

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: July 25, 2024
Findings Date: August 1, 2024

Project Analyst: Tanya M. Saporito
Co-Signer: Micheala Mitchell

COMPETITIVE REVIEW

Project ID #: M-12485-24
Facility: Carolina Imaging of Fayetteville
FID #: 240129
County: Cumberland
Applicant: Carolina Imaging, LLC of Fayetteville
Novant Health, Inc.
Novant Health-Norfolk, LLC
Project: Acquire no more than one fixed MRI scanner pursuant to the 2024 SMFP need determination

Project ID #: M-12493-24
Facility: Cape Fear Valley Medical Center
FID #: 943057
County: Cumberland
Applicant(s): Cumberland County Hospital System, Inc.
Project: Acquire no more than one fixed MRI scanner pursuant to the 2024 SMFP need determination

Each application was reviewed independently against the applicable statutory review criteria found in G.S. 131E-183(a) and the regulatory review criteria found in 10A NCAC 14C. After completing an independent analysis of each application, the Healthcare Planning and Certificate of Need Section (CON Section) also conducted a comparative analysis of all the applications. The Decision, which can be found at the end of the Required State Agency Findings (Findings), is based on the independent analysis and the comparative analysis.

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.

C-Both Applications

Need Determination

The 2024 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional fixed MRI scanners in North Carolina by service area. Application of the need methodology in the 2024 SMFP identified a need for one fixed MRI scanner in the Cumberland County fixed MRI scanner service area. Two applications were received by the Healthcare Planning and Certificate of Need Section (CON Section), each proposing to acquire one fixed MRI scanner, for a total of two fixed MRI scanners. However, pursuant to the need determination, only one fixed MRI scanner may be approved in this review.

Policies

One policy in the 2024 SMFP is applicable to both applications in this review: *Policy GEN-3: Basic Principles*. Additionally, one policy in the 2024 SMFP is applicable to one application: *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities* is applicable to Project ID #M-12493-24, Cumberland County Hospital System, Inc.'s proposal to acquire one fixed MRI scanner to be located at Cape Fear Valley Medical Center (CFVMC) in Cumberland County.

Policy GEN-3: Basic Principles, on page 29 of the 2024 SMFP, states:

“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2024 SMFP, states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant’s representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control.”

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC, hereinafter collectively referred to as “the applicant”, proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP to be located at its existing diagnostic center, Carolina Imaging of Fayetteville (Carolina Imaging), located in Fayetteville, Cumberland County. The applicant currently owns and operates two fixed MRI scanners at Carolina Imaging. Upon project completion, the applicant will own and operate a total of three fixed MRI scanners at the facility.

Need Determination. The applicant does not propose to develop more fixed MRI scanners than are determined to be needed in the Cumberland County fixed MRI scanner service area.

Policy GEN-3. In Section B, pages 27-32, the applicant provides information to show its application is conforming to Policy GEN-3.

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 the following reasons:

- The applicant does not propose to develop more fixed MRI scanners than are determined to be needed in the fixed MRI scanner service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:
 - The applicant adequately documents how the project will promote safety and quality in the delivery of MRI services in the service area;
 - The applicant adequately documents how the project will promote equitable access to MRI services in the service area; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

Cumberland County Hospital System, Inc., hereinafter referred to as “the applicant”, or CCHS, proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP to be located in a medical office building on the main campus of Cape Fear Valley Medical Center (CFVMC) in Fayetteville, in Cumberland County. Upon project completion, the applicant will own and operate a total of four fixed MRI scanners in Cumberland County.

The applicant states in Section C, page 48 that it is a member of *The Mecklenburg Center, LLC d/b/a Valley Regional Imaging (VRI)*, which owns and operates two fixed MRI scanners in Cumberland County. VRI is not an applicant in this review.

Need Determination. The applicant does not propose to develop more fixed MRI scanners than are determined to be needed in the Cumberland County fixed MRI service area.

Policy GEN-3. In Section B, pages 27-28, the applicant the applicant provides information to show its application is conforming to Policy GEN-3.

Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities, on page 30 of the 2024 SMFP states:

“Any person proposing a capital expenditure greater than \$4 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall

include in its certificate of need application a written statement describing the project's plan to assure improved energy efficiency and water conservation.

In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.

Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan for energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."

The proposed capital expenditure for this project is greater than \$5 million. In Section B, page 28, the applicant provides a written statement describing the project's plan to assure improved energy efficiency and water conservation. In Section B and Exhibit K.3 the applicant documents that it the proposed fixed MRI services will conform to or exceed all applicable federal, state and local building codes and requirements for energy efficiency and consumption.

The applicant adequately demonstrates that the application includes a written statement describing the project's plan to assure improved energy efficiency and water conservation. The application is consistent with Policy GEN-4.

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 does not propose to develop more fixed MRI scanners than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 for the following reasons:

- The applicant adequately documents how the project will promote safety and quality in the delivery of MRI services in the service area;
 - The applicant adequately documents how the project will promote equitable access to MRI services in the service area; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- The applicant adequately demonstrates the proposal is consistent with Policy GEN-4 based on its representations that the project includes a plan for energy efficiency and water conservation.
- (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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Patient Origin

In Chapter 15, page 335, the 2024 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 and shown in Figure 5.1”. Figure 5.1 on page 36 of the 2024 SMFP shows Cumberland County as a single county Acute Care Bed Service area. The applicant proposes to locate the fixed MRI scanner at an existing diagnostic center in Fayetteville in Cumberland County. Therefore, for the purpose of this review, the fixed MRI service area is Cumberland County. Facilities may also serve residents of counties not included in their service area.

In Section C, page 40, the applicant provides historical patient origin for its existing fixed MRI services for the last full fiscal year (FY), FY 2023 (October 1, 2022-September 30 2023):

**Carolina Imaging Fixed MRI Services
 Historical Patient Origin – FY 2023**

COUNTY	FY 2023	
	# PTS.	% OF TOTAL
Cumberland	5,945	53.38%
Bladen	1,395	13.00%
Harnett	819	7.63%
Robeson	742	6.91%
Hoke	640	5.96%
Sampson	439	4.09%
Other	754	7.02%
Total	10,734	100.0%

In Section C, page 41, the applicant provides the following historical patient origin for all imaging services, which includes MRI, mammography, ultrasound, bone density (DEXA) and nuclear medicine at Carolina Imaging during the last full FY, FY 2023:

**Carolina Imaging Diagnostic Imaging Services
 Historical Patient Origin – FY 2023**

COUNTY	FY 2023	
	# PTS.	% OF TOTAL
Cumberland	25,114	53.38%
Bladen	5,895	13.00%
Harnett	3,460	7.63%
Robeson	3,133	6.91%
Hoke	2,703	5.96%
Sampson	1,855	4.09%
Other	3,183	7.02%
Total	45,348	100.0%

The following tables from pages 41-42 illustrate projected patient origin for the proposed fixed MRI services and for all imaging services, respectively, at Carolina Imaging for the first three full FYs, FYs 2026-2028:

Carolina Imaging Projected Patient Origin, Fixed MRI Services

COUNTY	1 ST FULL FY 10/1/25-9/30/26		2 ND FULL FY 10/1/26-9/30/27		3 RD FULL FY 10/1/27-9/30/28	
	# PTS	% OF TOTAL	# PTS	% OF TOTAL	# PTS	% OF TOTAL
Cumberland	6,617	55.38%	6,858	55.38%	7,108	55.38%
Bladen	1,553	13.00%	1,610	13.00%	1,669	13.00%
Harnett	912	7.63%	945	7.63%	979	7.63%
Robeson	826	6.91%	856	6.91%	887	6.91%
Hoke	712	5.96%	738	5.96%	764	5.96%
Sampson	489	4.09%	507	4.09%	525	4.09%
Other	840	7.02%	869	7.02%	903	7.02%
Total	11,949	100.00%	12,384	100.00%	12,835	100.00%

Source: Application page 41

Carolina Imaging Projected Patient Origin, All Imaging Services

COUNTY	1 ST FULL FY 10/1/25-9/30/26		2 ND FULL FY 10/1/26-9/30/27		3 RD FULL FY 10/1/27-9/30/28	
	# PTS	% OF TOTAL	# PTS	% OF TOTAL	# PTS	% OF TOTAL
	Cumberland	26,961	55.38%	27,607	55.38%	28,273
Bladen	6,330	13.00%	6,482	13.00%	6,637	13.00%
Harnett	3,715	7.63%	3,805	7.63%	3,896	7.63%
Robeson	3,365	6.91%	3,446	6.91%	3,529	6.91%
Hoke	2,902	5.96%	2,972	5.96%	3,044	5.96%
Sampson	1,991	4.09%	2,039	4.09%	2,089	4.09%
Other	3,418	7.02%	3,500	7.02%	3,585	7.02%
Total	48,682	100.00%	49,851	100.00%	51,053	100.00%

Source: Application page 41

In Section C, page 41, the applicant states projected patient origin for the proposed fixed MRI services are based on Carolina Imaging’s historical utilization trends by county. The applicant’s assumptions are reasonable and adequately supported because they are based on the applicant’s historical experience providing fixed MRI services.

