



NC DEPARTMENT OF  
**HEALTH AND  
HUMAN SERVICES**

ROY COOPER • Governor  
MANDY COHEN, MD, MPH • Secretary  
MARK PAYNE • Director, Division of Health Service Regulation

May 30, 2019

David French  
P.O. Box 2154  
Reidsville, NC 27323

**Exempt from Review – Replacement Equipment**

**Record #:** 2956  
**Business Name:** Alliance Healthcare Services Inc.  
**Business #:** 60  
**Project Description:** Temporarily replace mobile MRI scanner  
**Counties:** Alleghany, Avery, Buncombe, Macon

Dear Mr. French:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of May 20, 2019, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(7). Therefore, you may proceed to acquire without a certificate of need the ESP 66 mobile MRI Scanner, Serial # 1M9A3A820YH022324, to temporarily replace the SIGNA 404 mobile MRI Scanner, Serial # 1S9FA482141182724. This determination is based on your representations that the existing unit will be sold or otherwise disposed of and will not be used again in the State without first obtaining a certificate of need if one is required.

It should be noted that the Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this office and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Ena Lightbourne  
Project Analyst

Martha J. Frisone  
Chief, Healthcare Planning and  
Certificate of Need Section

cc: Acute and Home Care Licensure and Certification Section, DHSR

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION  
HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603  
MAILING ADDRESS: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704  
www.ncdhhs.gov/dhsr • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER





May 20, 2019

Martha Frisone, Chief  
Healthcare Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

RE: Written Notice for Exemption from Review for Replacement Equipment,  
Alliance Healthcare Services  
MRI Scanner SIGNA 404 Serial Number 1S9FA482141182724

Dear Ms. Frisone:

Alliance Healthcare Services Inc. (Alliance) intends to replace its existing grandfathered MRI scanner, SIGNA 404 Serial Number 1S9FA482141182724 that was acquired in 2004. SIGNA 404 will be removed from North Carolina when its replacement is delivered. Previously the Agency issued the replacement equipment exemption to allow for SIGNA 67 Serial Number 1JJV482W4WL512370 to be brought into North Carolina as the SIGNA 404 replacement. Please see the attached correspondence dated March 29, 2019 included in Attachment 3.

Alliance recently was informed that before this can occur, SIGNA 67 will need to have more extensive maintenance and upgrades than was previously known. Alliance still wants to bring SIGNA 67 into North Carolina in several months as the permanent replacement unit for Signa 404. But in the meanwhile, Alliance proposes to proceed to remove SIGNA 404 from North Carolina and utilize ESP 66, Serial Number 1M9A3A820YH022324 as the interim replacement unit SIGNA 67 is fully repaired.

In accordance with NCGS 131 E-184, this letter provides justification and written notice regarding the replacement equipment. Alliance Healthcare Services also provides documentation that the replacement equipment conforms to the Certificate of Need laws and Administrative Rules:

G.S. 131E-176 (22a) Replacement equipment definition  
G.S. 131E-184 (a) (7) Exemptions from review to provide replacement equipment  
10A NCAC 14C.0303 Replacement Equipment Administrative Rules

P.O. Box 2154  
Reidsville NC 27323

## Overview

The existing mobile MRI scanner number SIGNA 404 Serial Number 1S9FA482141182724 was acquired in 2010 and will be replaced in North Carolina and reassigned to host sites in other states.

- 1) The MRI scanner SIGNA 404 is a grandfathered scanner in North Carolina that is planned to be removed from North Carolina.
- 2) The permanent replacement SIGNA 67 need maintenance that will take several months to complete.
- 3) Alliance proposed to have ESP 66 is to be used as a temporary interim replacement unit with SIGNA 404 to leave the State and while SIGNA 67 is being prepared for service as the permanent replacement.

Alliance Imaging recognizes the need to provide a high quality, cost effective, and reliable mobile MRI scanner service that is consistent with the equipment capabilities of community hospitals.

This specific MRI scanner, number SIGNA 404 Serial Number 1S9FA482141182724 that is being replaced is a grandfathered MRI scanner that has properly been reported on the attached 2019 MRI Equipment Inventory form.

