

REQUIRED STATE AGENCY FINDINGS

FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: November 21, 2024

Findings Date: November 21, 2024

Project Analyst: Ena Lightbourne

Co-Signer: Lisa Pittman

Project ID #: D-12552-24

Facility: Appalachian Regional Medical Associates, Inc.

FID #: 200292

County: Watauga

Applicant(s): Appalachian Regional Medical Associates, Inc.

Project: Convert no more than one fixed MRI scanner to one mobile MRI scanner, resulting in a Change of Scope for Project ID #D-11899-20 (Acquire one fixed MRI)

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

Appalachian Regional Medical Associates, Inc. (hereinafter referred to as the “applicant” or “ARMA”) proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 State Medical Facilities Plan (SMFP) and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP. The applicant is proposing to provide mobile MRI services to two host sites: AppOrtho in the city of Boone in Watauga County and Charles A. Cannon Jr. Memorial Hospital (CMH) in Linville in Avery County. The proposed mobile MRI scanner will provide services to residents of Ashe, Avery, and Watauga counties. The applicant owns and operates the only existing fixed MRI scanner in Watauga County. The scanner is located at Watauga Medical Center (WMC). There are no existing mobile MRI scanners in Ashe, Avery, and Watauga counties.

Need Determination

Chapter 15 of the 2024 SMFP includes an adjusted need determination for one mobile MRI scanner to serve Ashe, Avery and Watauga counties. The applicant does not propose to develop more mobile MRI scanners that are determined to be needed in the 2024 SMFP within the Ashe, Avery and Watauga County service area. Therefore, the application is consistent with the adjusted need determination.

Policies

There is one policy in the 2024 SMFP which is applicable to this review. *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-3. In Section B, pages 28-31, the applicant explains why it believes 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 based on the following:

- The applicant does not propose to develop more mobile 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 mobile MRI services in Ashe, Avery and Watauga counties; and

- The applicant adequately documents how the project will promote equitable access to mobile MRI services in Ashe, Avery and Watauga counties; and
 - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project, and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low income persons, racial and ethnic minorities, women, ... persons [with disabilities], the elderly, and other underserved groups are likely to have access to the services proposed.

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

Patient Origin

Table 15E-1: *MRI Fixed and Mobile Procedures by MRI Service Area with Tiered Thresholds and Fixed Equivalents*, pages 339-355 of the 2024 SMFP, identifies the existing fixed and mobile MRI scanners in North Carolina, including the number of outpatient and inpatient scans, by county. The applicant's primary mobile MRI service area is Ashe, Avery, and Watauga counties with two host sites in Avery and Watauga County.

There is no historical patient origin to report because the applicant does not provide mobile MRI services in the service area. The following table illustrates projected patient origin.

Appalachian Regional Medical Associates, Inc. Mobile MRI Services Projected Patient Origin						
County	1st Full FY		2nd Full FY		3rd Full FY	
	07/01/2026- 06/30/2027		07/01/2027- 06/30/2028		07/01/2028- 06/30/2029	
	FY 2027		FY 2028		FY 2029	
	# of Patients	% of Total	# of Patients	% of Total	# of Patients	% of Total
Avery	507	35.6%	806	35.6%	1,139	35.6%
Watauga	469	32.9%	745	32.9%	1,053	32.9%
Ashe	205	14.4%	326	14.4%	461	14.4%
Wilkes	54	3.8%	85	3.8%	121	3.8%
Johnston, TN	41	2.9%	65	2.9%	92	2.9%
Other^	150	10.5%	238	10.5%	337	10.5%
Total	1,426	100.0%	2,266	100.0%	3,202	100.0%

Source: Section C, page 38

^Includes Caldwell, Mitchel Allegany, Wake Mecklenburg, Union, Guilford, Buncombe, Yancey, Forsyth, other NC counties and other states.

In Section C, page 38, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported based on the following:

- The applicant projects payor mix based on FY 2024 payor mix of WMC outpatient MRI services, and the projected shift of outpatient MRI scans during the first three project years. The applicant’s projections are reasonable because WMC is the only provider of MRI services in the service area.
- The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

Analysis of Need

In Section C, pages 41-45, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services, as summarized below.

2024 SMFP Adjusted Need Determination (page 41)

The applicant is proposing to convert an approved fixed MRI scanner to a mobile MRI scanner pursuant to a 2024 SMFP adjusted need resulting from a petition submitted to the State Health Coordinating Council (SHCC). The petition demonstrated the need to expand access to MRI services to residents of the proposed mobile MRI service area. Counties served by the applicant have unique challenges due to their location in the Appalachian Mountains. The applicant states that residents of counties such as Avery may have issues accessing MRI services at WMC due to the terrain, especially during adverse weather conditions.