Analysis of Need

In Section C.4, pages 42-55, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- The proposed fixed MRI scanner would enhance access to critical imaging services for the service area and decrease patient wait times, which the applicant states can vary from two weeks to over one month, despite the facility operating nearly 72 hours per week. The applicant states that the proposed fixed MRI scanner would also permit the facility to participate in national research studies, increase availability of prostate and orthopedic imaging services, and provide additional opportunities for clinical training partnerships. The applicant currently operates one 1.2T and one 3T MRI scanner; the addition of a 1.5T MRI scanner would permit the applicant to provide additional MRI services that its patients need (pages 43-43).
- Service area demographics in Cumberland County and surrounding areas, including Fort Liberty, indicate an increasing demand for fixed MRI capacity. The applicant states that in 2023, 23.7% of MRI services provided by Carolina Imaging were provided to TRICARE recipients. Additionally, Cumberland County population data shows 13.1% of the residents are over the age of 65, which is the age group that typically utilizes health care and diagnostic imaging services more than younger cohorts. The applicant also states that the percentage of younger age cohorts with a disability in Cumberland County exceeds the percentage of persons with a disability in the state as a whole, due to the military population in the county (pages 43-47).
- Economic factors in Cumberland County indicate a need for access to diagnostic imaging services for those residents whose income falls below the state median

household income level. The applicant cites data from the U.S. Census Bureau that indicates the poverty rate in Cumberland County is 15.8%, which is higher than the state rate of 13.4%, thus substantiating the need for increased access to lower-cost diagnostic imaging services, including MRI services (page 47).

- Cancer incidence rates, particularly lung, cervical and prostate cancer rates, are higher in Cumberland County than in the State as a whole, thereby indicating increasing demand for diagnostic imaging services, including MRI services. The applicant cites a 2021 study published by Lancet Oncology which shows there are racial and economic disparities in healthcare access in the country. The applicant states North Carolina data indicate that the cancer and poverty rates in Cumberland County substantiate the need for additional access to MRI services, since MRI procedures are useful for early detection of a wide range of cancers (pages 47-55).
- The applicant partners with the Care Clinic of Fayetteville to provide imaging services for indigent patients in the service area. The addition of the proposed 1.5T MRI will provide additional fixed MRI capacity for those individuals who are uninsured or underinsured, which represents over 48% of the applicant’s patients. Additionally, the applicant receives referrals for imaging services from over 1,300 physicians representing an array of practices.

The information is reasonable and adequately supported for the following reasons:

- The 2024 SMFP identifies the need for one additional fixed MRI scanner in the Cumberland County fixed MRI scanner service area.
- The applicant provides information and data to support its assertions regarding service area population growth and aging, as well as disease risk factors and the relative lack of MRI services in the service area.
- The applicant provides reliable information to support the need for fixed MRI services to serve its patient base more effectively and efficiently.

Projected Utilization

In Section Q, page five of “*Section Q-Projected Utilization and Assumptions*”, the applicant provides projected utilization of the proposed fixed MRI scanner, as illustrated in the following table:

Projected MRI Utilization, First Three Project Years			
	1ST FULL FY FY 2026	2ND FULL FY FY 2027	3RD FULL FY FY 2028
Number of Units	3	3	3
# Procedures (unweighted)	11,949	12,384	12,835
# Weighted Procedures	12,472	12,925	13,395

In Section Q, “*Projected Utilization and Assumptions*”, pages 1-6, the applicant provides the assumptions and methodology used to project utilization for the proposed fixed MRI scanner, as summarized below:

Step 1: Document historical performance of Carolina Imaging’s existing MRI scanners

– The applicant examined its historical MRI utilization data for FY 2019-2022 in Cumberland County and calculated a 7.28% compound annual growth rate (CAGR). See the table on page 1 that illustrates the data and calculations.

Step 2: Establish a project year start date

– The applicant consulted its construction, development and operational teams to determine the project start date of October 1, 2025. The applicant’s project years are fiscal years, from October 1 – September 30. Therefore, the first three project years are FYs 2026-2028 (October 1, 2025-September 30, 2028).

Step 3: Determine interim and project years growth rate

– The applicant states that, while many healthcare facilities saw a utilization decrease during the COVID-19 pandemic (the “Pandemic”), Carolina Imaging volume continued to increase even during the Pandemic. The applicant states the existing MRI scanners are operating at maximum capacity and wait times for its patients are weeks to months. The applicant determined that 3.64% (one-half the historical growth rate) is reasonable, given historical utilization even during the Pandemic and the demographic, social and economic composition of the service area. See the table that illustrates the historical utilization on page 3 of the *Assumptions*.

Step 4: Determine contrast percentage based on historical MRI data

– The applicant reviewed its historical data and determined that 21.15% of the scans were complex scans using contrast from FY 2019-2023. To project complex scans for the project years, the applicant applied a contrast percentage of 21.0%. See the table on page 5 of the *Assumptions* that illustrates those calculations.

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

- There is a need determination in the 2024 SMFP for a fixed MRI scanner in the Cumberland County fixed MRI service area and this proposed project will meet that need.
- The applicant’s projections of MRI scans to be performed are supported by its historical mobile MRI volumes and population growth projections.
- The applicant adequately demonstrates that its proposed fixed MRI scanner is reasonably expected to perform more than 3,494 adjusted MRI procedures in the third full fiscal year of operation following the completion of the proposed project, which exceeds the requirement 10A NCAC 14C .2703(a)(7)(a).

Access to Medically Underserved Groups

In Section C, page 60, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

PAYOR GROUP	ESTIMATED PERCENTAGE OF PATIENTS IN 3RD FULL FY
Low Income Persons	<i>Approximately 12%</i>
Racial and Ethnic Minorities	<i>Estimated to be more than 40%</i>
Women	<i>Estimated to be more than 50%</i>
Persons with Disabilities	--
Persons 65 and Older	<i>Estimated to be more than 50%</i>
Medicare Beneficiaries	<i>Approximately 36%</i>
Medicaid Beneficiaries	<i>Approximately 10%</i>

On page 60 the applicant states it does not request or track income data on its patients for whom approximation percentages are provided in the table above.

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:

- The applicant has historically provided access to underserved groups and provides low-cost imaging services through The Care Clinic of Fayetteville.
- The applicant states that all patients will continue to receive equitable access to MRI and other diagnostic imaging services.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Comments
- Response to comments
- Remarks made at the public hearing

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Patient Origin

In Chapter 15, page 335, the 2024 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 and shown in Figure 5.1”. Figure 5.1 on page 36 of the 2024 SMFP shows Cumberland County as a single county Acute Care Bed Service area. The applicant proposes to locate the fixed MRI scanner at an existing diagnostic center in Fayetteville in Cumberland County. Therefore, for the purpose of this review, the fixed MRI service area is Cumberland County. Facilities may also serve residents of counties not included in their service area.

In Section C, page 30, the applicant provides historical patient origin for its existing fixed MRI services for the last full fiscal year (FY), FY 2023 (October 1, 2022-September 30 2023):

CFVMC Historical Patient Origin, Fixed MRI Services

COUNTY	FY 2023 (OCTOBER 1, 2022-SEPTEMBER 30, 2023)	
	# PATIENTS	% OF TOTAL
Cumberland	5,959	61.0%
Bladen	1,429	14.6%
Harnett	695	7.1%
Sampson	459	4.7%
Robeson	442	4.5%
Hoke	314	3.2%
Lee	79	0.8%
Other*	387	4.1%
Total	9,764	100.0%

*On page 30 the applicant states “Other includes <1 percent patient origin from the remaining counties in NC and other states.”

In Section C page 32, the applicant provides projected patient origin for the first three project years, FYs 2027-2029, for the proposed fixed MRI services, as summarized below:

CFVMC Projected Patient Origin, Fixed MRI Services

COUNTY	1 ST FULL FY		2 ND FULL FY		3 RD FULL FY	
	10/01/2026-09/30/2027		10/01/2027-09/30/2028		10/01/2028-09/30/2029	
	PATIENTS	% OF TOTAL	PATIENTS	% OF TOTAL	PATIENTS	% OF TOTAL
Cumberland	6,432	61.6%	6,611	61.6%	6,795	61.6%
Bladen	1,439	13.8%	1,480	13.8%	1,524	13.8%
Harnett	450	7.2%	771	7.2%	792	7.2%
Sampson	495	4.7%	509	4.7%	523	4.7%
Robeson	477	4.6%	490	4.6%	504	4.6%
Hoke	339	3.2%	348	3.2%	358	3.2%
Lee	85	0.8%	88	0.8%	90	0.8%
Other*	418	4.0%	430	4.0%	441	4.0%
Total	10,435	100.0%	10,727	100.0%	11,028	100.0%

*The applicant states on page 32 that “Other” includes “less than 1% of patients from the remaining North Carolina counties and other states”.

In Section C, page 32 the applicant states projected patient origin is based on CFVMC's FY 2023 patient origin for fixed MRI services. The applicant's assumptions are reasonable and adequately supported because they are based on the applicant's experience providing fixed MRI services.

Analysis of Need

In Section C, pages 34-41, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below:

- Statewide MRI utilization increased by a CAGR of 2.0% from 2018-2022, and the number of statewide MRI procedures performed during the same time increased by a CAGR of 3.1%, according to data obtained from the NCOSBM and the 2020-2024 SMFPs. (see page 35).
- CFVMC historical data from FFY 2019-2023 shows MRI utilization increased by a CAGR of 5.1% from FFY 2019-2023. The applicant states historical MRI utilization underscores the need for the proposed fixed MRI scanner. Additionally, the applicant was approved pursuant to multiple projects to develop additional acute care bed capacity at the hospital. The applicant states the additional acute care capacity will also increase demand for fixed MRI services. (see page 36).
- CFVMC is a teaching hospital and center for medical research whose residency program includes more than 200 doctors training in seven program areas. CFVMC is actively engaged in training future healthcare professionals through residency programs in radiology and interventional radiology. CFVMC is also a Rural Referral Center, and provides health care services, including diagnostic imaging services, at a lower cost than would be incurred in more urban areas (see page 37).
- Service area population growth indicates the need for additional fixed MRI capacity. The applicant analyzed population growth projections from the NCOSBM and found that the total Cumberland County population is projected to increase by a CAGR of 0.1% between 2023-2028, and the over 65 age group is projected to increase by a CAGR of 2.2% during the same time. The applicant states the over 65 age group represents 47% of the total fixed MRI scans performed during FFY 2023. The applicant states the population of the other counties comprising its service area is projected to increase by a CAGR of 2.2% from 2023-2028. With the projected population growth from 2023-2028 in Cumberland County and the proposed service area, the applicant states the proposed fixed MRI scanner is needed to meet current and future patient demand (see pages 37-40).
- Lack of financial resources and inadequate health insurance create barriers to health care access. The applicant states 18% of Cumberland County residents live below the poverty line, compared to 13.7% in the state as a whole. Additionally, approximately 19.5% of Cumberland County residents are enrolled in Medicaid, compared to 15.2%

in the state as a whole. The applicant states the proposed fixed MRI scanner will provide MRI services to medically underserved populations in the service area. (see page 40).

