

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 17, 2021

Findings Date: September 17, 2021

Project Analyst: Ena Lightbourne

Co-Signer: Fatimah Wilson

Project ID #: G-12082-21

Facility: DRI Summerfield

FID #: 200818

County: Guilford

Applicant(s): Diagnostic Radiology and Imaging, LLC

Project: Develop a new diagnostic center by relocating and replacing one existing fixed MRI scanner

REVIEW CRITERIA

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

Diagnostic Radiology and Imaging, LLC (referred to as the “applicant or “DRI”) proposes to develop a new diagnostic center by replacing and relocating one fixed MRI scanner currently located at W. Wendover Avenue Imaging Center in Guilford County to a new facility DRI Summerfield at 6191 Lake Brandt Road, Summerfield, also in Guilford County.

The applicant does not propose to:

- Develop any beds or services for which there is a need determination in the 2021 State Medical Facilities Plan (SMFP).
- Acquire any medical equipment for which there is a need determination in the 2021 State Medical Facilities Plan (SMFP).
- Offer a new institutional health service for which there are any policies in the 2021 SMFP

Therefore, Criterion (1) 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- (2) Repealed effective July 1, 1987.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, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

Patient Origin

The 2021 SMFP defines the service area for a fixed MRI scanner as “*the same as an Acute Care Bed Service area as defined in Chapter 5, Acute Care Beds, and shown in Figure 5.1. The fixed MRI service area is a single county, except where there is no licensed acute care hospital located within the county.*” Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The applicant is proposing a new diagnostic center, therefore, there is no historical patient origin to report. However, the applicant provides the historical patient origin for MRI services at W. Wendover Avenue Imaging Center in Greensboro. The facility operates three fixed MRI scanners including the scanner designated for replacement and relocation. The following tables illustrate historical patient origin at W. Wendover Avenue and the projected patient origin at the proposed DRI Summerfield.

W. Wendover Avenue Imaging Center Historical Patient Origin		
County	Last Full FY 01/01/2020-12/31/2020 (CY 2020)	
	Patients	% of Total
Guilford	9,113	70.37%
Rockingham	1,295	10.00%
Randolph	984	7.60%
Alamance	494	3.81%
Forsyth	285	2.20%
Davidson	152	1.17%
Other NC Counties*	329	2.54%
Other States	299	2.31%
Total	12,951	100.00%

Source: Section C, page 29

*Includes all other NC counties, each of which represents <1% of the total patient origin.

Totals may not foot due to rounding.

DRI Summerfield Projected Patient Origin						
County	1st Full FY 01/01/2023-12/31/2023 (CY 2023)		2nd Full FY 01/01/2024-12/31/2024 (CY 2024)		3rd Full FY 01/01/2025-12/31/2025 (CY 2025)	
	Patients	% of Total	Patients	% of Total	Patients	% of Total
Guilford	1,296	55.0%	1,616	55.5%	1,953	55.8%
Rockingham	894	38.0%	1,081	37.1%	1,281	36.6%
Randolph	21	0.9%	32	1.1%	43	1.2%
Alamance	11	0.4%	16	0.5%	22	0.6%
Forsyth	6	0.3%	9	0.3%	12	0.4%
Davidson	3	0.1%	5	0.2%	7	0.2%
Other NC Counties	117	5.0%	143	4.9%	170	4.9%
Other States	6	0.3%	10	0.3%	13	0.4%
Total	2,355	100.0%	2,912	100.0%	3,501	100.0%

Source: Section C, page 32

Totals may not foot due to rounding.

In Section C, page 30, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported. The applicant based its projected patient origin on the historical DRI fixed MRI patient origin and the projected shift of some W. Wendover Avenue MRI patients to DRI Summerfield.

Analysis of Need

In Section C, pages 33-45, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services. On pages 33-45, the applicant states:

Replacement of Existing MRI Scanner (page 33)

The applicant is proposing to replace one of its existing 1.5T fixed MRI scanners located at the W. Wendover Avenue diagnostic center in Greensboro. The applicant states that the scanner is 16 years old and has reached the end of its useful life. DRI will renovate vacant shell space to install and operated the fixed MRI scanner at the Summerfield facility. The applicant states that DRI will maintain its current inventory of three fixed MRI scanners in Guilford County.

Guilford County MRI Utilization (pages 34-35)

To demonstrate need for the proposed project, the applicant cites the growth in utilization of the existing fixed and mobile MRI scanners in Guilford County. According to MRI data from 2018 through the proposed 2022 SMFPs, the county experienced a 3-year CAGR of 1.50% from FFY 2016 to FFY 2020. The applicant also cites North Carolina and Guilford County’s MRI use rate. MRI use rates represent the average number of scans per 1,000 population. According to MRI data from 2018 through the proposed 2022 SMFPs and population data from the North Carolina Office of Budget Management (NCOSBM), the North Carolina MRI use rate increased from 84.3 in FFY 2016 to 90.6 in FFY 2019. During the same period of time, Guilford County use rates increased from 99.9 in FFY 2016 to 102.9 in FFY 2019. These numbers are also a reflection of the increases in the North Carolina and Guilford County population. The applicant states that MRI use rate data is an indication of the on-going need for fixed MRI scanner capacity in Guilford County.