Historical and Ongoing Need for MRI Services in the Services Area (page 41)

In the previously approved application, Project ID# D-11899-20, the applicant was proposing to locate the fixed MRI scanner in a medical office building approximately a mile from WMC, where the only other fixed MRI scanner in Watauga County is located. However, due to delays and strategy discussions on how to meet the challenges of the geographical area, the approved fixed MRI scanner was not developed. As the service area population continued to grow and age, the applicant determined there was a need for convenient access to MRI services for residents in Avery County, as described in the petition submitted to SHCC. The applicant states that the proposal would provide convenient access to MRI services while alleviating capacity constraints at WMC for inpatient and hospital-based MRI scans.

Need for Greater Geographic Access to MRI Services (pages 42-43)

Historically, the majority of WMC patients receiving outpatient MRI services originated from Ashe, Avery and Watauga counties. However, Avery County is not conveniently accessible to the existing fixed MRI scanner due to the area's geographic challenges. The applicant states that as the population continues to grow and age, accessing MRI services at WMC will become more difficult, demonstrating the need to expand access to MRI services.

Demographic factors and the Aging of the Population (pages 44-45)

The applicant states that the projected growth of the service area counties will result in higher utilization rates, which will continue to cause capacity issues for MRI scans at WMC. Historically, Watauga County has seen significantly higher growth among the 65 and older age group. This group is more likely to utilize MRIs services at a higher rate. As the older population continues to grow, WMC will continue to experience capacity issues.

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

- There is 2024 SMFP adjusted need determination for mobile MRI services in Ashe, Avery, and Watauga counties.
- The applicant relied on growth trends, historical utilization of the only existing fixed MRI scanner in Watauga County, and the existing geographical challenges of accessing MRI services by service area residents, to support the need to expand access to MRI services in the service area.

Projected Utilization

In Section C, pages 109-111, the applicant provides historical and projected utilization, as illustrated in the following tables.

Watauga Medical Center Fixed MRI Scanner Projected Utilization						
	Last Full FY	Interim Full FY	Interim Full FY	1st Full FY	2nd Full FY	3rd Full FY
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
# of Unit	1	1	1	1	1	1
# of Procedures	5,474	5,800	6,145	5,085	4,633	4,108
# of Weighted Procedures	6,351	6,729	7,130	6,025	5,573	5,046

Source: Section C, pages 109-110

Appalachian Regional Medical Associates, Inc. Mobile MRI Scanner Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2027	FY 2028	FY 2029
# of Unit	1	1	1
# of Procedures	1,426	2,266	3,202
# of Weighted Procedure	1,530	2,432	3,435

Source: Section C, page 111

In Section Q, pages 114-119, the applicant provides the assumptions and methodology used to project utilization, which is summarized below.

The applicant examined the historical utilization of the existing fixed MRI scanner located at WMC. The applicant states that the scanner serves patients from across the region. WMC experienced a Compound Annual Growth Rate (CAGR) of 11.2 percent in total scans and an 11.9 percent growth in total adjusted scans performed during SFY22-SFY24. The applicant is proposing to serve patients in Ashe, Avery, and Watauga counties.

Table 1: Historical MRI Utilization for Watauga Medical Center				
	SFY22	SFY23	SFY24	CAGR
Base Outpatient Scans	2,705	2,873	3,243	9.5%
Complex Outpatient Scans	1,319	1,466	1,685	13.0%
Base Inpatient Scans	267	272	305	6.9%
Complex Inpatient Scans	133	155	241	34.6%
Total Scans	4,424	4,766	5,474	11.2%
Total Adjusted Scans	5,071	5,473	6,351	11.9%

Source: Section Q, page 115; Appalachian Regional Healthcare System (ARHS) internal data

The applicant projects that the number of MRI scans performed at WMC will grow annually by 6.0 percent during SFY24-SFY29. The applicant states that the projected growth rate is conservative because it is half of the historical annual growth rate of outpatient scans and the Watauga County Average Annual Change Rate of 12.7 percent, identified in the 2024 SMFP. The applicant goes on to state that historical complex cases are increasing at a higher rate than

base cases. The following table illustrates the applicant’s projections using the CAGR of 6.0 percent.

Table 2: Projected MRI Utilization for Watauga Medical Center Before Shifts							
	SFY24	SFY25	SFY26	SFY27	SFY28	SFY29	CAGR
Base Outpatient Scans	3,243	3,436	3,641	3,857	4,087	4,331	6.0%
Complex Outpatient Scans	1,685	1,785	1,892	2,004	2,124	2,250	6.0%
Total Outpatient Scans*	4,928	5,221	5,532	5,862	6,211	6,581	6.0%
Base Inpatient Scans	305	323	342	363	384	407	6.0%
Complex Inpatient Scans	241	255	271	287	304	322	6.0%
Total Inpatient Scans*	546	579	613	649	688	729	6.0%
Total Scans	5,474	5,800	6,145	6,511	6,899	7,310	6.0%
Total Adjusted Scans	6,351	6,729	7,130	7,555	8,004	8,481	6.0%

Source: Section Q, page 115

*Numbers may not foot due to rounding.