- The applicant states the project is supported by CFVMC staff, referring physicians and community physicians, and provides letters of support for the project in Exhibit I.2.

Projected Utilization for proposed fixed MRI scanner

In Section Q, page 100, the applicant provides projected utilization for the first three project years, FYs 2026-2028 (10/01-09/30), as illustrated in the following table:

CFVMC Projected Utilization-Fixed MRI				
	PARTIAL FY (1/1/26- 9/30/26)	1ST FULL FY FY 2027	2ND FULL FY FY 2028	3RD FULL FY FY 2029
Number of Units	4	4	4	4
# Procedures (unweighted)	7,623	10,435	10,727	11,028
# Weighted Procedures	11,445	15,656	16,077	16,510

In Section Q, page 99, the applicant states Cumberland County Hospital System, Inc. is a member of The Medical Imaging Center, LLC d/b/a Valley Regional Imaging (VRI). VRI owns and operates two fixed MRI scanners in Cumberland County. On page 100 the applicant provides projected utilization for fixed MRI scanners at VRI, as illustrated in the following table:

VRI Projected Utilization-Fixed MRI				
	PARTIAL FY (1/1/26- 9/30/26)	1ST FULL FY FY 2027	2ND FULL FY FY 2028	3RD FULL FY FY 2029
Number of Units	2	2	2	2
# Procedures (unweighted)	10,136	10,136	10,136	10,136
# Weighted Procedures	10,625	10,625	10,625	10,625

In Section Q, “*Form C.2a and C.2b Utilization – Assumptions and Methodology*”, the applicant provides the assumptions and methodology used to project utilization for the proposed fixed MRI, as summarized below:

Step 1: Review CFVMC historical fixed MRI utilization – The applicant examined its historical fixed MRI utilization from FFY 2019-2023 and determined that fixed MRI utilization (unadjusted) increased by a CAGR of 6.5%, and adjusted MRI utilization increased by a CAGR of 5.1% during that time. See the table that illustrates the applicant’s analysis on page 101 of the application.

Step 2: Project CFVMC MRI utilization during interim project years, FFY 2024-2026 – The applicant applied one-half of the FFY 2019-2023 inpatient growth rates by MRI procedure

type, and one-third of its FFY 2019-2023 overall growth rates to project outpatient MRI utilization by MRI procedure type ($6.5\% \div 3 = 2.2\%$). See the table that illustrates projected utilization for the interim project years on page 102 of the application.

Step 3: Project CFVMC MRI utilization during the first three project years, FFYs2027-2029 – The applicant applied the respective FFY2019-2023 inpatient growth rates by MRI procedure type and one-half of its overall FFY2019-2023 growth rate to project outpatient MRI utilization by MRI procedure type ($6.5\% \div 2 = 3.2\%$). See the table that illustrates projected utilization for the first three project years on page 104 of the application.

The applicant states the fractional percentages with which it projects future utilization are conservative, and existing MRI providers in the county are currently operating in excess of the average of 3,494 adjusted MRI procedures per MRI scanner set forth in the Performance Standards at 10A NCAC 14C .2703(7)(a). See the table that illustrates projected utilization on page 104 of the application.

In Section Q, page 104, the applicant states projected utilization is reasonable and supported by the following factors:

- *“Robust historical utilization of CFVMC’s fixed MRI scanners;*
- *Development of 92 additional acute care beds at CFVMC and the resulting increasing demand for inpatient MRI services;*
- *CFVMC’s status as a Tertiary Care Center and Level III Trauma Center;*
- *Projected population growth and aging in the service area and resulting increasing demand for MRI services; and*
- *Physician support for the proposed project documented in letters of support in Exhibit I.2.”*

The applicant was awarded a CON pursuant to Project ID #M-12454-23 to develop a fixed MRI scanner at Cape Fear Valley-Bladen Hospital, pursuant to Policy TE-3. In Section Q, page 104 the applicant assumes the annual incremental Bladen County hospital-based MRI procedures identified in that project will be re-directed from CFVMC to Cape Fear Valley-Bladen. The applicant provides a table to illustrate the incremental MRI volume shift on page 105. The applicant adjusted projected utilization at CFVMC to account for the shift to the Bladen County hospital. See the table that illustrates the calculations on page 105 of the application.

Valley Regional Imaging Utilization

In Section Q, pages 105-107, the applicant states the proposed project will not have a negative impact on fixed MRI utilization at VRI, where utilization of its dedicated outpatient fixed MRI scanner performed in excess of the Performance Standards in FFY 2023. The applicant states that, in order to demonstrate conformity to 10A NCAC 14C .2703, CFVMC projects utilization of VRI’s fixed MRI services will remain constant through the third project year. See the table that illustrates projected utilization at VRI in Section Q page 107.

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

- There is a need determination in the 2024 SMFP for a fixed MRI scanner in the Cumberland County fixed MRI scanner service area and this proposed project will meet that need.
- The applicant’s projections of MRI scans to be performed are supported by its historical MRI volumes on its existing fixed MRI scanners and projected population growth in the service area.
- The applicant adequately demonstrates that its existing and proposed fixed MRI scanners are reasonably expected to perform more than 3,494 adjusted MRI procedures in the third full fiscal year of operation following the project completion, as required by 10A NCAC 14C .2703(a)(7)(a).

Access to Medically Underserved Groups

In Section C, page 45, the applicant states:

“All individuals including low-income persons, racial and ethnic minorities, women, persons with disabilities, persons 65 and older, Medicare beneficiaries, Medicaid recipients, and other underserved groups, will continue to have access to CFVMC’s fixed MRI services, as clinically appropriate. CFVMC does not and will not discriminate based on race, ethnicity, age, gender, or disability.”

The applicant provides additional information on pages 45-46 of the application. On page 46, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

GROUP	ESTIMATED PERCENTAGE OF TOTAL PATIENTS DURING THE THIRD FULL FISCAL YEAR
Low income persons	21.0%
Racial and ethnic minorities	39.9%
Women	52.0%
Persons with disabilities*	--
Persons 65 and older	47.1%
Medicare beneficiaries	47.1%
Medicaid beneficiaries	16.0%

* The applicant states on page 46 that it does not maintain data regarding the number of disabled persons it serves.

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:

- The applicant has historically provided access to MRI services to underserved groups and states it will continue to do so.
- The applicant states patients will receive appropriate medical services regardless of ability to pay and states it has policies in place to ensure access to all services, including MRI services.
- The applicant states that all patients will continue to receive equitable access to low-cost MRI services with the approval of the proposed fixed MRI.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Comments
- Response to comments
- Remarks made at the public hearing

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.

NA
Both Applications

Neither of the applicants proposes to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (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
Both Applications

**M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc.
and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner**

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section E, pages 73-74, 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:

- Provide mobile MRI services – The applicant considered providing mobile MRI services as proposed in Novant Health Norfolk’s East Route 2023 mobile MRI CON application. However, that application was denied. Therefore, this was not considered an effective alternative.
- Maintain the status quo – The applicant states it considered not applying for the fixed MRI scanner but determined the increase in MRI utilization at Carolina Imaging, the physician referral base of over 1,300 referring physicians and the high number of medically underserved combine to support the need for additional fixed MRI capacity at Carolina Imaging. Thus, maintaining the status quo is not an effective alternative because it would fail to meet the need for additional fixed MRI capacity in the service area.

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

- The applicant states the 1.5T fixed MRI scanner proposed in its application is the most effective way to meet the needs of its existing and proposed patients.
- The applicant states more than 1,300 referring physicians depend on the imaging services provided at Carolina Imaging, and the historical growth rates indicate existing MRI capacity is insufficient to meet the projected need.
- The applicant provides reasonable and adequately supported 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section E, pages 57-59, 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:

- Contract with a mobile MRI provider – The applicant states the provision of mobile MRI services would fail to address capacity and access issues for MRI services. Furthermore, with a mobile MRI service, the applicant would incur additional lease fees and would not have control over staffing. The applicant states hosting a mobile MRI scanner would not provide a long-term cost effective solution to the problem of MRI access issues in the service area and thus, the applicant states this is not an effective alternative.
- Develop the proposed fixed MRI scanner at VRI – The applicant states development of an additional fixed MRI scanner at VRI would require significant renovations and construction which would interrupt ongoing operations at an already busy diagnostic center. Additionally, locating the proposed fixed MRI scanner at VRI would not provide the patient care coordination present at the CFVMC campus. Thus, the applicant states this is not an effective alternative to meet patient needs.
- Develop the proposed fixed MRI scanner at a new geographic location in the service area – The applicant considered locating the proposed fixed MRI scanner at a different location within Cumberland County but determined this is not an effective alternative because Fayetteville, the proposed location, is the County seat and the major population center in the county. Thus, the applicant states this is not an effective alternative.
- Acquire a different magnet strength – The applicant states it considered a different magnet strength but states it currently operates a 3.0T fixed MRI scanner in its outpatient imaging center. Furthermore, the proposed 1.5T fixed MRI scanner allows CFVMC to diversify its service offerings in the outpatient setting. Thus, the applicant states this is not an effective alternative.