MRI Utilization at DRI (Pages 35-36)

The applicant states that DRI’s freestanding fixed MRI capacity offers patient access to the most sub-specialized outpatient diagnostic imaging providers in Guilford County, resulting in high utilization of its fixed MRI scanners. DRI operates three fixed MRI scanners at the W. Wendover Avenue Imaging Center in Guilford County. The applicant cites MRI data from 2018 through the proposed 2022 SMFPs to demonstrate the increase in MRI procedures of the applicant’s existing MRI scanners, as illustrated in the table below.

DRI Historical MRI Procedures Guilford County		
Fiscal Year	Unweighted MRI procedures	Weighted MRI procedures
FFY 2016	12,153	13,964
FFY 2017	13,465	15,500
FFY 2018	14,213	16,438
FFY 2019	15,276	17,676
FFY 2020	13,172	15,439
3-Year CAGR	7.92%	8.17%
4-Year CAGR	2.03%	2.54%

Source: Section C, page 36

Value-Based Care (page 36-38)

The applicant states that as an outpatient facility, MRI charges may be less than those at a hospital-based facility, which can result in MRI patients incurring lower out-of-pocket expenses. On page 37, the applicant provides a *Treatment Cost Estimate* from Blue Cross Blue Shield of North Carolina. The applicant states the proposed DRI Summerfield fixed MRI scanner will be the first and only fixed MRI scanner provider in northern Guilford County that will improve accessibility to its value-based care.

Growth and Aging of Guilford County Population (pages 38-40)

The applicant states that the proposed project is supported by the steady population growth in Guilford County. According to data from NCOSBM, the population in Guilford County is projected to grow at a 4-year CAGR of 0.74% between 2021-2025, as illustrated in the table below.

Guilford County Projected Population, 2021-2025					
2021	2022	2023	2024	2025	4-Year CAGR
539,491	542,471	546,533	550,964	555,743	0.74%

Source: Section C, page 38, NCOSBM, Vintage 2020

According to data from NCOSBM, by 2025, 17.8% of the Guilford County population will be over 65, up from 16.3% in 2021. The aging population is expected to grow at a four-year CAGR of 3.01%, which is higher than the average growth rate for the total county population, as illustrated in the table below.

Guilford County Projected Population Age 65+, 2021-2025					
Age Cohort	2021		2025		4-Year CAGR
65+	87,893	16.3%	98,951	17.8%	3.01%
Total Population	539,491		555,743		0.74%

Source: Section C, page 38, NCOSBM, Vintage 2020

The applicant states that typically older residents utilize healthcare services at a higher rate. The growth and aging of the Guilford County population will continue to increase the demand for healthcare services, including MRI services, which further demonstrates the need for the proposed project.

Need for Enhanced Geographical Access to Fixed MRI Scanner Services (pages 40-42)

The applicant states that the Summerfield area is growing resulting in issues associated with urban growth, such as traffic congestion and longer commutes. The proposed MRI scanner replacement/relocation project will improve access by creating a new geographic point of access for fixed MRI services.

Nine fixed MRI scanners are located in Greensboro and three are in High Point. The applicant states that the population/scanner ratio for both Greensboro and High Point is more favorable than the ratio for both Guilford County and North Carolina. However, Guilford County does not host any fixed MRI scanners. The applicant states that the Summerfield and two neighboring northern Guilford County communities are the largest population center in Guilford County. Therefore, it is important to improve geographic access to MRI services in Guilford County.

Referring Physician/Provider Support (pages 44-45)

The applicant states that DRI is a long-established local healthcare provider and has existing working relationships with the referring physician/provider community in Guilford and surrounding counties. DRI anticipates that its large network of referring physicians will continue to refer patients to DRI for MRI services. The applicant states that during CY 2020, DRI received MRI patient referrals from 1,012 physicians and providers. Exhibit 1.2 contain letters from radiologists, referring physicians and providers stating their support for the proposed project.

The information is reasonable and adequately supported based on the following:

- The applicant demonstrates high utilization of their existing fixed MRI scanners serving Guilford and surrounding county residents to support the need.
- The applicant relies on population and demographic growth trends to support the need.
- The proposed project will improve geographical access to MRI services in northern Guilford County.

Projected Utilization

In Section Q, page 109, the applicant provides projected utilization, as illustrated in the following table.

DRI Summerfield Projected Utilization Proposed Fixed MRI Scanner			
	1st FY CY 2023	2nd FY CY 2024	3rd FY CY 2025
# of Units	1	1	1
# of Procedures	2,355	2,912	3,501
# of Weighted Procedures	2,727	3,371	4,053

In Section Q, pages 110-117, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Historical and Projected DRI MRI Procedures at W. Wendover Avenue

The applicant operates three fixed MRI scanners at the W. Wendover Avenue location in Guilford County and begins its projections with its historical utilization. During CY 2016 - CY 2020, the facility experienced a 3-year CAGR of 7.93%. The applicant conservatively projects an annual growth rate of 3.96% (half of the 3-year historical CAGR) to project the number of unweighted procedures at the W. Wendover facility. This projected growth rate is also lower than the two-year CAGR of 4.87% for Guilford County MRI utilization, as shown in the table below.

