

## ATTACHMENT - REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conditional

NC = Nonconforming

NA = Not Applicable

DECISION DATE: February 20, 2013

PROJECT ANALYST: Kim Randolph  
ASSISTANT CHIEF: Martha J. Frisone

PROJECT I.D. NUMBER: K-10064-12/ County of Granville d/b/a Granville Health System/  
Acquire existing MRI scanner located in the hospital and leased  
from Kings Medical Group/ Granville County

### REVIEW CRITERIA FOR NEW INSTITUTIONAL HEALTH SERVICES

G.S. 131E-183(a) The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (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, operating rooms, or home health offices that may be approved.

NA

The applicant, County of Granville d/b/a Granville Health System (GHS), proposes to acquire the existing fixed MRI scanner it currently leases from Kings Medical Group. Kings Medical Group owns the fixed MRI scanner, which is operated by GHS and physically located at the hospital. GHS will continue to operate the equipment in its current location. The applicant does not propose to acquire any medical equipment or develop any health service facility beds or services for which there is a need determination in the 2012 State Medical Facilities Plan (2012 SMFP). Therefore, there are no need determinations in the 2012 SMFP that are applicable to this proposal. Furthermore, there are no policies in the 2012 SMFP that are applicable to this review. Therefore, this criterion is not applicable to this review.

- (2) Repealed effective July 1, 1987.

- (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.

C

The County of Granville d/b/a Granville Health System (GHS), proposes to acquire the existing GE 1.5T fixed MRI scanner it currently leases from Kings Medical Group. Kings Medical Group owns the fixed MRI scanner, which is operated by GHS and physically located in a stationary trailer at the hospital. GHS will continue to operate the equipment in its current location.

**Population to be Served**

In Section III.4, pages 34-35, the applicant provides the actual Federal Fiscal Year (FFY) 2012 GHS patient origin data for the entire facility, MRI services, and projected MRI services, as illustrated below.

<b>County</b>	<b>FFY 2012 % of Total Patients for Entire Facility</b>	<b>FFY 2012 % of Total Patients for Fixed MRI Services</b>	<b>Projected % of Total Patients for Fixed MRI Services</b>
Granville	60.7%	56.7%	56.7%
Vance	16.2%	27.5%	27.5%
Other*	23.1%	15.9%	15.9%
<b>Total</b>	100.0%	100.0%	100.0%

\* The other states and counties are identified on page 34.

On page 35, the applicant projects the patient origin for MRI services in Project Year 1 (FFY 2014) and Project Year 2 (FFY 2015) will be consistent with the historical FFY 2012 percentages show above. The applicant states it assumed one patient equals one unweighted MRI procedure to project patient origin.

The applicant adequately identified the population to be served.

**Analysis of Need to Acquire the Existing MRI Scanner**

The applicant describes the “*unmet need that necessitated the inclusion of each of the proposed project components*” in Section III.1, pages 25-26. On page 26, the applicant states ...”*the need is for the MRI scanner to remain in place.*” On page 25, the applicant states that Kings Medical Group and Granville Health System (GHS), known at the time as Granville Medical Center, received approval for the joint application (K-7190-04) submitted in 2004 to develop and locate a fixed MRI scanner in a stationary trailer at GHS. GHS is the only licensed acute care hospital in Granville County and the only provider in Granville County with a fixed MRI scanner. On page 15, the applicant states “...*Kings Medical Group was the*

*funding source for the equipment but had no involvement in the service other than as a joint owner and lessor of the equipment.”*

On page 26, the applicant states

*“Today, GHS is capable of buying the equipment from Kings Medical Group. GHS believes it is reasonable and appropriate for the hospital to wholly own the equipment and retain all revenue generated by the MRI service. ... With the approval of this project, all revenues generated by the MRI service will remain in Granville County and be used to improve the healthcare of the residents of the county.*

*In addition, with complete ownership and control of the MRI scanner, GHS will be better positioned to make future decisions regarding the service in a more expeditious manner. ...In short, like the vast majority of hospitals across the state, GHS believes that ownership and control of such vital diagnostic equipment should rest solely with the hospital provider-particularly for the only fixed MRI scanner in Granville County.”*

In Section III.1, page 33, the applicant states “...following the approval of this application, Kings Medical Group will relinquish its interest in the Certificate of Need and release the MRI scanner to GHS.” The applicant provides supporting documentation in Exhibit 2.