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

- The applicant states that the proposal will provide fixed MRI services in a low-cost setting to service area patients.

- The applicant provides reasonable and adequately supported 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.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Comments
- Response to comments

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

- (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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Capital and Working Capital Costs

In Section Q Form F.1a Capital Cost, the applicant projects the total capital cost of the project as shown in the table below:

Construction/Renovation Costs	\$647,337
Medical Equipment	\$1,706,033
Miscellaneous Costs	\$146,631
Total	\$2,500,000

*Totals have been rounded by the applicant.

In Section Q, Exhibit F, the applicant provides equipment quotes for the proposed medical equipment. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant has experience acquiring and operating fixed MRI scanners in its existing diagnostic imaging center.
- Medical equipment cost is based on vendor quotations in Exhibit F.1.

In Section F, page 77, the applicant states there will be no start-up costs or working capital associated with the project because Carolina Imaging already provides fixed MRI services.

Availability of Funds

In Section F.2, page 79, the applicant states that the capital cost will be funded as shown in the table below:

TYPE	NOVANT HEALTH, INC.
Cash or Cash Equivalents, OE*	\$2,500,000
Total Financing	\$2,500,000

*OE=Owner’s Equity

In Exhibit F, the applicant provides a letter dated February 12, 2024 signed by the Senior Vice President, Operational Finance and Revenue Cycle at Novant Health, Inc. confirming the availability of \$2.5 million to provide funding for the proposed capital needs of the project and committing the funds to the proposed project. Exhibit F also contains the balance sheets of Novant Health, Inc. and Affiliates for years ending December 31, 2021 and 2022 that confirm the availability of sufficient funds for the proposed project.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years (FY), of operation, FYs 2026-2028, following project completion for MRI services and for all imaging services. In Form F.2b, the applicant projects that revenues will exceed operating expenses for MRI services in all three full fiscal years following project completion, as shown in the following table:

	1ST PY FY 2026	2ND PY FY 2027	3RD PY FY 2028
Total Procedures (unweighted)	11,949	12,384	12,835
Total Gross Revenues (Charges)	\$25,364,859	\$26,288,260	\$27,245,625
Total Net Revenue	\$6,313,313	\$6,543,148	\$6,781,436
Average Net Revenue per Procedure	\$528	\$528	\$528
Total Operating Expenses (Costs)	\$4,219,793	\$4,115,768	\$4,252,341
Average Operating Expense per Procedure	\$353	\$332	\$331
Net Income	\$2,093,520	\$2,427,380	\$2,529,095

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q following the pro forma forms. The applicant adequately demonstrates

that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- Patient services gross revenue is based on the applicant's historical MRI payor mix.
- Charity care revenue and deductions from gross revenue are based on the difference between reimbursement rates by modality, based on the applicant's historical experience operating diagnostic centers and fixed MRI services.
- Bad debt is based on the applicant'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
- Written comments
- Response to written comments

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 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 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.

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Capital and Working Capital Costs

In Section Q Form F.1a Capital Cost, the applicant projects the total capital cost of the project as shown in the table below:

Construction/Renovation Costs	\$4,457,000
Medical Equipment	\$1,807,820
Miscellaneous Costs	\$970,000
Total	\$7,234,820

In Section Q, “*Form F.1a Capital Cost Assumptions*”, the applicant provides the assumptions used to project capital cost. The applicant provides supporting documentation in Exhibit K.3 and Exhibit F.1. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- The applicant has experience acquiring and operating fixed MRI scanners.
- Non-medical equipment costs are based on the applicant’s experience with similar projects.
- Medical equipment cost is based on vendor quotations in Exhibit F.1.
- Renovation costs are based on construction cost estimates provided in Exhibit K.3.

In Section F, page 62, the applicant states there will be no start-up costs or working capital associated with the project because the project involves expanding existing diagnostic imaging services.

Availability of Funds

In Section F.2, page 60, the applicant states that the capital cost will be funded as shown in the table below:

TYPE	CUMBERLAND COUNTY HOSPITAL SYSTEM, INC.
Cash or Cash Equivalents, OE*	\$7,234,820
Total Financing	\$7,234,820

*OE=Owner’s Equity

In Exhibit F.2, the applicant provides a letter dated January 31, 2024 signed by the Chief Financial Officer for Cape Fear Valley Health System confirming the availability of \$7.3 million to provide funding for the proposed capital needs of the project and committing the funds to the proposed project. Exhibit F.2 also contains the balance sheets of Cumberland County Hospital System, Inc. d/b/a Cape Fear Valley Health System for the year ending September 30, 2023 that confirm the availability of sufficient funds for the proposed project.

Financial Feasibility

The applicant provides pro forma financial statements for the first three full fiscal years (FY), of operation, FYs 2027-2029, following project completion for MRI services. In Form F.2b, the applicant projects that revenues will exceed operating expenses for MRI services in all three full fiscal years following project completion, as shown in the following table:

CFVMC MRI Services			
	1ST PY FY 2027	2ND PY FY 2028	3RD PY FY 2029
Total Procedures (unweighted) (From Form C.2b)	10,435	10,727	11,028
Total Gross Revenues (Charges)	\$43,827,190	\$45,052,379	\$46,318,347
Total Net Revenue	\$7,231,486	\$7,433,642	\$7,642,527
Average Net Revenue per Procedure	\$693	\$693	\$693
Total Operating Expenses (Costs)	\$3,471,204	\$3,550,475	\$3,632,559
Average Operating Expense per Procedure	\$333	\$331	\$329
Net Income	\$3,760,282	\$3,883,167	\$4,009,968

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

- Patient services gross revenue is based on the applicant’s historical average gross charge per MRI procedure.
- Charity care reflects 7.5% pf gross revenue based on the applicant’s FY 2023 fixed MRI 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
- Written comments
- Response to written comments

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 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 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
 Both Applications

In Chapter 15, page 335, the 2024 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 and shown in Figure 5.1”. Figure 5.1 on page 36 of the 2024 SMFP shows Cumberland County as a single county Acute Care Bed Service area. The applicant proposes to locate the fixed MRI scanner at an existing diagnostic center in Fayetteville in Cumberland County. Therefore, for the purpose of this review, the fixed MRI service area is Cumberland 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 currently located in the Cumberland County service area, summarized from Table 17E-1, page 342 of the 2024 SMFP:

Cumberland County Fixed MRI Scanners

PROVIDER/OWNER	# OF FIXED SCANNERS	SERVICE TYPE	TOTAL MRI SCANS	ADJUSTED TOTAL
Cape Fear Valley Medical Center	3	Hospital Fixed	9,539	14,227
Carolina Imaging of Fayetteville	2	Freestanding Fixed	9,218	9,627
Valley Regional Imaging / Medical Imaging Center	2	Freestanding Fixed	10,853	10,972

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2023 SMFP.

In Section G, page 84, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved MRI services in the Cumberland County fixed MRI service area. The applicant states:

“The outpatient imaging center operates nearly 72 hours per week and unprecedented demand for its services. Last year, Carolina Imaging performed 11,202 adjusted MRI procedures, averaging over 5,600 procedures per existing fixed MRI scanner.

The approval of the 1.5T fixed MRI scanner at Carolina Imaging will have a positive impact on patients and their referring physicians that depend on the facility’s experience and expertise. ... Carolina Imaging is the exclusive partner facility for Womack Army Medical Center for all of its prostate imaging procedures.”

On page 84, the applicant states the proposed fixed MRI scanner would improve access for those patients with metal artifacts such as shrapnel, plates or those patients who may require multiple MRI studies. 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:

- There is a need determination in the 2024 SMFP for the proposed fixed MRI scanner in the Cumberland County fixed MRI scanner service area.
- The applicant adequately demonstrates that the proposed fixed MRI scanner is needed in addition to the existing or approved fixed MRI scanners in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Responses to written comments
- 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.

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section G, page 68, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved MRI services in the Cumberland County fixed MRI service area. On page 68 the applicant states:

“The robust growth of fixed MRI services and high level of utilization at CFVMC supports the need to develop additional fixed MRI capacity. The proposed project is needed to expand access to CFVMC’s well-utilized diagnostic imaging services. As shown in Section C.4, CFVMC demonstrates the need the population has for the proposed project based on demographic data specific to the service area, historical CFVMC fixed MRI utilization, and qualitative benefits.”

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:

- There is a need determination in the 2024 SMFP for the proposed fixed MRI scanner in the Cumberland County fixed MRI scanner service area.
- The applicant adequately demonstrates that the proposed fixed MRI scanner is needed in addition to the existing or approved fixed MRI scanners in the service area.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments
- 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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section Q Form H Staffing, the applicant provides current and projected full-time equivalent (FTE) positions for the entire facility, including the proposed fixed MRI services for the first three full fiscal years FY 2026-2028 as summarized below:

Carolina Imaging Proposed Staffing

POSITION	CURRENT STAFF AS OF 9/30/23	1 ST FULL FY FY 2026	2 ND FULL FY FY 2027	3 RD FULL FY FY 2028
Radiologist	3.0	3.0	3.0	3.0
Chief Technician	1.0	1.0	1.0	1.0
CT Tech	1.7	1.7	1.7	1.7
Mammography Tech	3.0	3.0	3.0	3.0
MRI Tech	2.0	3.0	3.0	3.0
Radiographer, Multimodality	3.0	3.0	3.0	3.0
Radiology Tech	1.5	1.5	1.5	1.5
Sonographer	3.0	3.0	3.0	3.0
Marketer	1.3	1.3	1.3	1.3
Office Manager	1.0	1.0	1.0	1.0
Receptionist	1.0	1.0	1.0	1.0
Central Scheduling Specialist	1.0	1.0	1.0	1.0
Medical Records Clerk	1.0	1.0	1.0	1.0
Patient Access Specialist	13.0	13.0	13.0	13.0
Radiology Operations Asst.	5.0	6.0	6.0	6.0
Total	42.0	44.0	44.0	44.0

Numbers may not sum due to rounding.