The applicant is proposing to provide mobile services to two host sites: AppOrtho in Watauga County and CMH in Avery County. The applicant assumes that WMC’s MRI outpatients would be better served at a freestanding mobile MRI host site because it would provide a more convenient and cost-effective alternative for service area residents, particularly those residing in Avery County. Generally, mobile MRI services tend to be less costly because there are no hospital-related costs associated with providing freestanding mobile MRI scans. Additionally, the shift of patients would alleviate capacity constraints currently experienced at WMC. To support its assumptions, the applicant first examined WMC’s historical utilization of MRI outpatients from Avery County and all other service area counties. As illustrated below, historical utilization of Avery County outpatient MRI scans experienced a 11.5 percent annual growth rate during SFY22-SFY24.

Table 3: Historical WMC Outpatient MRI Scans for Avery County Patients				
	SFY22	SFY23	SFY24	CAGR
Base Outpatient Scans	554	576	689	11.5%
Complex Outpatient Scans	304	301	377	11.4%
Total Scans	858	877	1,066	11.5%
Total Adjusted Scans	922	941	1,146	11.5%

Source: Section Q, page 116; ARHS internal data

The applicant projects that Avery County outpatient MRI scans will grow 6.0 percent during SF24-SFY29. The following table illustrates the applicant’s projections using the CAGR of 6.0 percent.

Table 4: Projected Outpatient MRI Scans for Avery County Patients							
	SFY24	SFY25	SFY26	SFY27	SFY28	SFY29	CAGR
Base Outpatient Scans	689	730	773	820	868	920	6.0%
Complex Outpatient Scans	377	399	423	448	475	503	6.0%
Total Scans	1,066	1,129	1,197	1,268	1,343	1,423	6.0%
Total Adjusted Scans	1,146	1,214	1,287	1,363	1,444	1,530	6.0%

Source: Section Q, page 116

Historical utilization of outpatient MRI scans for patients from all other service area counties, excluding Avery County, experienced a 10.4 percent annual growth rate during SFY22-SFY24. The applicant projects that the number of scans will grow 6.0 percent during SF24-SFY29. The following tables illustrate the historical utilization of outpatient MRI scans, excluding Avery County, and the applicant’s projections using the CAGR of 6.0 percent.

Table 5: Historical WMC Outpatient MRI Utilization for All Counties Excluding Avery County				
	SFY22	SFY23	SFY24	CAGR
Base Outpatient Scans	2,151	2,297	2,554	9.0%
Complex Outpatient Scans	1,015	1,165	1,308	13.5%
Total Scans	3,166	3,462	3,862	10.4%
Total Adjusted Scans	3,381	3,709	4,139	10.6%

Source: Section Q, page 116; ARHS internal data

Table 6: Projected Outpatient MRI Utilization for All Counties Excluding Avery County							
	SFY24	SFY25	SFY26	SFY27	SFY28	SFY29	CAGR
Base Outpatient Scans	2,554	2,706	2,867	3,038	3,219	3,410	6.0%
Complex Outpatient Scans	1,308	1,386	1,468	1,556	1,648	1,747	6.0%
Total Scans	3,862	4,092	4,336	4,594	4,867	5,157	6.0%
Total Adjusted Scans	4,139	4,386	4,647	4,924	5,217	5,528	6.0%

Source: Section Q, page 117

The applicant projects that 80 percent of outpatient MRI scans for Avery County residents will shift to the CMH mobile MRI host site. The applicant’s projections are based on the assumption that the proposed mobile MRI scanner will provide convenient accessibility to MRI services and serve as a lower cost alternative. Avery County residents can avoid challenging travel conditions accessing MRI services in Watauga County. Furthermore, the applicant projects that 40 percent of outpatients MRI patients from counties other than Avery County will shift to the AppOrtho mobile MRI host site In Watauga County. The applicant states that the AppOrtho host suite will be the only freestanding host site in Boone and will be available to all patients regardless of their affiliation. As in the CMH mobile MRI host site, the AppOrtho host site will provide accessible and convenient mobile MRI services.

The applicant projects that the proposed mobile MRI scanner will have a 50 percent ramp up period during the first project year, 75 percent in the second year and 100 percent in the third year. As illustrated in the table below, the applicant projects 3,435 total adjusted mobile MRI scans in the third project year, exceeding the mobile MRI performance standard of 3,120 adjusted mobile MRI scans.