### **Projected Utilization**

In Section III.1, pages 27-30, the applicant describes the assumptions and methodology used to project utilization of the fixed MRI scanner. On page 27, the applicant states, “...the need for the proposed project is primarily qualitative in nature. The statistical need for the proposed project is only to maintain existing capacity of MRI services.” The applicant projects that the fixed MRI scanner will perform 1,765 total unweighted procedures, which results in 1,956 weighed procedures in Project Year Three (10/1/15 to 9/30/16).

According to Table 9K in the 2012 SMFP, page 168, there is one hospital based fixed MRI scanner and one mobile MRI scanner in Granville County. The fixed MRI scanner performed 1,359 weighted procedures and the mobile scanner performed 62 weighted procedures during FFY 2010. The mobile scanner serves the Central Regional Hospital in Butner.

In Section III.1, pages 27-30 and page 40, the applicant provides the historical utilization for unweighted and weighted MRI procedures as well as projected unweighted and weighted MRI procedures, as illustrated in the table below.

	<b>FFY</b>	<b>FFY</b>	<b>FFY</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>	<b>Projected</b>
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	2010	2011**	2012*	FFY 2013	FFY 2014	FFY 2015	FFY 2016
Outpatient/No Contrast/Sedation	935	978	1,042	1,107	1,175	1,248	1,326
Outpatient/With Contrast/Sedation	238	130	201	213	226	241	255
Inpatient/No Contrast/Sedation	137	144	112	119	127	135	143
Inpatient/With Contrast/Sedation	47	34	32	34	36	38	40
<b>Total Unweighted Procedures**</b>	1,229	1,286	1,387	1,473	1,564	1,662	1,765
<b>Total Weighted Procedures</b>	1,357	1,423	1,537	1,633	1,734	1,842	1,956

\* Annualized based on 11 months of actual GHS data from 10/01/11-08/31/12.

\*\* On page 27, the applicant states data provided in the CON application for FFY 2011 does not match the data reported by the applicant in its 2012 HLRA. The applicant determined, while preparing the CON application, that the data reported in the 2012 HLRA is incorrect.

The applicant followed the weighting system detailed in the 2012 SMFP to calculate the weighted MRI procedures shown above. On page 28, the applicant states

*“GHS experienced a steady increase in MRI utilization from 2010 through annualized 2012, representing a 6.2 percent compound annual growth rate (CAGR) in unweighted scans and a 6.4 percent CAGR in weighted scans. As such, GHS expects this trend to continue in the future.”*

On page 29, the applicant states, to project future MRI utilization, it applied the more conservative 6.2 percent historic CAGR to the annualized 2012 unweighted MRI procedures through FFY 2016, the third year of the project, as shown in the table above.

According to the 2012 SMFP, there is no need determination for an MRI scanner in Granville County. However, the applicant does not propose to increase the number of MRI scanners in Granville County. The applicant proposes to acquire the existing Granville County fixed MRI scanner so that GHS can continue to provide MRI services to residents of Granville County. If the service is not maintained at GHS, current and future patients would have to travel to other counties for MRI procedures.

The applicant adequately demonstrates the need to acquire the existing fixed MRI scanner owned by Kings Medical Group so that MRI procedures will continue to be available to residents of Granville County.

The application is conforming to this criterion.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly to obtain needed health care.

NA

- (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.