In Section H, page 87, the applicant discusses its experience as a provider of multi-modality imaging services. Additionally, the applicant partners with Novant Health, Inc., which is an experienced provider of acute and imaging services. The applicant provides sufficient information to demonstrate projection of adequate staffing for the proposed services. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 86-87, the applicant describes the methods used to recruit or fill new positions.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates it currently provides fixed MRI and other imaging services and will have staff in place to accommodate the proposed fixed MRI services.
- The applicant adequately demonstrates its methods to train and retain staff, as well as its methods to ensure staff certification based on its historical experience.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section Q Form H Staffing, the applicant provides the projected full-time equivalent (FTE) positions for the proposed fixed MRI services for the first three full fiscal years, as summarized below:

CFVMC Projected Staffing

POSITION	1 ST FULL FY FY 2027	2 ND FULL FY FY 2028	3 RD FULL FY FY 2029
MRI Technologist	14.5	14.5	14.5
Scheduler	2.0	2.0	2.0
MRI Supervisor	1.0	1.0	1.0
Total	17.5	17.5	17.5

On page 113 the applicant shows it will add 3.5 MRI technologists as a result of this project. The assumptions and methodology used to project staffing are provided in Section Q, page 116. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3b. In Section H, pages 70-71, the applicant describes the methods used to recruit or fill new positions.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant adequately demonstrates it currently provides fixed MRI and other imaging services and will have staff in place to accommodate the proposed fixed MRI services.
- The applicant adequately demonstrates its methods to train and retain staff, as well as its methods to ensure staff certification based on its historical experience.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments

- Response to written comments

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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Ancillary and Support Services

In Section I, page 90, the applicant identifies the necessary ancillary and support services for the proposed services and explains how each ancillary and support service is and will be made available. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant currently provides fixed MRI services and the necessary ancillary and support services at Carolina Imaging.
- The applicant states it will continue to provide the necessary ancillary and support services following the addition of the proposed fixed MRI scanner and provides a letter in Exhibit I from Novant Health, Inc. attesting to the ongoing availability of these services.

Coordination

In Section I, page 91, the applicant states it maintains extensive relationships with local health care services providers in the service area. The applicant provides letters of support and letters confirming provision of ancillary and support service in Exhibit I. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- The applicant currently has established relationships with other local healthcare and social services providers.

- The applicant confirms it will continue those relationships upon project completion.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

J M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Ancillary and Support Services

In Section I, page 72, the applicant provides the necessary ancillary and support services that are currently available and will continue to be available following the addition of the proposed fixed MRI scanner. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- The applicant currently provides fixed MRI services and the necessary ancillary and support services at CFVMC.
- The applicant states it will continue to provide the necessary ancillary and support services following the addition of the proposed fixed MRI scanner.

Coordination

In Section I, page 73, the applicant states it maintains extensive relationships with local health care services providers and county health departments in the service area. The applicant provides letters of support and letters confirming provision of ancillary and support service 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 currently has established relationships with other local healthcare and social services providers.
- The applicant confirms it will continue those relationships upon project completion.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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
Both Applications

Neither of the applicants projects 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, neither of the applicants projects 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
Both Applications

Neither of the applicants is 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

Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section K, page 94, the applicant states the project involves renovating approximately 1,000 square feet of existing storage space to accommodate the proposed fixed MRI and support space. Line drawings are provided in Exhibit K.

On page 95, the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the following:

- The applicant states the proposed MRI scanner will be placed in existing space in Carolina Imaging and will involve no new construction, thereby reducing capital expenditures.
- The applicant provides construction line drawings in Exhibit K verifying the renovation plans.

On page 96, 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 states the project will not increase charges to the public for the proposed services.

On page 95, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application

- Exhibits to the application
- Written comments
- Response to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section K, page 76 the applicant states the project involves constructing 2,400 square feet of new space in the previously approved medical office building on the main campus. Line drawings are provided in Exhibit K.1.

On page 76 the applicant adequately explains how the cost, design and means of construction represent the most reasonable alternative for the proposal based on the applicant's statement that the project architect reviewed the necessary construction plans and provided an estimate based on that review. The applicant provides a cost estimate from a licensed architect in Exhibit K.3.

On page 77 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 states the project will not increase charges or projected reimbursement for the proposed services.
- The applicant states the costs incurred for the proposed project are necessary and appropriate to enhance access to services for its patients.

On page 77, the applicant identifies any applicable energy saving and water conservation features that will be incorporated into the construction plans.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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
 Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

In Section L, pages 98-99, the applicant provides the historical payor mix during FY 2023 for its existing diagnostic center services and MRI services, as shown in the tables below:

**Carolina Imaging
 Diagnostic Imaging Historical Payor Mix FY 2023**

PAYOR CATEGORY	DIAGNOSTIC IMAGING SERVICES AS PERCENT OF TOTAL
Self-Pay	1.6%
Charity Care	0.1%
Medicare**	39.9%
Medicaid**	10.2%
Insurance**	25.5%
Workers Compensation	2.5%
TRICARE	18.8%
Other^	1.4%
Total	100.0%

**Includes managed care plans

^On application page 98, the applicant states "other" includes "auto/liability"

**Carolina Imaging
 MRI Services Historical Payor Mix FY 2023**

PAYOR CATEGORY	DIAGNOSTIC IMAGING SERVICES AS PERCENT OF TOTAL
Self-Pay	1.7%
Charity Care	0.1%
Medicare**	36.1%
Medicaid**	10.2%
Insurance**	22.0%
Workers Compensation	4.0%
TRICARE	23.7%
Other^	2.2%
Total	100.0%

**Includes managed care plans

^On application page 99, the applicant states "other" includes "auto/liability"

In Section L, pages 99-100, 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	<i>Estimated to be more than 50%</i>	50.3%
Male	<i>Estimated to be less than 50%</i>	49.7%
Unknown	--	--
64 and Younger	<i>Estimated to be less than 60%</i>	86.9%
65 and Older	<i>Estimated to be less than 40%</i>	13.1%
American Indian		
Asian		
Black or African-American		
Native Hawaiian or Pacific Islander		
White or Caucasian		
Other Race		
Declined / Unavailable		--

*The applicant provides two tables, one for the entire facility and one for MRI services. The tables are identical; therefore, the Project Analyst re-created only one table to show the entire facility including MRI services.

On page 102 the applicant states it utilizes Novant Health Charity Care policies and provides a copy of those policies in Exhibit L.

The Agency reviewed the:

- Application
- Exhibits to the application

- Written comments
- Response to written comments

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.

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

In Section L, pages 80-81, the applicant provides the historical payor mix during FY 2023 for its existing MRI services and the entire hospital, as shown in the tables below:

CFVMC Historical Payor Mix, Fixed MRI Services FY 2023

PAYOR CATEGORY	FIXED MRI SERVICES AS PERCENT OF TOTAL
Self-Pay	2.6%
Charity Care	2.4%
Medicare**	47.1%
Medicaid**	16.0%
Insurance**	19.8%
Workers Compensation	0.3%
TRICARE	6.0%
Other^	5.8%
Total	100.0%

**Includes managed care plans

^On application page 80, the applicant states "other" includes "Veterans Affairs"

CFVMC Hospital Historical Payor Mix FY 2023

PAYOR CATEGORY	FACILITY SERVICES AS PERCENT OF TOTAL
Self-Pay	3.8%
Charity Care	0.4%
Medicare**	46.8%
Medicaid**	26.3%
Insurance**	12.8%
Workers Compensation	0.1%
TRICARE	4.1%
Other^	5.7%
Total	100.0%

**Includes managed care plans

^On application page 81, the applicant states "other" includes "Veterans Affairs"

In Section L, page 81, 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	52.0%	50.3%
Male	48.0%	49.7%
Unknown	--	--
64 and Younger	57.3%	86.9%
65 and Older	42.7%	13.1%
American Indian	2.6%	2.0%
Asian	1.0%	2.8%
Black or African-American	45.8%	39.9%
Native Hawaiian or Pacific Islander	0.6%	0.4%
White or Caucasian	40.9%	49.7%
Other Race	7.1%	5.2%
Declined / Unavailable	2.0%	----

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 100, the applicant states it is under no obligation under federal regulations to provide uncompensated care or community service or access by minorities and handicapped persons.

In Section L, page 100, the applicant states that no patient civil rights access complaints have been filed against the facility in the last five years.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 82, the applicant states it has no obligation. The applicant states:

“CFVHS has no obligation under federal regulations to provide uncompensated care or community service, or access by minorities and handicapped persons. However, CFVHS does not discriminate based on race, ethnicity, creed, color, sex, age, religion, national origin, handicap, or ability to pay. CFVHS 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. CFVMC’s services will continue to be available to and accessible by any patient, including the medically underserved, having a clinical need for the offered services.”

