRI services. Therefore, the proposals are equally effective.

Access by Service Area Residents

For the purpose of this review, the fixed MRI service area is New Hanover County. Delaney Radiology is projected to serve the highest percentage of service area residents at 63%. Therefore, Delaney Radiology’s proposal is the most effective regarding access by service area residents.

Competition (Access to a New or Alternate Provider)

This application is pursuant to the need for one additional fixed MRI scanner in New Hanover County. Delaney Radiology is the only applicant that does not currently own or operate a fixed MRI scanner. Delaney Radiology has contracted with mobile MRI providers for over 19 years, incurring millions of dollars in lease expenses. **Delaney Radiology is the only proposal that will enhance competition by establishing a new provider of fixed MRI services in New Hanover County.** Therefore, Delaney Radiology is the most effective alternative regarding competition (based on the generally accepted assumption that increased patient choice leads to improved quality or lower costs across all providers in the service area.)

Access By Underserved Groups, Average Costs, and Average Net Revenues

In the categories of projected charity care, Medicare, Medicaid and average net revenue and operating expense per MRI, comparative analysis must consider all costs associated with imaging. Delaney Radiology's projections reflect global billing, which fully encompass both the technical fees associated with performing the exam and the professional fees for interpretation of MRI studies by radiologists in their pro forma financial statements. Not all of the applicant's projections include the professional interpretation component of billing in their pro forma financial statements, which impact revenue (both gross and net) and expenses, thus, it does not allow for an equivalent comparison.

Summary

In summary, we feel Delaney Radiology should be approved for the 2023 New Hanover fixed MRI review as the most effective alternative, especially for the following comparative factors:

- Scope of services
- Historical utilization
- Competition
- Access by service area residents