Table 7: Projected WMC Outpatient MRI Volume Shifting to ARMA Mobile MRI by Site				
	Shift	SFY27	SFY28	SFY29
Ramp Up		50%	75%	100%
Avery County Site-Cannon Memorial Hospital				
Base Outpatient Scans	80%	328	521	736
Complex Outpatient Scans	80%	179	285	403
Total Avery Site Scans		507	806	1,139
Total Avery Site Adjusted Scans		545	867	1,224
Watauga County Site-AppOrtho				
Base Outpatient Scans	40%	608	966	1,364
Complex Inpatient Scans	40%	311	495	699
Total Watauga Site Scans		919	1,460	2,063
Total Watauga Site Adjusted Scans		985	1,565	2,211
Total Mobile MRI Scans		1,426	2,266	3,202
Total Mobile MRI Adjusted Scans		1,530	2,432	3,435

Source: Section Q, page 118; ARHS internal data

The following table illustrates the projected fixed MRI scans after the shifts from WMC. The applicant projects 5,046 total adjusted fixed MRI scans in the third project year, exceeding the fixed MRI performance standard of 3,058 adjusted fixed MRI scans.

Table 8: Projected Fixed MRI Scans at Watauga Medical Center After Shifts						
	SFY24	SFY25	SFY26	SFY27	SFY28	SFY29
Base Outpatient Scans	3,243	3,436	3,641	2,922	2,601	2,230
Complex Outpatient Scans	1,685	1,785	1,892	1,514	1,344	1,146
Base Inpatient Scans	305	323	342	363	384	407
Complex Inpatient Scans	241	255	271	287	304	322
Total Scans	5,474	5,800	6,145	5,085	4,633	4,108
Total Adjusted Scans	6,351	6,729	7,130	6,025	5,573	5,046

Source: Section Q, page 118

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

- There is an adjusted need determination in the 2024 SMFP for the proposed mobile MRI scanner in Ashe, Avery, and Watauga counties.
- The applicant relied on growth trends and historical utilization of the only existing fixed MRI scanner in Watauga County to support the projected shift of MRI volumes and the need to expand access to MRI services in the service area.
- The applicant adequately demonstrates how the proposed project will serve as a convenient, accessible, lower-cost option for service area residents.

Access to Medically Underserved Groups

In Section C, page 52, the applicant states:

“ARMA and its parent company, ARHS, provide access to care for all patients regardless of race, color, religion, natural origin, sex, age, disability, or source of payment. Patients are admitted and services are rendered in compliance with:

- 1. Title VI of Civil Rights Act of 1963.*
- 2. Section 504 of Rehabilitation Act of 1973.*
- 3. The Age Discrimination Act of 1975.*

...

ARHS, the sole owner of ARMA, will ensure that patients with limited financial resources have access to the proposed mobile MRI services upon completion of the proposed project.”

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

Medically Underserved Groups	Percentage of Total Patients
Low income persons*	
Racial and ethnic minorities	7.9%
Women	57.9%
Persons with Disabilities*	
Persons 65 and Older	46.7%
Medicare beneficiaries	44.4%
Medicaid recipients	7.2%

Source: Section C, page 53

*The applicant does not maintain data for this group.

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:

- In Exhibits B.20.2 and B.20.3, the applicant provides UNC Health’s (managing entity to ARHS) policies on “*Assuring Access at UNC Health Care*” and financial assistance.
- In Section B, pages 29-30, the applicant adequately documents how the proposed project will promote access to mobile MRI services.

Conclusion

The Agency reviewed the:

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

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

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

NA

The applicant does not propose 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

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

In Section E, page 67, 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:

Maintain the Status Quo-In the previously approved application, Project ID# D-11899-20, the applicant was approved to develop a fixed MRI scanner at a proposed diagnostic center approximately a mile from the existing fixed MRI scanner located at WMC. The applicant states that developing a fixed MRI scanner would limit access to MRI services for patients residing outside of Watauga County that have geographical challenges. Furthermore, the fixed MRI scanner would incur costs to renovate existing space to accommodate the approved fixed MRI scanner.

Contract With a Mobile Vendor-The applicant states that contracting with a mobile vendor would limit control over cost and ARMA's ability to ensure patients are able to utilize the mobile MRI.

On page 67, the applicant states that its proposal is the most effective alternative because the proposal would increase geographical access to patients and allow the applicant to provide MRI services more cost-effectively.