Guilford County Historical MRI Utilization	
Fiscal Year	Total Unweighted MRI Procedures
FY 2017	50,146
FY 2018	56,842
FY 2019	55,151
Two-Year CAGR	4.87%

Source: Section Q, page 111; 2019 – 2021 SMFPs

The applicant applies W. Wendover Avenue weighted ratio of 1.158 to project the number of weighted procedures. The applicant states that the ratio is based on DRI’s most recent five-year average (CY 2016 - CY 2020) weighting ratio. See table below.

Greensboro Imaging Projected W. Wendover Avenue Fixed MRI Utilization, CY 2020 – CY 2025					
	2021	2022	2023	2024	2025
Fixed Unweighted Procedures	13,464	13,998	14,553	15,130	15,730
Weighted Procedures	15,589	16,207	16,850	17,518	18,212
Weighting Ratio	1.158	1.158	1.158	1.158	1.158

Source: Section Q, page 111

Step 2: DRI MRI Market Share

To determine DRI’s MRI market share in Guilford County, the applicant begins with projecting the annual Guilford County MRI procedures from CY 2021 through CY 2025 by multiplying the annual projected Guilford County population by the average Guilford County MRI use rate of 102.6 for the past five years. Use rates are based on the average number of procedures per 1,000 population. The applicant states that the use rate of 102.6 is reasonable since the actual use rate for the most recent full year prior to the pandemic was 102.9. Based on the number of MRIs performed in Guilford County during 2019 and 2020 and the W. Wendover Avenue MRI services utilization for the same years, the applicant determined that DRI’s market share of unweighted procedures in 2019 was 28.68% in 2019 and 24.94% in 2020, as illustrated in the table below.

DRI MRI Market Share in Guilford County		
	2019	2020
W. Wendover Avenue Unweighted Procedures	15,816	12,951
Guilford County Unweighted Procedures	55,151	51,923
DRI Market Share %	28.68%	24.94%

Source: Section Q, page 113

The applicant projects that the replaced and relocated fixed MRI scanner at DRI Summerfield will obtain a new market share during the partial year and the initial three years based on the assumption that patients may choose the relocated MRI services because of reputation and/or accessibility. The applicant projects a market share increase of 0.20% in the partial year of CY 2022, 0.50% in market share increase in CY 2023, 0.75% market share increase in CY 2024 and 1.0% market share increase in CY 2025. This equates to the following increase of projected unweighted procedures.

DRI MRI Market Share in Guilford County				
	2022	2023	2024	2025
Total Unweighted Procedures	110	278	420	565

Source: Section Q, page 112

Totals may not foot due to rounding.

Step 3: Shift of Procedures from W. Wendover Avenue to DRI Summerfield

The applicant projects that MRI patients from eleven surrounding ZIP codes will shift from W. Wendover Avenue to DRI Summerfield. The applicant’s assumptions are based on factors such as the full-time availability of a Summerfield fixed MRI scanner, Summerfield’s convenient northern Guilford County outpatient location, reduction in travel burden for patients seeking MRI services, more timely access to fixed MRI services, and its proximity to referring physicians in Summerfield and northern Guilford County. The applicant projects a 50% (1,537) shift of unweighted MRI procedures for the CY 2022 partial year, 65% (2,077) shift of unweighted MRI procedures for project year 1, 75% (2,492) shift of unweighted MRI procedures for Project Year 2, and a 85% (2,936) shift of unweighted MRI procedures for Project Year 3.

Step 4: Total Projected Summerfield MRI Procedures

To project the total MRI procedures at DRI Summerfield during the project partial year and initial three years, the applicant combined the market share gain from *Step 2* with the projected shift of MRI procedures from W. Wendover Avenue. The applicant uses DRI’s five-year (CY 2015 - CY 2020) average weighted MRI procedure ratio of 1.158 to project the total weighted procedures for project years 2022 through 2025, as illustrated in the table below.

Total Projected DRI Summerfield MRI Procedures				
DRI Summerfield total after shift	2022	2023	2024	2025
Shifted from W. Wendover Ave.	1,537	2,077	2,492	2,936
Market share gain	110	278	420	565
Total unweighted	1,647	2,355	2,912	3,501
Weighted procedures	1,907	2,727	3,371	4,053
Weighting ratio	1.158	1.158	1.158	1.158

Source: Section Q, page 115
 Totals may not foot due to rounding.

Step 5: Total Projected W. Wendover Avenue MRI Procedure after Shift

The applicant subtracted the MRI procedures that will shift from W. Wendover Avenue to DRI Summerfield to project MRI procedures at W. Wendover Avenue CY 2021 through CY 2025. The applicant uses DRI’s five-year (CY 2015 - CY 2020) average weighted MRI procedure ratio of 1.158 to project the total weighted procedures for project years 2022 through 2025, as illustrated in the table below.

Total Projected W. Wendover Avenue Fixed MRI Procedures					
W. Wendover Avenue total after shift	2021	2022	2023	2024	2025
Fixed Unweighted Procedures	13,464	13,998	14,553	15,130	15,730
Shifted to Summerfield		1,537	2,077	2,492	2,936
Total unweighted		12,461	12,476	12,638	12,794
Weighted procedures	15,589	14,428	14,445	14,633	14,813
Weighting ratio	1.158	1.158	1.158	1.158	1.158

Source: Section Q, page 116
 Totals may not foot due to rounding.