In Section L, page 82, the applicant states that there have been no civil rights equal access complaints filed against CFVMC in the 18 months immediately preceding the application deadline.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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
 Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

In Section L, page 101, the applicant projects the following payor mix for the entire facility and for the proposed MRI services during the third full fiscal year of operation following project completion, as shown in the tables below:

**Carolina Imaging
 Diagnostic Imaging Projected Payor Mix CY 2027**

PAYOR CATEGORY	DIAGNOSTIC IMAGING SERVICES AS PERCENT OF TOTAL
Self-Pay	0.64%
Charity Care	1.00%
Medicare**	39.86%
Medicaid**	10.22%
Insurance**	25.59%
Workers Compensation	2.52%
TRICARE	18.81%
Other^	4.1%
Total	100.0%

**Includes managed care plans

^On application page 101, the applicant states "other" includes "auto/liability"

**Carolina Imaging
 MRI Services Projected Payor Mix CY 2027**

PAYOR CATEGORY	DIAGNOSTIC IMAGING SERVICES AS PERCENT OF TOTAL
Self-Pay	0.77%
Charity Care	1.00%
Medicare**	36.10%
Medicaid**	10.23%
Insurance**	22.00%
Workers Compensation	4.00%
TRICARE	23.70%
Other^	2.20%
Total	100.0%

**Includes managed care plans

^On application page 101, the applicant states "other" includes "auto/liability"

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 0.77% of total fixed MRI services will be provided to self-pay patients, 1.00% to charity care patients, 36.10% to Medicare patients and 10.23% to Medicaid patients.

In Section Q, page 102, the applicant provides the assumptions and methodology used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on Carolina Imaging’s historical payor mix.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

In Section L, page 83, the applicant projects the following payor mix for the proposed fixed MRI services during the third full fiscal year of operation following project completion, as shown in the table below:

CFVMC Projected Payor Mix MRI Services FY 2028

PAYOR CATEGORY	MRI SERVICES AS PERCENT OF TOTAL
Self-Pay	2.6%
Charity Care	2.4%
Medicare*	47.1%
Medicaid*	16.0%
Insurance*	19.8%
Workers Compensation	0.3%
TRICARE	6.0%
Other (Veterans Affairs)	5.8%
Total	100.0%

*Includes managed care plans

As shown in the tables above, during the third full fiscal year of operation, the applicant projects that 2.6% of MRI services will be provided to self-pay patients, 2.4% to charity care patients, 47.1% to Medicare patients and 16.0% to Medicaid patients.

On page 83 the applicant provides the assumptions and methodology used to project MRI payor mix during the third full fiscal year of operation following project completion. The projected payor mix is reasonable and adequately supported because it is based on the applicant's historical payor mix for MRI services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

Based on that review, the Agency concludes that the application is conforming to this criterion based on the reasons 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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

In Section L, page 102, the applicant adequately describes the range of means by which patients will have access to the proposed fixed MRI services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

In Section L, page 84, the applicant adequately describes the range of means by which patients will have access to the proposed fixed MRI services.

The Agency reviewed the:

- Application
- Exhibits to the application
- Written comments
- Response to written comments

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

Both Applications

Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner. In Section M, the applicant describes the extent to which health professional training programs in the area have or will have access to the facility for training purposes and provides supporting documentation in the referenced exhibits.

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner. In Section M, the applicant describes the extent to which health professional training programs in the area have or will have access to the facility for training purposes and provides supporting documentation in the referenced exhibits.

The Agency reviewed the:

- Applications
- Exhibits to the applications
- Written comments
- Responses to written comments

Based on that review, the Agency concludes that both applications adequately demonstrate that the proposed services will accommodate the clinical needs of area health professional training programs, and therefore are conforming to 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
Both Applications

In Chapter 15, page 335, the 2024 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 and shown in Figure 5.1”. Figure 5.1 on page 36 of the 2024 SMFP shows Cumberland County as a single county Acute Care Bed Service area. The applicant proposes to locate the fixed MRI scanner at an existing diagnostic center in Fayetteville in Cumberland County. Therefore, for the purpose of this review, the fixed MRI service area is Cumberland 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 currently located in the Cumberland County service area, summarized from Table 17E-1, page 342 of the 2024 SMFP:

Cumberland County Fixed MRI Scanners

PROVIDER/OWNER	# OF FIXED SCANNERS	SERVICE TYPE	TOTAL MRI SCANS	ADJUSTED TOTAL
Cape Fear Valley Medical Center	3	Hospital Fixed	9,539	14,227
Carolina Imaging of Fayetteville	2	Freestanding Fixed	9,218	9,627
Valley Regional Imaging / Medical Imaging Center	2	Freestanding Fixed	10,853	10,972

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section N, pages 107-108, the applicant discusses the impact of the proposal on cost effectiveness, quality, and access to the proposed fixed MRI services. See also Sections B, C and G of the application and any exhibits.

Regarding the impact of the proposal on cost effectiveness, in Section N, page 107, the applicant states:

“Carolina Imaging is committed to providing high quality imaging services at reasonable costs and charges. Carolina Imaging has proposed a facility renovation to keep development costs low. ... Carolina Imaging avoids duplicating unnecessary costs

by centralizing all services at its existing facility, The result is staffing and operational efficiencies that allow Carolina Imaging to keep patient charges low.”

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

Regarding the impact of the proposal on quality, in Section N, page 107, the applicant states:

“Carolina Imaging is committed to providing exceptional quality of care for service area residents. The American College of Radiology (ACR) provides a rigorous accreditation process that mandates each facility offer outstanding quality in order to bear its seal. Carolina Imaging has [ACR accreditation in MRI, CT, Mammography, Breast Ultrasound and Ultrasound.]”

See also Section N, page 108, Sections B and O of the application and any exhibits.

Regarding the impact of the proposal on access by medically underserved groups, in Section N, pages 108, the applicant states:

“Carolina Imaging will continue to provide services to all persons regardless of race, sex, age, religion, creed, disability, national origin or ability to pay. ... Over 48% of its patients fall under the following payor categories: indigent, self-pay Medicare and Medicaid.”

See also Sections B, C and L 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
- Written comments
- Responses to written comments

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

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 90, the applicant states:

“The proposed project involves expanding CFVMC’s fixed MRI capacity to meet current and future demand for the facility’s highly utilized services. Therefore, the proposed project will positively impact competition in Cumberland County by continuing to promote cost effectiveness, quality, and access to services in the service area. The proposed project is a logical and responsible approach by CFVHS through its subsidiary Cape Fear Valley Medical Center to meet the need for fixed MRI services in Cumberland County and surrounding communities.”

Regarding the impact of the proposal on cost effectiveness, in Section N, page 90, the applicant states:

“This project will not affect the cost to patients or payors for the services provided by CFVMC because reimbursement rates are set by the federal government and commercial insurers and is not projected to change based on the addition of incremental equipment.”

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

Regarding the impact of the proposal on quality, in Section N, pages 90-91, the applicant states:

“CFVMC has prioritized quality care for its service area since its establishment in 1956 and has continuously participated in the Medicare program since 1965. CFVMC adheres to external quality standards....

CFVMC’s fixed MRI services are accredited by the American College of Radiology (ACR). ACR is recognized as the Gold Standard in imaging accreditation. ...

This project, along with CFVMC’s ongoing programs for safety and quality care, will promote safety and quality care for the patients served at CFVMC.”

See also Sections B, 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 91, the applicant states:

“CFVHS has existing strategies with specific activities designed to assure services will be accessible by indigent patients without regard to ability to pay. CFVMC will not discriminate in the provision of services on the basis of age, race, religion, disability, or the patient’s ability to pay. ...

CFVHS serves all patients regardless of their payment source or ability to pay. The additional fixed MRI scanner will expand access to high quality healthcare for residents of the service area.”

See also Sections B, C and L 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
- Written comments
- Response to written comments

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
Both Applications

M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC/ Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section Q, Form O, 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 37 of this type of facility located in North Carolina.

In Section O, page 112, the applicant states that, during the 18 months immediately preceding the submittal of the application, the facilities listed in Form O have provided quality care. After reviewing and considering information provided by the applicant, the applicant provided sufficient evidence that quality care has been provided in the past. Therefore, the application is conforming to this criterion.

M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner

The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP.

In Section Q, Form O, the applicant identifies the hospitals and other facilities located in North Carolina owned, operated or managed by the applicant or a related entity. The applicant identifies a total of four of this type of facility located in North Carolina.

In Section O.4, page 95, the applicant states that, during the 18 months immediately preceding the submittal of the application, it is not aware of any reported quality care issues at any of its existing facilities. After reviewing and considering information provided by the applicant and by the Acute and Home Care Licensure and Certification Section and considering the quality of care provided at all CFVHS 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.

C-Both Applications

The Criteria and Standards for Magnetic Resonance Imaging Scanners, promulgated in 10A NCAC 14C .2700, are applicable to this review.

SECTION .2700 - CRITERIA AND STANDARDS FOR MAGNETIC RESONANCE IMAGING SCANNER

10A NCAC 14C .2703 PERFORMANCE STANDARDS

- (a) *An applicant proposing to acquire a **fixed MRI** scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*
- (1) *identify the existing fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*
- C- **Carolina Imaging.** In Section C, page 63 the applicant states it currently owns or operates two fixed MRI scanners in the Cumberland County fixed MRI scanner service area.
- C- **CFVMC.** In Section C, page 48 the applicant states it currently owns or operates three fixed MRI scanners in the Cumberland County fixed MRI scanner service area. Additionally, the applicant owns 50% of VRI, which owns and operates two fixed MRI scanners in the Cumberland County fixed MRI scanner service area.
- (2) *identify the approved fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*
- NA- **Carolina Imaging.** In Section C, page 63 the applicant states it does not own or operate any approved fixed MRI scanners located in the Cumberland County fixed MRI service area.
- NA- **CFVMC.** As of the first day of the review period for this review, the applicant has no approved fixed MRI scanners that it owns or operates in the proposed fixed MRI scanner service area.
- (3) *identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed fixed MRI scanner service area during the 12 months before the application deadline for the review period;*
- NA- **Carolina Imaging.** In Section C, page 63 the applicant states that neither the applicant nor any related entity owns or operates a mobile MRI scanner in the proposed fixed MRI scanner service area.