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

- The applicant's proposal is pursuant to the adjusted need determination in the 2024 SMFP.
- The applicant provides reasonable information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- 1. Appalachian Regional Medical Associates, Inc. (hereinafter certificate holder) shall materially comply with the representations in this application and the representations in Project I.D. #D-11899-20. Where representations conflict, the certificate holder shall materially comply with the last made representation.**
- 2. The certificate holder shall convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP, a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center).**
- 3. Upon completion of the project, the certificate holder shall be licensed for no more than one mobile MRI scanner to serve Ashe, Avery and Watauga counties.**
- 4. The certificate holder shall acquire one mobile MRI scanner with transporting equipment. The mobile MRI scanner shall be moved each week to provide MRI services to at least two host sites and shall not, at any time, serve less than two host sites each week.**
- 5. The certificate holder shall not change or add host sites unless it first obtains a determination from the Healthcare Planning and Certificate of Need Section authorizing the change in host sites.**
- 6. The mobile MRI scanner shall not, at any time, be converted to a fixed MRI scanner without Appalachian Regional Medical Associates, Inc. first obtaining a new certificate of need for a fixed MRI scanner.**

7. **The acquisition of the mobile MRI scanner shall constitute the development of a mobile diagnostic program and shall not result in the creation of a diagnostic center located at any of the host sites.**
 8. **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 July 1, 2025.**
 9. **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.**
 10. **The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

Capital and Working Capital Costs

In Section Q, page 120, the applicant projects the total capital cost of the project, as shown in the table below.

Appalachian Regional Medical Associates, Inc. Previously Approved & Proposed Capital Cost			
	Previously Approved (D-11899-20)	New Combined Total Projected Capital Cost	Difference (D-12552-24)
Site Preparation	\$0	\$438,750	\$438,750
Construction/Renovation Contract(s)	\$759,222	\$0	(\$759,222)
Landscaping	\$1,000	\$0	(\$1,000)
Architect/Engineering Fees	\$75,000	\$0	(\$75,000)
Medical Equipment	\$2,423,727	\$1,369,319	(\$1,054,408)
Non-Medical Equipment	\$10,000	\$650,000	\$640,000
Furniture	\$8,000	\$0	(\$8,000)
Total Capital Cost	\$3,276,949	\$2,458,069	(\$818,880)

In Section Q, page 121, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- Site preparation costs are based on costs related to housing the mobile MRI scanner.
- The applicant projects capital costs based on the cost to convert the proposed MRI scanner to a mobile MRI scanner, which resulted in a lower capital cost than the previously approved capital cost in Project ID# D-11899-20.
- Medical and non-medical equipment costs are based on the vendor’s estimates and the applicant’s experience with similar projects.

In Section F, page 72, the applicant projects that start-up costs will be \$30,424 and initial operating expenses will be \$32,504 for a total working capital of \$62,928. On page 72, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the following:

- The applicant projects initial operating expenses based on the non-depreciation expenses incurred during the first two months when operating expenses exceed revenues.
- Start-up costs represent one month of all non-depreciation expenses such as utilities, supplies, and staff.

Availability of Funds

In Section F, pages 71 and 74, the applicant states that the capital and working capital cost will be funded by ARHS, parent entity and sole member of ARMA.

In Exhibit F.2-1, the applicant provides a letter dated September 16, 2024, from the Chief Financial Officer for ARHS, stating its commitment to fund the capital and working capital cost of the proposed project using accumulated reserves.

Exhibit F.2-2 contains a copy of the audited financial statements for ARHS for the year ended June 30, 2023, documenting sufficient reserve to fund the capital needs of the project. The applicant adequately demonstrates the availability of sufficient funds for the capital needs of the project based on the information provided in Section F and Exhibits F.2-1 and F.2-2 of the application.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project.

Financial Feasibility

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

ARMA Mobile MRI	1st Full FY FY2027	2nd Full FY FY2028	3rd Full FY FY2029
Total Procedures	1,426	2,266	3,202
Total Gross Revenue	\$3,140,076	\$5,140,295	\$7,479,685
Total Net Revenue	\$680,271	\$1,113,602	\$1,620,412
Average Net Revenue per Procedure	\$477	\$491	\$506
Total Operating Expenses (Costs)	682,816	\$780,084	\$892,913
Average Operating Expense per Procedure	\$479	\$344	\$279
Net Income	(\$2,545)	\$333,518	\$727,499

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

- The applicant projects patient services' gross revenue based on projected payor mix and average charge which is based on the current payor mix of WMC's outpatient MRI services. The applicant accounts for the shift in the payor mix resulting from North Carolina's Medicaid expansion.
- Projected utilization is based on reasonable and adequately supported assumptions. See the discussion regarding projected utilization in Criterion (3) which is incorporated herein by reference.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- The applicant adequately demonstrates that the capital and working capital costs are based on reasonable and adequately supported assumptions for all the reasons described above.
 - The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
 - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

Table 15E-1: *MRI Fixed and Mobile Procedures by MRI Service Area with Tiered Thresholds and Fixed Equivalents*, pages 339-355 of the 2024 SMFP identifies the existing fixed and mobile MRI scanners in North Carolina, including the number of outpatient and inpatient scans, by county. The applicant's primary mobile MRI service area is Ashe, Avery, and Watauga counties with two host sites, one in Avery and one in Watauga County. The applicant owns and operates the only existing fixed MRI scanner in Watauga County. The scanner is located at WMC. There are no existing mobile MRI scanners in Ashe, Avery, and Watauga counties.