CA

In Section III.3, pages 32-33, the applicant discusses the alternatives considered prior to the submission of this application, which include:

- 1) Maintain the Status Quo – The applicant states allowing the joint venture with Kings Medical Group to continue is not in the best interest of the Granville community. The applicant states *“The revenues generated by the MRI service could be more effectively used for the health improvement of Granville County if the MRI equipment were wholly owned by GHS.”*
- 2) Relinquish the 2004 Certificate of Need and Revert to Mobile MRI Services – The applicant states this is not an option that improves service to the Granville Community since it is unlikely a mobile MRI scanner will be located at the hospital 7 days a week, 24 hours a day.

Furthermore, the application is conforming to all other statutory review criteria. Therefore, the application is approvable. An application that cannot be approved is not an effective alternative.

The applicant adequately demonstrates that its proposal to acquire the existing fixed MRI scanner from Kings Medical Group and keep it in the same location is the least costly or most effective alternative to meet the need to ensure continuing local access to MRI services for residents of Granville County. Therefore, the application is conforming to this criterion and approved subject to the following conditions.

1. **County of Granville d/b/a Granville Health System shall materially comply with all representations made in the certificate of need application.**
  2. **County of Granville d/b/a Granville Health System shall not acquire, as part of this project, any equipment that is not included in the project's proposed capital expenditure in Section VIII of the application or that would otherwise require a certificate of need.**
  3. **County of Granville d/b/a Granville Health System shall acquire and operate no more than one fixed MRI scanner.**
  4. **County of Granville d/b/a Granville Health System shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Certificate of Need Section in writing prior to issuance of the certificate of need.**
- (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.

C

In Section VIII, pages 66-68 and Exhibit 2, the applicant projects the total capital cost for the proposed project will be \$200,000, which is the estimated current fair market value of the fixed MRI scanner being purchased. The MRI scanner is the existing fixed MRI scanner in operation at GHS.

In Section IX.1, page 73, the applicant states there will be no start-up costs or initial operating expenses.

In Section VIII.8, page 71, the applicant states the capital cost will be funded with accumulated reserves. Exhibit 14 contains a letter from the Chief Financial Officer of GHS, dated November 15, 2012, which states:

*“GHS will fund the capital costs of the project, estimated to be \$200,000, with reserves. As shown on page 13 of the FY 2011 audited financials included with the application, GHS has sufficient Assets limited as to use by Board for capital improvements” required for the capital costs of the proposed project.”*

Exhibit 15, pages 207-246, contains the audited financial statements for GHS and Affiliate which show the years ending September 30, 2011 and September 30, 2010. As of September 30, 2011, GHS had \$1,013 in cash and cash equivalents, \$35,568,044 in net assets (total assets less total liabilities), and \$9,944,029 in assets limited as to use by board

for capital improvements. The applicant adequately demonstrated the availability of sufficient funds for the capital needs of the proposed project.

The following table illustrates projected procedures, average charge, gross revenue, net revenue, expenses, and net income for MRI services provided at GHS through the third full fiscal year of operation, as reported by the applicant.

<b>GHS MRI Services</b>	<b>Interim Year 10/01/12 - 09/30/13</b>	<b>Project Year 1 10/01/13 – 09/30/14</b>	<b>Project Year 2 10/01/14 – 09/30/15</b>	<b>Project Year 3 10/01/15 – 09/30/16</b>
# of Unweighted Procedures	1,473	1,564	1,662	1,765
Average Charge	\$1,534	\$1,580	\$1,628	\$1,677
Gross Revenue	\$2,259,827	\$2,472,313	\$2,704,779	\$2,959,104
Net Revenue	\$761,900	\$833,539	\$911,915	\$997,661
Expenses	\$910,159	\$471,044	\$483,637	\$496,651
Net Income	(\$148,259)	\$362,495	\$428,278	\$501,010

\* Source: Forms C, D, & E, pages 89-91.

As shown in the table above, the applicant projects revenues will exceed operating expenses in each of the first three project years.