Step 6: Total Combined DRI MRI Procedures

Total Projected DRI Fixed MRI Procedures Combined W. Wendover Avenue and DRI Summerfield					
Combined DRI fixed	2021	2022	2023	2024	2025
Weighted W. Wendover Avenue Procedures	15,589	14,428	14,445	14,633	14,813
Weighted Summerfield Procedures		1,907	2,727	3,371	4,053
Total Weighted Procedures	15,589	16,335	17,171	18,004	18,866
Average Weighted procedures per Scanner		5,445	5,724	6,001	6,289

Source: Section Q, page 116
 Totals may not foot due to rounding.

Methodology and Assumptions for projecting Cone Health Fixed MRI scanner Utilization

In Section Q, pages 118-119, the applicant projects the MRI procedures to be performed on related entity Cone Health’s fixed MRI scanners (three located at the Moses H. Cone Memorial hospital (MCMH), and one at Wesley Long Hospital (WLH)) during the partial year and the

initial three years of the DRI Summerfield fixed MRI scanner replacement/relocation project. The applicant begins with the historical utilization, as shown in the table below.

Cone Health Historical Fixed MRI Utilization CY 2016 – CY 2020						
Historical MCMH/WLH	2016	2017	2018	2019	2020	3-Year CAGR
IP Unweighted Procedures	6,192	6,010	6,428	6,269	6,174	
OP Unweighted Procedures	7,971	8,212	7,718	8,267	6,943	
Total unweighted Procedures	14,163	14,222	14,146	14,536	13,117	0.87%
Total Weighted procedures	18,595	18,599	18,795	19,076	17,633	
Weighting ratio	1.313	1.308	1.329	1.312	1.344	

Source: Section Q, page 118

To project volumes between CY 2021 and CY 2025, applicant uses the historical three-year (CY 2016 – CY 2019) CAGR of 0.87% of total unweighted procedures. For CY 2021, the applicant applies the CAGR of 0.87%, then annually increased the utilization for CY 2022 through CY 2025 using the CAGR of 0.87%. To calculate the annual projected weighted procedure totals at Cone Health, the applicant applies the five-year (CY 2016 – CY 2020) average weighted Cone Health MRI procedure ratio of 1.321, conservatively held constant through CY 2025, and multiplied it by the projected annual unweighted Cone Health fixed MRI procedures. The applicant projects Cone Health’s fixed MRI utilization, as shown in the table below.

Cone Health Historical Fixed MRI Utilization CY 2021 – CY 2025					
Projected Cone Health	2021	2022	2023	2024	2025
Fixed Unweighted Procedures	13,231	13,346	13,462	13,580	13,698
Unweighted Procedures	17,481	17,633	17,786	17,941	18,097
Weighting ratio	1.321	1.321	1.321	1.321	1.321

Section Q, page 119

Totals may not foot due to rounding.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s utilization projections are supported by the historical utilization of MRI scanners owned and operated by the applicant in Guilford County.
- The applicant provides adequate support for the projected shift of MRI patients to the proposed DRI Summerfield and the projected market share increase.
- The applicant provides adequate support for the projected population growth in Guilford County.

Access to Medically Underserved Groups

In Section C, page 50, the applicant states:

“DRI will continue to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient underserved.”

The applicant provides the estimated percentage for each medically underserved group, as shown in the following table.

Medically Underserved Groups	Percentage of Total Patients
Low income persons	16.0%
Racial and ethnic minorities	50.0%
Women	52.7%
Persons with Disabilities	7.8%
Persons 65 and older	47.1%
Medicare beneficiaries	47.1%
Medicaid recipients	4.9%

Section C, page 50

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- DRI has a history of providing services to medically underserved populations.
- As a certified provider of Medicare and Medicaid, the applicant provides services to low-income persons, the disables and those age 65 and over.
- The applicant incorporates non-discrimination, uninsured patient discount and charity care policies.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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, ... persons [with disabilities], and other underserved groups and the elderly to obtain needed health care.

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

In Section D, page 55, the applicant explains why it believes the needs of the population presently utilizing the services to be relocated will be adequately met following completion of the project. On page 55, the applicant states:

“Following reduction of one fixed MRI scanner to be relocated to DRI Summerfield, DRI’s W. Wendover Avenue diagnostic center will maintain an inventory of two fixed MRI scanners. The proposed project will not diminish any patient’s ability to obtain MRI imaging services at W. Wendover Avenue, because the Greensboro facility will continue to have sufficient MRI imaging capacity to meet projected utilization in the near term.”

The information is reasonable and adequately supported based on the following:

- W. Wendover Avenue will be equipment with the remaining two MRI scanners capable to meet its MRI capacity.
- The applicant states that if necessary, the facility can adjust to the increasing MRI demand by increasing the scheduled hours of availability.

In Section Q, pages 116 and 121, the applicant provides historical and projected utilization, as illustrated in the following table.