In Section G, page 80, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved mobile MRI services in Ashe, Avery, and Watauga counties. The applicant states:

“There is only one fixed MRI scanner operating in Watauga County, one fixed scanner in Ashe County, and no MRI scanners in Avery County. As the demand for outpatient MRI services continues to increase, it is imperative that lower-cost freestanding MRI services be made available, not only to provide convenient and cost-effective MRI services to patients, but also to help lessen capacity constraints on the existing hospital-based fixed MRI scanner at WMC. By developing mobile MRI capacity at host sites that are related entities of ARHS, the proposed project will not only increase access to high quality, lower cost imaging services, but it also will free up capacity at ARHS' existing hospital-based MRI scanner at WMC in Watauga County. As such, ARMA does not believe that the proposed project will result in an unnecessary duplication.”

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 an adjusted need determination in the 2024 SMFP for the proposed mobile MRI scanner in Ashe, Avery, and Watauga counties.
- The proposal would enhance access to mobile MRI services in the service area while alleviating MRI capacity constraints at WMC.

Conclusion

The Agency reviewed the:

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

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

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

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

In Section Q, page 126, the applicant provides projected full-time equivalent (FTE) staffing for the proposed services, as illustrated in the following table.

Position	Projected FTE		
	1 st Full FY FY2027	2 nd Full FY FY2028	3 rd Full FY FY2029
MRI Technologist	1.0	1.0	1.0
MRI Assistant	1.0	1.0	1.0
Admin	0.2	0.2	0.2
Total	2.2	2.2	2.2

The assumptions and methodology used to project staffing are provided in Section Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in F.3. In Section H, pages 82-83, the applicant describes the

methods used to recruit or fill new positions and its existing training and continuing education programs.

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

- The applicant recruits staff through standard methods such as job postings on the organization's website, advertising in professional journals, and promoting qualified staff internally.
- The applicant states that ARMA requires all staff to complete state-mandated continuing education and registration requirements.
- The applicant is an existing provider of MRI services in Watauga County with experience recruiting and training appropriate staff.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

Ancillary and Support Services

In Section I, page 84, the applicant identifies the necessary ancillary and support services for the proposed services. On page 84, the applicant explains how each ancillary and support service is or will be made available and provides supporting documentation in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available based on the following:

- UNC Health, the managing entity of ARHS, will assist with extending ancillary and support services to the proposed mobile MRI scanner.

- In Exhibit I.1, the applicant provides a letter from the Chief Executive Officer of ARHS, documenting the availability of ancillary and support services.

Coordination

In Section I, page 85, the applicant describes its existing and proposed relationships with other local health care and social service providers and provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system based on the following:

- ARHS has existing relationships with local health care and social service providers that will be extended to this project.
- In Exhibit I.2, the applicant provides supporting documentation in letters of support.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

NA

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

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:

- (i) would be available under a contract of at least 5 years duration;
- (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
- (iii) would cost no more than if the services were provided by the HMO; and
- (iv) would be available in a manner which is administratively feasible to the HMO.

NA

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

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

NA

The applicant does not propose to construct any new space or renovate any existing space. Therefore, Criterion (12) is not applicable to this review.

- (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;

NA

Neither the applicant nor any related entities own or operate a mobile MRI scanner located in the service area. Therefore, Criterion (13a) is not applicable to this review.

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

C

Regarding any obligation to provide uncompensated care, community service or access by minorities and persons with disabilities, in Section L, page 95, the applicant states:

“Not applicable. For informational purposes, ARMA is under no federal obligation to provide uncompensated care, community service, or access to care by the medically underserved, minorities, or handicapped person. ARMA’s parent company, ARHS is under UNC Health management, who does provide, without obligation, a considerable amount of bad debt and charity care...No North Carolina citizen is presently denied access to non-elective care because of race, sex, creed, age, handicap, financial status or lack of medical insurance.”

In Section L, page 96, the applicant states that during the 18 months immediately preceding the application deadline, no patient civil rights access complaints have been filed against the facility or any similar facilities owned by the applicant or a related entity located in North Carolina.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

In Section L, page 97, the applicant projects the following payor mix for the proposed services during the third full fiscal year of operation following completion of the project, as shown in the table below.

Appalachian Regional Medical Associates, Inc. Projected Payor Mix 3rd Full FY, FY 2029	
Payor Category	% of Total
Self-Pay	1.0%
Charity Care	
Medicare*	44.4%
Medicaid*	7.2%
Insurance *	46.3%
Worker's Compensation	
TRICARE	
Other	1.1%
Total	100.0%

*Including any managed care plans.