-NA- **CFVMC.** In Section C, page 48 the applicant states this question is not applicable.

(4) *identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area;*

-NA- **Carolina Imaging.** In Section C, page 63 the applicant states that neither the applicant nor any related entity has been approved to own or operate a mobile MRI scanner that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area.

-NA- **CFVMC.** In Section C, page 49 the applicant states this question is not applicable. Neither the applicant nor any related entity has been approved to own or operate a mobile MRI scanner in the proposed fixed MRI scanner service area.

(5) *provide projected utilization of the MRI scanners identified in Subparagraphs (a)(1) through (a)(4) of this Paragraph and the proposed fixed MRI scanner during each of the first three full fiscal years of operation following completion of the project;*

-C- **Carolina Imaging.** In Section Q, Form C.2b and Section C, page 64, the applicant provides projected utilization for its existing and proposed fixed MRI scanners during each of the first three full fiscal years of operation following project completion.

-C- **CFVMC.** In Section Q, Form C.2b, the applicant provides projected utilization for its existing fixed MRI scanners in Wake County and the fixed MRI scanner owned and operated by VRI during each of the first three full fiscal years of operation following project completion.

(6) *provide the assumptions and methodology used to project the utilization required by Subparagraph (a)(5) of this Paragraph;*

-C- **Carolina Imaging.** In Section Q following the pro forma forms, and in Section C page 64, the applicant provides projected utilization of the existing and proposed fixed MRI scanners through the first three full fiscal years of operation following project completion.

-C- **CFVMC.** In Section Q, “*Form C.2a and C.2b Utilization – Assumptions and Methodology*”, the applicant provides the assumptions and methodology used to project utilization of its existing fixed MRI scanners and the fixed MRI scanner owned and operated by VRI.

(7) *project that the fixed MRI scanners identified in Subparagraphs (a)(1) and (a)(2) of this Paragraph and the proposed fixed MRI scanner shall perform during the third full fiscal year of operation following completion of the project as follows:*

- (a) *3494 or more adjusted MRI procedures per MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*
- (b) *3058 or more adjusted MRI procedures per MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area; or*
- (c) *1310 or more adjusted MRI procedures per MRI scanner if there are no existing fixed MRI scanners in the fixed MRI scanner service area; and*

According to Table 15E-1, page 342 of the 2024 SMFP, there are currently seven existing fixed MRI scanners in the Cumberland County fixed MRI scanner service area. Therefore, Subparagraph (a) applies to this review.

-C- **Carolina Imaging.** In Section Q, and in Section C page 65, the applicant projects to provide more than 3,494 adjusted MRI procedures on each of the existing and the proposed fixed MRI scanners during the third full fiscal year of operation following project completion. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

-C- **CFVMC.** In Section Q, Form C.2b, pages 101-105, the applicant projects to provide more than 3,494 adjusted MRI procedures per fixed MRI scanner during the third full fiscal year of operation following project completion. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

(8) *Project that the mobile MRI scanners identified in Subparagraphs (3) and (4) of this Paragraph shall perform 3120 or more adjusted MRI procedures per mobile MRI scanner during the third full fiscal year of [operation following] completion of the proposed project.*

-NA- **Carolina Imaging.** Neither the applicant nor any related entity owns or operates a mobile MRI scanner that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area.

-NA- **CFVMC.** Neither the applicant nor any related entity owns or operates a mobile MRI scanner that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area.

(b) *An applicant proposing to acquire a **mobile MRI** scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*

(1) *identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed mobile MRI scanner service area during the 12 months before the application deadline for the review period;*

- (2) *identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed mobile MRI scanner service area;*
- (3) *identify the existing fixed MRI scanners owned or operated by the applicant or a related entity that are located in the proposed mobile MRI scanner service area;*
- (4) *identify the approved fixed MRI scanners owned or operated by the applicant or a related entity that will be located in the proposed mobile MRI scanner service area;*
- (5) *identify the existing and proposed host sites for each mobile MRI scanner identified in Subparagraphs (b)(1) and (b)(2) of this Paragraph and the proposed mobile MRI scanner;*
- (6) *provide projected utilization of the MRI scanners identified in Subparagraphs (b)(1) through (b)(4) of this Paragraph and the proposed mobile MRI scanner during each of the first three full fiscal years of operation following completion of the project;*
- (7) *provide the assumptions and methodology used to project the utilization required by Subparagraph (b)(6) of this Paragraph;*
- (8) *project that the mobile MRI scanners identified in Subparagraphs (b)(1) and (b)(2) of this Paragraph and the proposed mobile MRI scanner shall perform 3120 or more adjusted MRI procedures per MRI scanner during the third full fiscal year of operations following completion of the project; and*
- (9) *project that the fixed MRI scanners identified in Subparagraphs (b)(3) and (b)(4) of this Paragraph shall perform during the third full fiscal year of operations following completion of the project:*
 - (a) *3494 or more adjusted MRI procedures per fixed MRI scanner if there are four or more fixed MRI scanners in the fixed MRI scanner service area;*
 - (b) *3058 or more adjusted MRI procedures per fixed MRI scanner if there are three fixed MRI scanners in the fixed MRI scanner service area;*
 - (c) *1310 or more adjusted MRI procedures per MRI scanner if there are two fixed MRI scanners in the fixed MRI scanner service area;*

- NA- **Carolina Imaging.** The applicant does not propose to acquire a mobile MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period.
- NA- **CFVMC.** The applicant does not propose in this application to acquire a mobile MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period.

COMPARATIVE ANALYSIS

Pursuant to G.S. 131E-183(a)(1) and the 2024 State Medical Facilities Plan, no more than one fixed MRI scanner may be approved for the Cumberland County fixed MRI scanner service area in this review. Because both applications in this review collectively propose to develop two additional fixed MRI scanners to be located in the Cumberland County fixed MRI scanner service area, both applications cannot be approved. Therefore, after considering all the information in each application and reviewing each application individually against all applicable statutory and regulatory review criteria, the Project Analyst conducted a comparative analysis of all of the proposals to decide which proposal should be approved.

Below is a brief description of each project included in this review:

- **M-12485-24 / Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC /Acquire one fixed MRI scanner**
The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP to be located at Carolina Imaging, an existing diagnostic center located in Fayetteville.
- **M-12493-24 / Cumberland County Hospital System, Inc. / Acquire one fixed MRI scanner**
The applicant proposes to acquire one fixed MRI scanner pursuant to the need determination in the 2024 SMFP to be located in a medical office building on the main campus of the hospital.

Conformity with Statutory and Regulatory Review Criteria

An application that is not conforming or conforming as conditioned with all applicable statutory and regulatory review criteria cannot be approved. Both applications are either conforming or conditionally conforming to all applicable statutory and regulatory review criteria. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Geographic Accessibility (Location within the Service Area)

As of the start date of this review and according to the 2024 SMFP, there are seven existing fixed MRI scanners located in Cumberland County, all of which are located in Fayetteville: three at CFVMC, two at Carolina Imaging and two at Valley Regional Imaging. Each of the applications in this review proposes to locate its proposed fixed MRI scanner in Fayetteville: **Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC** proposes to locate its fixed MRI scanner in its existing diagnostic center at 3628 Cape Center Drive in Fayetteville. **Cumberland County Hospital System, Inc.** proposes to locate its fixed MRI scanner in a medical office building located on the main campus of the hospital at 3308 Melrose Road in Fayetteville. According to Google maps, the two facilities are approximately 0.4 miles from each other to the west of the center of the

city of Fayetteville.¹ The two proposed locations are also approximately 0.6 miles from the existing fixed MRI scanners located at VRI. Each of the proposed fixed MRI scanners would be located less than one mile from the approximate center of the city of Fayetteville, and from the existing fixed MRI scanners in the county. Therefore, regarding this comparative factor, both applications are equally effective alternatives.

Historical Utilization

The following table illustrates historical utilization of the existing fixed MRI scanners in Cumberland County as reported in Table 15E-1 in the 2023 and 2024 SMFPs representing FY 2021 and FY 2022 reported utilization. Generally, the applicant with the higher historical utilization is the more effective alternative with regard to this comparative analysis factor.

Cumberland County Fixed MRI Historical Utilization, 2023 SMFP

FACILITY	# FIXED MRI SCANNERS	TOTAL # SCANS*	# PROCEDURES PER MRI SCANNER
Carolina Imaging of Fayetteville	2	9,372	4,686
Cape Fear Valley Medical Center	3	13,789	4,596
Valley Regional Imaging^	2	10,283	5,142

Source: 2023 SMFP, Table 17E-1, page 339

*Represents total adjusted scans

^This provider’s utilization is not being considered for this review.

Cumberland County Fixed MRI Historical Utilization, 2024 SMFP

FACILITY	# FIXED MRI SCANNERS	TOTAL # SCANS*	# PROCEDURES PER MRI SCANNER
Carolina Imaging of Fayetteville	2	9,627	4,814
Cape Fear Valley Medical Center	3	14,227	4,742
Valley Regional Imaging^	2	10,972	5,486

Source: 2024 SMFP, Table 15E-1, page 342

*Represents total adjusted scans

^This provider’s utilization is not being considered for this review.

As shown in the tables above and as reported in each of the 2023 and 2024 SMFPs, respectively, **Carolina Imaging of Fayetteville** provided more fixed MRI scans in each of the reporting years for the 2023 and 2024 SMFPs than **Cape Fear Valley Medical Center**. Since Valley Regional Imaging is not an applicant in this review, the data provided in the table above is for illustration only regarding the historical utilization of fixed MRI scanners in the Cumberland County fixed MRI service area. Therefore, for purposes of historical utilization, the application submitted by **Carolina Imaging of Fayetteville, LLC** is the more effective alternative.