W. Wendover Avenue Historical and Projected Utilization						
	Last Full FY CY 2020	Interim Full FY CY 2021	Interim Full FY CY 2022	1st Full FY CY 2023	1st Full FY CY 2024	1st Full FY CY 2025
# of Units	3	3	2	2	2	2
# of Procedures	12,951	13,464	12,461	12,476	12,638	12,794
# of Weighted Procedures	15,152	15,589	14,428	14,445	14,633	14,813

In Section Q, pages 110-117, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

Step 1: Historical and Projected DRI MRI Procedures at W. Wendover Avenue

The applicant operates three fixed MRI scanners at the W. Wendover Avenue location and begins its projections with its historical utilization. During CY 2016 -CY 2020, the facility experienced a 3-year CAGR of 7.93%. The applicant conservatively projects an annual growth of rate of 3.96% (half of the 3-year historical CAGR) to project the number of unweighted procedures. The applicant applies W. Wendover Avenue weighted ratio of 1.158 to project the number of weighted procedures. The applicant states that the ratio is based on DRI’s most recent five-year average (CY 2016 - CY 2020) weighting ratio. See table below.

Projected W. Wendover Avenue Fixed MRI Utilization, CY 2020 – CY 2025					
	2021	2022	2023	2024	2025
Fixed Unweighted Procedures	13,464	13,998	14,553	15,130	15,730
Weighted Procedures	15,589	16,207	16,850	17,518	18,212
Weighting Ratio	1.158	1.158	1.158	1.158	1.158

Source: Section Q, page 111

Step 2: Shift of Procedures from W. Wendover Avenue to DRI Summerfield

The applicant projects that MRI patients from eleven surrounding ZIP codes will shift from W. Wendover Avenue to DRI Summerfield. The applicant’s assumptions are based on factors such as the full-time availability of a Summerfield fixed MRI scanner, Summerfield’s convenient northern Guilford County outpatient location, reduction in travel burden for patients seeking MRI services, more timely access to fixed MRI services, or its proximity to referring physicians in Summerfield and northern Guilford County. The applicant projects a 50% (1,537) shift of unweighted MRI procedures for the CY 2022 partial year, 65% (2,077) shift of unweighted MRI procedures for project year 1, 75% (2,492) shift of unweighted MRI procedures for Project Year 2, and a 85% (2,936) shift of unweighted MRI procedures for Project Year 3.

Step 3: Total Projected W. Wendover Avenue MRI Procedure after Shift

The applicant subtracted the MRI procedures that will shift from W. Wendover Avenue to DRI Summerfield to project MRI procedures at W. Wendover Avenue CY 2021 through CY 2025. The applicant used DRI’s five-year (CY 2015-CY 2020) average weighted MRI procedure ratio of 1.158 to project the total weighted procedures for project years 2022 through 2025, as illustrated in the table below.

Total Projected W. Wendover Avenue Fixed MRI Procedures					
W. Wendover Avenue total after shift	2021	2022	2023	2024	2025
Fixed Unweighted Procedures	13,464	13,998	14,553	15,130	15,730
Shifted to Summerfield		1,537	2,077	2,492	2,936
Total unweighted		12,461	12,476	12,638	12,794
Weighted procedures	15,589	14,428	14,445	14,633	14,813
Weighting ratio	1.158	1.158	1.158	1.158	1.158

Source: Section Q, page 116

Totals may not foot due to rounding.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant’s utilization projections are supported by the historical utilization of MRI scanners owned and operated by the applicant in Guilford County.
- The applicant provides adequate support for the projected shift of MRI patients from W. Wendover Avenue.

Access to Medically Underserved Groups

In Section D, page 55, the applicant states:

“All Guilford County residents, including low income persons, racial and ethnic minorities, women, handicapped persons, the elderly, Medicare and Medicaid beneficiaries, and other underserved groups, will have access to the proposed diagnostic center, as clinically appropriate. Whether at the existing W. Wendover Avenue diagnostic center or at the new Summerfield diagnostic center, DRI will continue to be committed to providing services to all persons regardless of race, ethnicity, gender, age, religion, creed, disability, national origin, or ability to pay.”

The applicant adequately demonstrates that the needs of medically underserved groups that will continue to use MRI services will be adequately met following completion of the project. The proposed project will improve geographical access for medical underserved groups that already have access to the existing W. Wendover Avenue Imaging Center.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the needs of the population currently using the services to be reduced, eliminated or relocated will be adequately met following project completion for all the reasons described above.
- The applicant adequately demonstrates that the project will not adversely impact the ability of underserved groups to access these services following project completion for all the reasons described above.

- (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

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

In Section E, pages 59-62, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

On-Site Fixed MRI Scanner Replacement-The applicant states that this was not an effective alternative since it would not address the issue of limited access to MRI services in northern Guilford County. The applicant states that the current distribution of fixed MRI scanners in Guilford County are limited to Greensboro and High Point.

Contract a Mobile MRI Scanner-The applicant states that this was not the most effective alternative because a mobile MRI scanner does not address the issues associated with a certain patient population, such as patients with additional medical equipment and patients who are claustrophobic or obese. The applicant states that it is also not cost-effective because of the costs associated with rented equipment.

Develop the Proposed Diagnostic in Another Guilford County Location-The applicant states that this was not an effective alternative since the proposed location was proven to be the most effective alternative because of the location's easy access, the growth and development of the area and the ability to evenly distribute MRI services in Guilford County.