On page 97, the applicant states:

“Internal data does not include charity care as a payor source for patients. Patients in any payor category can and do receive charity care. Workers Compensation and TRICARE are included in the other payor category, along with other government, 3rd party liability and out of network.”

As shown in the table above, during the third full fiscal year of operation, the applicant projects that 1.0% of total services will be provided to self-pay patients, 44.4% to Medicare patients and 7.2% to Medicaid patients.

On page 96, the applicant provides the assumptions and methodology used to project payor mix during the first three full fiscal years of operation following completion of the project. The projected payor mix is reasonable and adequately supported based on the following:

- The applicant projects payor mix based on FY 2024 payor mix of WMC outpatient MRI services and the projected shift of outpatient MRI scans during the first three project years.
- The applicant assumes an increase in Medicaid as a payor source based on North Carolina's Medicaid expansion.

The Agency reviewed the:

- Application
- Exhibits to the application

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

In Section L, page 98, the applicant adequately describes the range of means by which patients will have access to the proposed services.

The Agency reviewed the:

- Application
- Exhibits to the application

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

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

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

In Section M, page 100, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes. The applicant adequately demonstrates that health professional training programs in the area have access to the facility for training purposes based on the following:

- ARMA and ARHS have existing relationships with health professional training programs that will be extended to the proposed project.
- Health professional training programs include internships, clinical experience, and training in disciplines such as nursing, pharmacy, laboratory sciences, and public health.

Conclusion

The Agency reviewed the:

- Application
- Exhibits to the application

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

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.

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

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

Table 15E-1: *MRI Fixed and Mobile Procedures by MRI Service Area with Tiered Thresholds and Fixed Equivalents*, pages 339-355 of the 2024 SMFP identifies the existing fixed and mobile MRI scanners in North Carolina, including the number of outpatient and inpatient scans, by county. The applicant's primary mobile MRI service area is Ashe, Avery, and Watauga counties with two host sites, one in Avery and one in Watauga County. The applicant owns and operates the only existing fixed MRI scanner in Watauga County. The scanner is located at WMC. There are no existing mobile MRI scanners in Ashe, Avery, and Watauga counties.

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 102, the applicant states:

“As discussed previously, the proposed mobile MRI will be the first mobile MRI program affiliated with ARHS. As such, the proposed project will enhance competition by increasing access to high quality, lower cost imaging services, while also freeing up capacity for ARHS’s existing hospital-based MRI scanner in Watauga County.”

Regarding the impact of the proposal on cost effectiveness, in Section B, page 30, the applicant states:

“...the conversion of an approved, not yet developed, fixed MRI to a mobile MRI can be accomplished in a resource responsible development of the mobile MRI program necessitates the expenditure of capital costs to acquire equipment and install necessary additions at the two host sites... the total capital costs associated with the development of

the mobile program are 25 percent less than those originally approved for Project #D-11899-20. The proposed project represents a more cost effective alternative than upfitting space within an existing MOB, as was planned in the previously approved project.”

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

Regarding the impact of the proposal on quality, in Section B, page 29, the applicant states:

“As the leading provider of healthcare services in Watauga and Avery counties, it is critical that ARMA have the ability to provide MRI services to this large geographical area in the most efficient manner possible.

The proposed project will enable a service expansion of MRI services to a larger geographical area than is currently served and will result in alleviating capacity constraints at WMC. Given the need of the population in Watauga and Avery counties as well as the surrounding areas for this service, travel can be difficult for an aging population to receive important diagnostic services in a geographically challenging area. As such...ARMA recognizes the importance of bringing MRI services closer to the patient population.

Acquisition of the proposed mobile MRI scanner will enhance the level of quality and safety for the service as it will provide locally owned equipment to serve patients not only in Watauga County but also in Avery County and the surrounding area, encompassing areas where MRI services do not currently exist.”

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

Regarding the impact of the proposal on access by medically underserved groups, in Section B, page 29, the applicant states:

“...ARMA intends to offer mobile MRI services at AppOrtho, an orthopedics and sports medicine practice of ARMA, in Watauga County and Charles A. Cannon Jr. Memorial Hospital in Avery County, which will provide more convenient and equitable access to MRI services for patients living in the region. ARHS, as a managed entity of UNC Health, follows UNC Health policies regarding financial assistance and equitable access to care. ARHS, including ARMA, historically has provided services to all individuals in need of care, regardless of race, color, national origin, age, disability, or sex.”

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

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

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an

- unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant's representations about how it will ensure the quality of the proposed services.
 - 3) Medically underserved groups will have access to the proposed services based on the applicant's representations about access by medically underserved groups and the projected payor mix.

Conclusion

The Agency reviewed the:

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

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

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

The applicant proposes a change of scope to Project ID# D-11899-20 (Acquire a fixed MRI scanner pursuant to the need determination in the 2020 SMFP and develop a new diagnostic center) to convert the approved fixed MRI scanner to a mobile MRI scanner pursuant the adjusted need determination in the 2024 SMFP.