Additionally, in Section X, page 75, the applicant states

*“The MRI service now shares the profits between the two owners; however, with the termination of the current agreement, GHS will be able to use its increased resources to develop other services and to improve those now offered at the hospital. Specifically, as noted on the income statement for the service (Form C), the cost of having a vendor-owned scanner is approximately \$500,000 per year (shown as “other direct expenses” on the income statement); in the future, even with the cost of purchasing the equipment from Kings Medical Group, the annual depreciation expense for the MRI scanner will be significantly less. As a result, the total cost to GHS will be much lower than the current cost.”*

The applicant also projects a positive net income for the entire facility in each of the first three operating years of the project as illustrated in the table below.

<b>GHS</b>	<b>Project Year 1</b>	<b>Project Year 2</b>	<b>Project Year 3</b>
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<b>Entire Facility</b>	<b>10/01/13 – 09/30/14</b>	<b>10/01/14 – 09/30/15</b>	<b>10/01/15 – 09/30/16</b>
Gross Patient Revenue	125,134,951	130,140,349	135,345,963
Deductions from Gross Patient Revenue	74,707,963	77,696,281	80,804,132
Net Patient Revenue	50,426,988	52,444,068	54,541,831
Total Expenses	48,644,436	50,297,013	51,901,174
Net Operating Income	1,782,553	2,147,055	2,640,657

\* Source: Form B, page 88.

The assumptions used by the applicant in preparation of the pro forma financial statements, including projected utilization, are reasonable. See the Financials Section for the pro formas and the applicant's assumptions. See Criterion (3) for discussion regarding projected utilization which is incorporated hereby as if set forth fully herein. The applicant adequately demonstrated that the financial feasibility of the proposal is based upon reasonable projections of costs and charges, and therefore, the application is conforming to this criterion.

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

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The applicant, County of Granville d/b/a Granville Health System (GHS), proposes to acquire the existing fixed MRI scanner it currently leases from Kings Medical Group. Kings Medical Group owns the fixed MRI scanner, which is operated by GHS and physically located at the hospital. GHS will continue to operate the equipment in its current location. In Section III.6, page 36, the applicant provides the following table illustrating the existing and approved fixed MRI scanners in the applicant's service area.

<b>Provider</b>	<b># of MRI Scanners</b>	<b>Type of MRI Scanner</b>	<b># of Procedures</b>
<b>Granville County</b>			
Granville Health System (formerly Granville Medical Center)	1	Fixed	1,399
Central Regional Hospital (WakeMed)	0	Mobile	119
<b>Vance County</b>			
Maria Parham Medical Center	2	Fixed	3,636
Mobile Imaging of North Carolina	0	Mobile	265

As shown in the table above, the current equipment is the only fixed MRI scanner located in Granville County. The applicant does not propose to add an additional fixed MRI scanner to the service area.



The applicant adequately demonstrated the need to acquire the existing fixed MRI scanner so that residents of Granville County would continue to have access to radiation therapy services. See Criterion (3) for discussion regarding the need to acquire the existing equipment, which is incorporated hereby as if set forth fully herein. Therefore, the applicant adequately demonstrated that the proposal would not result in the unnecessary duplication of existing or approved health service capabilities or facilities. Consequently, the application is conforming to this criterion.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

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In Section VII.1, page 60, the applicant provides current and projected staffing as illustrated below.

<b>Position</b>	<b>Current Full Time Equivalent Positions</b>	<b>Projected Year 1 Full Time Equivalent Positions</b>	<b>Projected Year 2 Full Time Equivalent Positions</b>	<b>Projected Year 3 Full Time Equivalent Positions</b>
MRI Technologists	3.0	3.0	3.0	3.0

The applicant states *“As an existing service, operated and staffed by GHS, the proposed staffing is projected to be the same as current staffing.”*

In Section VII.8, page 63, the applicant identifies the Chief of Staff for GHS and the Medical Director for the MRI services.