Await an SMFP Fixed MRI Scanner Need Determination for Guilford County-The applicant states:

"...the need to offer enhanced geographical access via a new fixed MRI service location in northern Guilford County is acute...awaiting the unknown timetable for the next SMFP Guilford County fixed MRI need determination is a less effective alternative."

On page 62, the applicant states that its proposal is the most effective alternative because of the location's easy access, and it would evenly distribute MRI services in Guilford County.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need based on the following:

- The applicant's proposal will provide improved geographical access to MRI services.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Diagnostic Radiology and Imaging, LLC (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
 - 2. The certificate holder shall develop a new diagnostic center by replacing no more than one existing fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocating and operating the new fixed MRI scanner at DRI Summerfield.**
 - 3. Progress Reports:**
 - a. Pursuant to G.S. 131E-189(a), the certificate holder shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
 - b. The certificate holder shall complete all sections of the Progress Report form.**
 - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
 - d. Progress reports shall be due on the first day of every fourth month. The first progress report shall be due on February 1, 2022. The second progress report shall be due on June 1, 2022 and so forth.**
 - 4. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
 - 5. No later than three months after the last day of each of the first three full fiscal years of operation following initiation of the services authorized by this certificate of need, the certificate holder shall submit, on the form provided by the Healthcare Planning and Certificate of Need Section, an annual report containing the:**
 - a. Payor mix for the services authorized in this certificate of need.**
 - b. Utilization of the services authorized in this certificate of need.**
 - c. Revenues and operating costs for the services authorized in this certificate of need.**
 - d. Average gross revenue per unit of service.**
 - e. Average net revenue per unit of service.**
 - f. Average operating cost per unit of service.**
 - 6. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency 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

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

Capital and Working Capital Costs

In Section Q, page 122, the applicant projects the total capital cost of the project, as shown in the table below.

DRI Summerfield Capital Costs	
Construction/Renovation Contract(s)	\$393,585
Architect/Engineering Fees	\$52,888
Medical Equipment (includes sales taxes, delivery, and installation)	\$957,548
Furniture	\$6,000
Consultant Fees (CON-related)	\$44,000
Financing Costs	\$9,750
Interest during Construction	\$3,349
Other (installation, IT, contingency)	\$53,485
Total	\$1,520,605

In Section Q, page 122, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Construction costs are based on the contractor’s estimate.
- Medical equipment costs are based on the vendor’s quote and applicable county sales tax.
- Furniture, consultant fees, and MRI installation costs are based on the applicant’s experience.

In Section F, page 66, the applicant projects that start-up costs will be \$10,000 and initial operating expenses will be \$45,000 for a total working capital of \$55,000. On page 67, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the project’s anticipated expenses related to clinical staffing, supply inventory and equipment operation in preparation of the new fixed MRI scanner.

Availability of Funds

In Section F, page 64, the applicant states that the capital cost will be funded, as shown in the table below.

Sources of Capital Cost Financing

Type	Diagnostic Radiology and Imaging, LLC	Total
Loans	\$957,548	\$957,548
Accumulated reserves or OE *	\$0	\$0
Bonds	\$0	\$0
Other (bank line of credit)	\$563,057	\$563,057
Total Financing	\$1,520,605	\$1,520,605

* OE = Owner's Equity

In Section F, page 67, the applicant states that the working capital needs of the project will be funded, as shown in the table below.

Sources of Financing for Working Capital	Amount
Loans	\$0
Cash or Cash Equivalents, Accumulated Reserves or Owner's Equity	\$0
Lines of credit	\$55,000
Bonds	\$0
Total	\$55,000

Exhibit F.2-2 contains a letter from the Director of Finance for Diagnostic Radiology and Imaging, Inc., stating that the medical equipment will be funded through a commercial loan from First Citizens Bank and the capital and working capital costs will be funded through a line a credit at First Citizen's Bank. Exhibit F.2-2 also contains a letter from the Senior Vice President of First Citizens Bank stating that a line credit in the amount of \$2,000,000 will be available to the applicant to fund the project.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project. The applicant is funding the project through a commercial loan and a line of credit at First Citizen's Bank. The applicant provides supporting documentation in Exhibit F.2-2.

Financial Feasibility

The applicant provided pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Form F.2b, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years following completion of the project, as shown in the table below.

DRI Summerfield	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	CY 2023	CY 2024	CY 2025
Total Procedures (Weighted)	2,727	3,371	4,053
Total Gross Revenues (Charges)	\$3,641,138	\$4,547,136	\$5,521,699
Total Net Revenue	\$1,094,607	\$1,366,970	\$1,659,946
Average Net Revenue per Procedure	\$401	\$406	\$410
Total Operating Expenses (Costs)	\$1,123,055	\$1,366,462	\$1,607,511
Average Operating Expense per Procedure	\$412	\$405	\$397
Net Income	(\$28,448)	\$508	\$52,435

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant’s assumptions are based on DRI’s historical experience.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
- The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
- The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.

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

C

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

The 2021 SMFP defines the service area for a fixed MRI scanner as “*the same as an Acute Care Bed Service area as defined in Chapter 5, Acute Care Beds, and shown in Figure 5.1. The fixed MRI service area is a single county, except where there is no licensed acute care hospital located within the county.*” Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners located in the Guilford County service area, summarized from Table 17E-1 of 2021 SMFP.