In Section Q, Form O, page 128, the applicant identifies one existing fixed MRI scanner located at WMC in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant or any related entity does not own or operate any mobile MRI scanners located in North Carolina.

In Section O, page 104, the applicant states that WMC:

"...has continually maintained all relevant licensure, certification, and accreditation for the 18 months preceding the submission of this application. While mobile MRI scanners are not licensed, ARHS has maintained certification for participation in Medicare and Medicaid, and its existing MRI scanner at WMC maintains ACR accreditation."

After reviewing and considering information provided by the applicant regarding the quality of care provided at the facility identified in Form O, the applicant provided sufficient evidence

that quality of 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

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;*
 - (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;*
 - (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;*
 - (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;*
 - (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;*
 - (6) *provide the assumptions and methodology used to project the utilization required by Subparagraph (5) of this Paragraph;*
 - (7) *project that the fixed MRI scanners identified in Subparagraphs (1) and (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) *3,494 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) 3,058 or more adjusted MRI procedures per MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area; or*
- (c) 1,310 or more adjusted MRI procedures per MRI scanner if there are no existing fixed MRI scanners in the fixed MRI scanner service area; and*
- (8) Project that the mobile MRI scanners identified in Subparagraphs (3) and (4) of this Paragraph shall perform 3,120 or more adjusted MRI procedures per mobile MRI scanner during the third full fiscal year of operation following completion of the proposed project.*

-NA- The applicant is not proposing to acquire a fixed MRI scanner.

*(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 shall:*

-NA- In Section C, page 56, the applicant states that there are no existing mobile MRI scanners owned or operated by the applicant or related entity in the proposed mobile MRI service area.

- (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;*

-NA- In Section C, page 56, the applicant states that there are no approved mobile MRI scanners owned or operated by the applicant or related entity in the proposed mobile MRI 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;*

-C- In Section C, page 56, the applicant states that Appalachian Regional Medical Associates, Inc. owns and operates one fixed MRI scanner located at Watauga Medical Center 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;*

-C- In Project ID# D-11899-20, the applicant was approved for one fixed MRI scanner to be located in the proposed mobile MRI scanner service area. Upon approval of this application, the approved fixed MRI scanner will be converted to a mobile MRI scanner.

- (5) identify the existing and proposed host sites for each mobile MRI scanner identified in Subparagraphs (1) and (2) of this Paragraph and the proposed mobile MRI scanner;*

- C- In Section C, pages 32-33, the applicant identifies two host sites for the proposed mobile MRI scanner: Charles A. Cannon Jr. Memorial Hospital in Avery County and AppOrtho in Watauga County.
- (6) *provide projected utilization of the MRI scanners identified in Subparagraphs (1) through (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;*
- C- In Section Q, page 111, the applicant provides the projected utilization for the proposed mobile MRI scanner during each of the first three full fiscal years.

Appalachian Regional Medical Associates, Inc.			
Mobile MRI Scanner			
Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2027	FY 2028	FY 2029
# of Unit	1	1	1
# of Procedures	1,426	2,266	3,202
# of Weighted Procedure	1,530	2,432	3,435

- (7) *provide the assumptions and methodology used to project the utilization required by Subparagraph (6) of this Paragraph;*
 In Section Q, pages 114-119, the provides the assumptions and methodology used to project the utilization.
- (8) *project that the mobile MRI scanners identified in Subparagraphs (1) and (2) of this Paragraph and the proposed mobile MRI scanner shall perform 3,120 or more adjusted MRI procedures per MRI scanner during the third full fiscal year of operation following completion of the project; and*
- C- In Section C, page 111, the applicant projects that the proposed mobile MRI scanner will perform 3,435 adjusted MRI procedures during the third full fiscal year of operation.
- (9) *project that the fixed MRI scanners identified in Subparagraphs (3) and (4) of this Paragraph shall perform during the third full fiscal year of operation following completion of the project as follows:*
 - (A) *3,494 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*
 - (B) *3,058 or more adjusted MRI procedures per fixed MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area; or*
 - (C) *1,310 or more adjusted MRI procedures per MRI scanner if there are no fixed MRI scanners in the fixed MRI scanner service area.*
- C- In Section C, page 110, the applicant projects that the existing fixed MRI scanner will perform 5,046 adjusted MRI procedures during the third full fiscal year of operation.

Watauga Medical Center Fixed MRI Scanner Projected Utilization			
	1st Full FY	2nd Full FY	3rd Full FY
	FY 2027	FY 2028	FY 2029
# of Unit	1	1	1
# of Procedures	5,085	4,633	4,108
# of Weighted Procedures	6,025	5,573	5,046