¹<https://www.google.com/maps/dir/3308+Melrose+Road,+Fayetteville,+NC/3628+Cape+Center+Dr,+Fayetteville,+NC+28304/@35.0561584,-78.9362801,13z/data=!4m13!4m12!1m5!1m1!1s0x89ab149ed9b0e615:0x9c6e078518896838!2m2!1d-78.9336527!2d35.0338233!1m5!1m1!1s0x89ab14a2788b93ef:0x8a5d454728ba795a!2m2!1d-78.9367795!2d35.0371226?entry=ttu>

Access by Service Area Residents

The 2024 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.*” Figure 5.1 on page 36 of the 2024 SMFP shows Cumberland County as a single county Acute Care Bed service area. Therefore, for the purpose of this review, the fixed MRI scanner service area is Cumberland County. Facilities may also serve residents of counties not included in their service area.

Generally, regarding this comparative factor, the application projecting to serve the largest number of service area residents is the more effective alternative based on the assumption that service area residents should be able to derive a benefit from a need determination for an additional fixed MRI scanner in the fixed MRI service area in which they live.

The following table illustrates the projected number of Cumberland County residents to be served by each applicant during the third full fiscal year following project completion:

APPLICANT	# CUMBERLAND COUNTY RESIDENTS	TOTAL # PATIENTS TO BE SERVED
Carolina Imaging, LLC	7,108	12,835
CFVHS	6,795	11,028

Source: Section C.3 of each application

As shown in the table above, **Carolina Imaging, LLC** projects to serve the highest number of fixed MRI service area residents during the third full fiscal year following project completion. **Cape Fear Valley Health System** projects to serve a lower number of fixed MRI service area residents during the third full fiscal year following project completion. Therefore, regarding this comparative factor, the application submitted by **Carolina Imaging, LLC** is the more effective alternative.

Access by Underserved Groups

Underserved groups are defined in G.S. 131E-183(a)(13) as follows:

“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 access by underserved groups, applications are compared with respect to two underserved groups: Medicare patients and Medicaid patients. Access by each group is treated as a separate factor.

Projected Medicare

The Project Analyst compared each applicant’s projected Medicare revenue as a percentage of gross revenue. The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicare patients in each applicant’s third full fiscal year of operation following project

completion, based on information provided in each applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of services to Medicare patients is the more effective alternative with regard to this comparative factor.

MRI Services to Medicare Patients - Project Year 3

Applicant	Medicare Gross Revenue	Total Gross Revenue	Medicare % of Total Gross Revenue
Carolina Imaging, LLC	\$10,859,463	\$27,245,625	40%
Cumberland County Hospital System, Inc.	\$26,401,458	\$46,318,347	57%

Source: Form F.2b for each applicant.

As shown in the table above, the application submitted by **Cumberland County Hospital System, Inc.** projects that 57% of its MRI services will be provided to Medicare patients. The application submitted by **Carolina Imaging, LLC** projects that 40% of its fixed MRI services will be provided to Medicare patients. Therefore, with regard to service to Medicare patients, the application submitted by **Cumberland County Hospital System, Inc.** is the more effective alternative.

Projected Medicaid

The Project Analyst compared each applicant’s projected Medicaid revenue as a percentage of gross revenue. The following table shows each applicant’s percentage of gross revenue (charges) projected to be provided to Medicaid patients in each applicant’s third full fiscal year of operation following project completion, based on information provided in each applicant’s pro forma financial statements in Section Q. Generally, the application proposing to provide a higher percentage of services to Medicaid patients is the more effective alternative with regard to this comparative factor.

MRI Services to Medicaid Patients - Project Year 3

Applicant	Medicaid Gross Revenue	Total Gross Revenue	Medicaid % of Total Gross Revenue
Carolina Imaging, LLC	\$2,784,065	\$27,245,625	10%
Cumberland County Hospital System, Inc.	\$7,874,119	\$46,318,347	17%

Source: Form F.2b for each applicant.

As shown in the table above, the application submitted by **Cumberland County Hospital System, Inc.** projects that 17% of its MRI services will be provided to Medicaid patients. The application submitted by **Carolina Imaging, LLC** projects that 10% of its fixed MRI services will be provided to Medicaid patients. Therefore, with regard to service to Medicaid patients, the application submitted by **Cumberland County Hospital System, Inc.** is the more effective alternative.

Projected Average Net Revenue per Weighted MRI Procedure

The following table compares the projected average net revenue per weighted MRI procedure for the third year of operation following project completion for each of the applicants, based on the

information provided in the applicants’ pro forma financial statements (Section Q). Generally regarding this comparative factor, the application proposing the lowest average net revenue per weighted MRI procedure is the more effective alternative.

Projected Average Net Revenue per Weighted MRI Procedure - Project Year 3

Applicant	Net Revenue	# of Weighted MRI Procedures	Average Net Revenue / Weighted MRI Procedure
Carolina Imaging, LLC	\$6,781,436	13,395	\$506
Cumberland County Hospital System, Inc.	\$7,642,527	16,510	\$462

Source: Forms C.2b and F.2b for each application, and Section C of Project ID # M-12485-24.

As shown in the table above, the application submitted by **Cumberland County Hospital System, Inc.** projects the lowest average net revenue per weighted MRI procedure in the third operating year. The application submitted by **Carolina Imaging, LLC** projects a higher average net revenue per weighted MRI procedure in the third operating year. Therefore, regarding projected average net revenue per weighted MRI procedure in the third project year, the application submitted by **Cumberland County Hospital System, Inc.** is the more effective alternative.

Projected Average Operating Expense per Weighted MRI Procedure

The following table compares the projected average operating expense per weighted MRI procedure in the third year of operation for each of the applicants, based on the information provided in the applicants’ pro forma financial statements (Section Q). Generally regarding this comparative factor, the application proposing the lowest average operating expense per weighted MRI procedure is the more effective alternative.

Projected Operating Expense per Weighted MRI Procedure - Project Year 3

Applicant	Operating Expense	# of Weighted MRI Procedures	Average Operating Expense / Weighted MRI Procedure
Carolina Imaging, LLC	\$4,252,341	13,395	\$314
Cumberland County Hospital System, Inc.	\$3,632,559	16,510	\$220

Source: Forms C.2b and F.3b for each application.

As shown in the table above, the application submitted by **Cumberland County Hospital System, Inc.** projects the lowest average operating expense per weighted MRI procedure in the third operating year. The application submitted by **Carolina Imaging, LLC** projects higher average operating expenses per weighted MRI procedure in the third operating year. Therefore, the application submitted by **Cumberland County Hospital System, Inc.** is the most effective application with respect to projected average operating expense per weighted MRI procedure.

Summary

The following table lists the comparative factors and indicates whether each application was more effective or less effective for each factor. The comparative factors are listed in the same order they are discussed in the Comparative Analysis which should not be construed to indicate an order of importance.

Comparative Factor	Carolina Imaging, LLC	Cumberland County Hospital System, Inc.
Conformity with Statutory Review Criteria	Equally Effective	Equally Effective
Geographic Accessibility (location within the SA)	Equally Effective	Equally Effective
Historical Utilization	More Effective	Less Effective
Access by Service Area Residents	More Effective	Less Effective
Access by Medicare Patients	Less Effective	More Effective
Access by Medicaid Patients	Less Effective	More Effective
Average Net Revenue per Weighted MRI Procedure	Less Effective	More Effective
Average Operating Expense per Weighted MRI Procedure	Less Effective	More Effective

Both applications as submitted are conforming to all applicable statutory and regulatory review criteria, and thus all applications are approvable standing alone. However, collectively they propose a total of two fixed MRI scanners in the Cumberland County fixed MRI scanner service area, but the need determination in the 2024 SMFP is for only one fixed MRI scanner. Therefore, only one fixed MRI scanner in the service area can be approved.

As shown in the table above, the application submitted by **Cumberland County Hospital System, Inc.** was determined to be a more effective alternative for the following four factors:

- Access by Medicare Patients
- Access by Medicaid Patients
- Average Net Revenue per Weighted MRI Procedure
- Average Operating Expense per Weighted MRI Procedure

As shown in the table above, the application submitted by **Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC** was determined to be a more effective alternative for the following two factors:

- Historical Utilization
- Accessibility by Service Area Residents

DECISION

Each application is individually conforming to the need determination in the 2024 SMFP for one fixed MRI scanner in the Cumberland County fixed MRI scanner service area, as well as individually

conforming to all statutory and regulatory review criteria. However, G.S. 131E-183(a)(1) states that the need determination in the SMFP is the determinative limit on the number of fixed MRI scanners that can be approved by the Healthcare Planning and Certificate of Need Section.

Based upon the independent review of each application and the Comparative Analysis, the Agency determined that the application submitted by **Cumberland County Hospital System, Inc.** is the more effective alternative proposed in this review for the development of one additional fixed MRI scanner in the Cumberland County fixed MRI service area pursuant to the need determination in the 2024 SMFP and is approved. The application submitted by **Carolina Imaging, LLC of Fayetteville, Novant Health, Inc. and Novant Health-Norfolk, LLC** is denied.

The application submitted by **Cumberland County Hospital System, Inc.** is approved subject to the following conditions:

1. **Cumberland County Hospital System, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
2. **The certificate holder shall acquire no more than one fixed MRI scanner pursuant to the need determination in the 2024 SMFP to be located in a medical office building on the main campus of Cape Fear Valley Medical Center.**
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. **The first progress report shall be due on February 1, 2025.**
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. **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.**