Fixed MRI Scanners	Facility	# of MRI Procedures	Weighted MRI Procedures
3	Moses Cone Memorial Hospital	10,263	13,487
1	Wesley Long Hospital	3,883	5,078
2	High Point Regional Health	4,523	5,691
1	WFHN Imaging	4,519	4,926
1	EmergeOrtho	5,809	5,917
3	Greensboro (DRI)	15,282	17,676
1	Triad Imaging	3,574	3,812
12	Totals	47,853	56,587

In Section G, page 73, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved MRI services in Guilford County. The applicant states:

“The proposed project does not include addition of a fixed MRI scanner to the current fixed MRI scanner inventory in Guilford County. Rather, DRI proposes to replace one of its existing fixed MRI scanners that has reached the end of its useful life, and relocate the replacement scanner from DRI’s W. Wendover Avenue diagnostic center in Greensboro to develop a new diagnostic center in Summerfield, thus better utilizing its existing fixed MRI scanner inventory within Guilford County.”

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- The proposal would not result in an increase in fixed MRI scanners in Guilford County.
- The applicant adequately demonstrates that the existing fixed MRI scanner is in need of replacement.
- The proposed project will improve geographical access to MRI services in northern Guilford County because currently no MRI scanners are located in the area.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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.

C

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

In Section Q, page 128, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Projected FTE Staff		
	1 st Full Fiscal Year	2 nd Full Fiscal Year	3 rd Full Fiscal Year
	CY 2023	CY 2024	CY 2025
Radiology Technologists (MRI)	1.25	1.50	1.75
Medical Records	0.40	0.60	1.00
Administrator/CEO	0.10	0.10	0.10
Other (MRI Tech Asst)	0.50	0.75	1.00
Other (Receptionist/Scheduler)	1.00	1.00	1.50
Total	3.25	3.95	5.35

The assumptions and methodology used to project staffing are provided in Section H, page 75. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 75-77, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

- The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:
- The applicant will use its established methods to recruit staff, such as transfer opportunities from other DRI locations, digital recruiting services and college job fairs.
- All new employee training and education include orientation compliance training, safety and infection control, ongoing educational programs and on-the-job training.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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.

C

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

Ancillary and Support Services

In Section I, page 79, the applicant identifies the necessary ancillary and support services for the proposed services. On pages 79-80, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

In Exhibit I.1, the applicant provides a letter from the medical director of DRI stating is commitment to continue to serve as medical director.

- Equipment maintenance will be provided through a service agreement with the equipment vendor.
- Reception, medical records, IT, administration, and quality assurance will be provided by DRI's existing staff.
- Pharmacy services will be provided by Cone Health Pharmacy.

Coordination

In Section I, pages 80-81, the applicant describes its efforts to develop relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant anticipates that its established relationships with physicians and providers in the county and the surrounding communities who refer patients to DRI facilities will continue to refer patients to DRI Summerfield.
- The applicant provides letters from referring physicians and the local healthcare community expressing their support for the proposed project.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (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

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (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.

C

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

In Section K, page 83, the applicant states that the project involves renovating 1,035 square feet of existing space. Line drawings are provided in Exhibit K.2.

On pages 85-87, the applicant identifies the proposed site and provides information about the current owner, zoning and special use permits for the site, and the availability of water, sewer and waste disposal and power at the site. Supporting documentation is provided in Exhibit K.4. The site appears to be suitable for the proposed diagnostic center based on the applicant's representations and supporting documentation.

On page 84, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal. The applicant is upfitting an existing facility shell space that has no major support walls or building columns that must be removed or modified.

On page 84, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services based on the following:

- The applicant will obtain competitive market quotes from equipment vendors.
- DRI will offer MRI charges that are lower compared to hospital-based MRI services but competitive in the local marketplace.

On page 84, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans. The applicant states that DRI and its general contractor will evaluate the project for energy efficiency at all stages of planning and design, and will follow all applicable federal state, and local requirements for energy efficiency and water consumption.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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 ... persons [with disabilities], 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;

C

In Section L, page 90, the applicant provides the historical payor mix during CY 2020 for existing MRI services at DRI's W. Wendover Avenue diagnostic center, as shown in the table below.

W. Wendover Avenue Historical Payor Mix CY 2020	
Payor Category	MRI Services as Percent of Total
Self-Pay	2.45%
Medicare	47.14%
Medicaid	4.86%
Insurance	44.14%
Workers Compensation	0.50%
TRICARE	0.44%
Other (miscellaneous)	0.48%
Total	100.0%

Source: Section L, page 90.

In Section L, page 90, the applicant provides the following comparison.

	Percentage of Total Patients Served by the Facility or Campus during the Last Full FY	Percentage of the Population of the Service Area
Female	79.9%	52.7%
Male	20.1%	47.3%
Unknown	0.0%	0.0%
64 and Younger	59.2%	84.5%
65 and Older	40.8%	15.5%
American Indian	**	0.8%
Asian	**	5.3%
Black or African-American	**	35.4%
Native Hawaiian or Pacific Islander	**	0.1%
White or Caucasian	**	50.0%
Other Race	**	8.4%
Declined / Unavailable	**	0.0%

*The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>.