The applicant adequately demonstrated the availability of adequate resources, including health manpower and management personnel, for the provision of the proposed services. Therefore, the application is conforming to this criterion.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

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In Section II.2, page 16, the applicant states that GHS currently provides MRI services and has the necessary ancillary and support services available to support the equipment. The

applicant states that *“All ancillary and support services are in place. No additional services will be required.”*

Exhibit 3 includes a letter signed by the President of GHS which states that all support services will be available.

Exhibit 8 contains letters from physicians which document that the proposed services will be coordinated with the existing health care system.

The applicant adequately demonstrates that the necessary ancillary and support services would be available and that the proposed services would be coordinated with the existing health care system. Therefore, the application is conforming to this criterion.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers: (i) would be available under a contract of at least 5 years duration; (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO; (iii) would cost no more than if the services were provided by the HMO; and (iv) would be available in a manner which is administratively feasible to the HMO.

NA

- (11) Repealed effective July 1, 1987.

- (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.

NA

- (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;

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The following table illustrates the current payor mix for GHS, as reported by the applicant in Sections VI.12 - VI.13, pages 57-58.

<b>Payor Category</b>	<b>Entire Facility Patient Days / Procedures as Percent of Total Utilization</b>	<b>Outpatient MRI Patient Days / Procedures as Percent of Total Utilization</b>
Self Pay / Indigent / Charity	9.0%	10.9%
Medicare / Medicare Managed Care	46.0%	41.6%
Medicaid	15.0%	12.0%
Managed Care / Commercial Insurance	30.0%	35.5%
<b>Total</b>	100.0%	100.00%

In Section VI.4, page 52, the applicant states “*Patients in need of care will never be refused care at GHS based on their ability to pay.*” The applicant provides supporting documentation in Exhibits 10 and 11.

In Section VI.2, page 49, the applicant states:

*“Hospital policies and procedures do not discriminate with regard to access to patient care on the basis of race, ethnicity, sex, age, religion, income, residence or any other factor which might restrict access to services. In addition to fair and equitable policies and procedures, GHS has*

*undertaken many community-minded initiatives to make its services more accessible to all residents in the service area.”*

The applicant provides supporting documentation on pages 50-51.

The Division of Medical Assistance (DMA) maintains a website which offers information regarding the number of persons eligible for Medicaid assistance and estimates of the percentage of uninsured for each county in North Carolina. The following table illustrates those percentages for Granville County and statewide.

	<b>Total # of Medicaid Eligibles as % of Total Population *</b>	<b>Total # of Medicaid Eligibles Age 21 and older as % of Total Population *</b>	<b>% Uninsured (Estimate by Cecil G. Sheps Center) *</b>
Granville County	15.0%	6.3%	18.3%
Statewide	17.0%	6.7%	19.7%

\* More current data, particularly with regard to the estimated uninsured percentages, was not available.

The majority of Medicaid eligibles are children under the age of 21. This age group would not typically utilize the MRI services proposed in this application.

Moreover, the number of persons eligible for Medicaid assistance may be greater than the number of Medicaid eligibles who actually utilize health services. The DMA website includes information regarding dental services which illustrates this point. For dental services only, DMA provides a comparison of the number of persons eligible for dental services with the number actually receiving services. The statewide percentage of persons eligible to receive dental services who actually received dental services was 48.6% for those age 20 and younger and 31.6% for those age 21 and older. Similar information is not provided on the website for other types of services covered by Medicaid. However, it is reasonable to assume that the percentage of those actually receiving other types of health services covered by Medicaid is less than the percentage that is eligible for those services.

The Office of State Budget & Management (OSBM) maintains a website which provides historical and projected population data for each county in North Carolina. In addition, data is available by age, race or gender. However, a direct comparison to the applicant’s current payor mix would be of little value. The population data by age, race or gender does not include information on the number of elderly, minorities or women utilizing health services. Furthermore, OSBM’s website does not include information on the number of handicapped persons.