**DRI does not capture and track patient racial/ethnic origin data.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the applicant adequately documents 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. 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 ... persons [with disabilities] to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, pages 92-93, the applicant states:

“DRI has no obligation under federal regulations to provide uncompensated care or community service, or access by minorities and handicapped persons.

...

DRI will continue to have a policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient as underserved.”

In Section L, page 93, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity and located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application
- Information which was publicly available during the review and used by the Agency

Based on that review, the Agency concludes that 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

C

In Section L, page 94, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

DRI Summerfield Projected Payor Mix CY 2025	
Payor Category	MRI Services as Percent of Total
Self-Pay	2.45%
Medicare*	47.14%
Medicaid*	4.86%
Insurance*	44.14%
Workers Compensation	0.50%
TRICARE	0.44%
Other (miscellaneous)	0.48%
Total	100.0%

*Including any managed care plans

Source: Section L, page 94.

Note: The applicant states that charity care is included in the self-pay total.

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 2.45% of total services will be provided to self-pay patients, 47.14% to Medicare patients and 4.86% to Medicaid patients.

On page 93, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant based its projections on the historical payor mix for its existing MRI services.
- The applicant reasonably projects that the existing referring physicians and providers will continue to be the source of referrals to DRI and does not project any change.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion based on the stated above.

- (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.

C

In Section L, page 95, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to 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.

C

The applicant proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

In Section M, page 96, the applicant describes the extent to which health professional training programs in the area will have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes based on the following:

- The applicant states that the proposed DRI Summerfield's fixed MRI scanner will be offered to area schools and clinical training programs for student's clinical training rotations.
- The applicant has an existing clinical training agreement with Randolph Community College.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (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 proposes to develop a new diagnostic center by replacing one fixed MRI scanner located at W. Wendover Avenue Imaging Center and relocate and operate the new the fixed MRI scanner at DRI Summerfield.

The 2021 SMFP defines the service area for a fixed MRI scanner as “*the same as an Acute Care Bed Service area as defined in Chapter 5, Acute Care Beds, and shown in Figure 5.1. The fixed MRI service area is a single county, except where there is no licensed acute care hospital located within the county.*” Thus, the service area for this facility consists of Guilford County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners located in the Guilford County service area, summarized from Table 17E-1 of 2021 SMFP.

Fixed MRI Scanners	Facility	# of MRI Procedures	Weighted MRI Procedures
3	Moses Cone Memorial Hospital	10,263	13,487
1	Wesley Long Hospital	3,883	5,078
2	High Point Regional Health	4,523	5,691
1	WFHN Imaging	4,519	4,926
1	EmergeOrtho	5,809	5,917
3	Greensboro (DRI)	15,282	17,676
1	Triad Imaging	3,574	3,812
12	Totals	47,853	56,587

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 97, the applicant states:

“Guilford County has a high level of MRI competition, with existing hospital and freestanding fixed MRI scanner. Approval of the proposed fixed MRI replacement/relocation project will enable DRI to respond to continuing MRI demand and provide timely diagnostic imaging services.”

Regarding the impact of the proposal on cost effectiveness, in Section N, pages 97-98, the applicant states:

“The cost of imaging exams varies widely, from a few hundred dollars to several thousand dollars, and is often most expensive at hospital-based facilities. As a dedicated outpatient center, DRI offers affordable prices on imaging exams, and the simplicity of one bill with no additional facility or radiologist fee.

...

The proposed Siemens Magnetom Aera fixed MRI scanner is modern technology and offers ease of operation, excellent imaging quality, patient comfort, along with high throughput and dependability, lower capital and operating costs, and energy efficiency capabilities.”

See also Sections C, F, and Q of the application and any exhibits.

Regarding the impact of the proposal on quality, in Section N, page 98, the applicant states that DRI maintains American College of Radiology (ACR) accreditation for all existing MRI, CT, ultrasound and mammography equipment at all locations and plans to pursue accreditation for the Summerfield fixed MRI scanner. The applicant states that ACR is recognized as the gold standard in medical imaging, and evaluates staff qualifications, image quality, quality control, and safety policies.

See also Sections C and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, page 100, the applicant states:

“DRI will continue to have a policy to provide all services to all patients regardless of income, racial/ethnic origin, gender, physical or mental conditions, age, ability to pay or any other factor that would classify a patient underserved.

...

DRI offers self-pay discounts on all procedures for uninsured patients, and is committed to providing some no-charge imaging for the medically indigent.”

See also Section L and C of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on all the reasons described above.

- (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.

C

In Section Q, page 129, the applicant identifies the diagnostic centers located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of eight of this type of facility located in North Carolina.

In Section O, page 104, the applicant states:

“DRI has never had its Medicare or Medicaid provider agreement terminated. Each of the DRI imaging centers identified in Form A Facilities has provided quality care and operated in compliance with Medicare Conditions of Participation during the 18 months immediately preceding submission of this application. Diagnostic centers are not licensed facilities; therefore, there are no Division of Health Service Regulation license requirements.”

After reviewing and considering information provided by the applicant and considering the quality of care provided at all eight facilities, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (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 applicant proposes to develop a diagnostic center by relocating and replacing one fixed MRI scanner. There are no administrative rules that are applicable to proposals for relocating a fixed MRI scanner or a diagnostic center.