The applicant demonstrates that medically underserved populations have adequate access to services available at GHS. Therefore, the application is conforming to this criterion.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and handicapped persons to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

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In Section VI.11, page 57, the applicant states, “...*With the exception of Federal EMTALA laws, GHS has had no other obligation under Federal regulations (such as provisions under the Hill-Burton Act) to provide uncompensated care...As stated previously, GHS does not discriminate based on age, race, national or ethnic origin, disability, sex, or income. GHS also complies with applicable regulations regarding access by handicapped person, including the Americans with Disabilities Act.*” In Section VI.10, page 56, the applicant states “*No civil rights equal access complaints have been filed against GHS in the past five years.*” The application is conforming to this criterion.

- (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

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The following table illustrates the projected payor mix during the second project year (FFY 2015) as reported by the applicant in Sections VI.14 – VI.15, pages 58-59.

<b>Payor Category</b>	<b>Entire Facility Patient Days / Procedures as Percent of</b>	<b>Outpatient MRI Patient Days / Procedures as Percent of</b>
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	<b>Total Utilization</b>	<b>Total Utilization</b>
Self Pay / Indigent / Charity	9.0%	10.9%
Medicare / Medicare Managed Care	46.0%	41.6%
Medicaid	15.0%	12.0%
Managed Care / Commercial Insurance	30.0%	35.5%
<b>Total</b>	100.0%	100.0%

In Section VI.14, page 58, the applicant projects its payor mix will remain the same as its current payor mix though the third project year (FFY 2016). The applicant demonstrated that medically underserved populations will have adequate access to the proposed MRI services. Therefore, the application is conforming to this criterion.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

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In Section VI.9, pages 55-56, the applicant documents the range of means by which patients have access to the services provided at GHS. The information provided is reasonable, credible, and supports a finding of conformity with this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

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In Section V.1, pages 41-43, the applicant identifies 16 professional training programs that use GHS as a clinical training site. Exhibit 7 includes a sample clinical training agreement. The information provided by the applicant is reasonable, credible, and supports a finding of conformity with this criterion.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
- (18a) 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 a service on which competition will not have a favorable impact.

C

The applicant owns and operates the only hospital in Granville County. The applicant proposes to acquire the existing fixed MRI scanner located at the hospital, which it has been leasing from Kings Medical Group. The applicant will continue to operate the equipment in its current location.

According to Table 9K in the 2012 SMFP, page 168, there is no need determination for an MRI scanner in Granville County. However, the applicant does not propose to increase the number of MRI scanners in Granville County. The applicant proposes to acquire the existing Granville County fixed MRI scanner so that GHS can continue to provide MRI procedures to residents of Granville County. If the service is not maintained at GHS, current and future patients would have to travel to other counties for MRI procedures.

In Section V.7, pages 46-47, the applicant discusses the impact of the proposed project on competition in the service area as it relates to promoting cost-effectiveness, quality, and access. See also Sections II, III, V, VI, and VII where the applicant discusses the impact of the project on cost-effectiveness, quality, and access.

The information provided by the applicant in those sections is reasonable and credible and adequately demonstrates that the expected effects of the proposal on competition in the service area include a positive impact on cost-effectiveness, quality and access to the proposed services. This determination is based on the information in the application and the following analysis:

- The applicant adequately demonstrates the need to acquire the fixed MRI scanner from Kings Medical Group and that it is a cost-effective alternative (see Section III of the application);
- The applicant will continue to provide quality services; (see Section II and VII of the application) and
- The applicant will continue to provide adequate access to medically underserved populations (see Section III and VI of the application).

The application is conforming to this criterion.

(19) Repealed effective July 1, 1987.

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

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GHS is accredited by the Joint Commission and certified for Medicare and Medicaid participation. According to the files in the Licensure and Certification Section, Division of Health Service Regulation, no incidents occurred within the eighteen months immediately preceding the date of this decision, for which any sanctions or penalties related to quality of care were imposed by the State. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

- (b) The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

NA

The Criteria and Standards for Magnetic Resonance Imaging (MRI) Scanners, promulgated in 10A NCAC 14C .2700, are not applicable to this review since the applicant is not proposing an increase in the inventory of MRI scanners.