The host sites that will be served by the replacement mobile MRI scanner include:

Charles A. Cannon Mem. Hosp.  
434 Hospital Drive  
Linville, NC 28646

Alleghany Memorial Hospital  
233 Doctors Street  
Sparta, NC 28675

Duke LifePoint Harris Regional  
at Franklin Med 55 Holly Springs Park Drive  
Franklin, NC 28734

Margaret R Pardee Memorial Hospital  
21 Turtle Creek Drive  
Asheville, NC 28803

These locations have existing MRI pads and utilities to support the mobile MRI scanner that will be provided through a services agreement by Alliance. As a grandfathered mobile MRI scanner other additional existing host sites with mobile MRI pads may be served.

## **Compliance Documentation**

Compliance with G.S. 131E-176 (22a) Replacement Equipment Definition is demonstrated in Attachment 1 which shows that the replacement MRI scanner and coach with a capital cost less than \$2,000,000.

As seen in Attachment 1, the Alliance Operations Manager documents that the replacement MRI equipment will be used for the same diagnostic purposes as the existing mobile MRI scanner.

The temporary interim ESP 66 is a refurbished mobile MRI scanner owned by Alliance that was purchased on 1/8/2018 for \$860,000.

The permanent replacement unit SIGNA 67 Serial Number 1JJV482W4WL512370 is a mobile MRI scanner that is owned by Alliance; with a Fair Market Value of \$300,000 as seen in Attachment 2.

## **Applicability and Conformance with Administrative Rule 10A NCAC 14C.0303 Replacement Equipment**

Alliance Healthcare Services will bring in a mobile MRI scanner as replacement equipment for its existing mobile MRI scanner in accordance with the following *regulatory requirements*:

### *10A NCAC 14C.0303 Replacement Equipment*

*(a) The purpose of this Rule is to define the terms used in the definition of "replacement equipment" set forth in G.S. 131E-176(22a).*

Alliance Healthcare Services has reviewed this rule definition.

*(b) "Activities essential to acquiring and making operational the replacement equipment" means those activities which are indispensable and requisite, absent which the replacement equipment could not be acquired or made operational.*

Alliance Healthcare Services has reviewed this rule definition.

*(c) "Comparable medical equipment" means equipment which is functionally similar and which is used for the same diagnostic or treatment purposes.*

Alliance Healthcare Services has reviewed this rule definition.

*(d) Replacement equipment is comparable to the equipment being replaced if:*

*(1) it has the same technology as the equipment currently in use, although it may possess expanded capabilities due to technological improvements; and*

The temporary and permanent replacement MRI scanners are comparable to the equipment being replaced because the replacement equipment will also obtain MRI images. The proposed replacement mobile MRI scanner is not an extremity MRI or a dedicated breast MRI unit.

*(2) it is functionally similar and is used for the same diagnostic or treatment purposes as the equipment in use and is not used to provide a new health service; and*

Alliance Healthcare Services certifies that the temporary and permanent replacement mobile MRI equipment will be used for the same diagnostic purposes as the existing MRI scanner.

*(3) The acquisition of the equipment does not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.*

The host sites that will utilize the replacement MRI scanner certify that the acquisition of the replacement equipment will not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months.

Included in Attachment 2 is documentation from Alliance that it will not increase charges by more than 10% to its host sites during the first twelve months of the replacement scanner's operation. Alliance Imaging expects that the projected operating expenses for the replacement MRI scanner will not increase.

*(e) Replacement equipment is not comparable to the equipment being replaced if:*

*(1) the replacement equipment is new or reconditioned, the existing equipment was purchased second hand and the replacement equipment is purchased less than three years after the acquisition of the existing equipment.*

Not applicable. As seen in the table on page 5, the equipment being replaced was purchased more than three years ago.

*(2) The replacement equipment is new, the existing equipment was reconditioned when purchased, and the replacement equipment is purchased less than three years after the acquisition of the existing equipment; or*

Not applicable. The replacement equipment, SIGNA 67, is existing equipment owned by Alliance that was purchased new more than three years ago.

*(3) The replacement equipment is capable of performing procedures that could result in the provision of a new health service or type of procedure that has not been provided with the existing equipment; or*

Not applicable. The replacement equipment is functionally similar to the existing equipment and will be used for the same diagnostic procedures as the existing equipment. The replacement equipment is a full featured MRI scanner. These features do not change the basic technology or result in the provision of a new health service or type of procedure.

*(4) The replacement equipment is purchased and the existing equipment is leased, unless the lease is a capital lease;*

Not applicable. The existing equipment is not leased.

*(5) The replacement equipment is a dedicated PET scanner and the existing equipment is:*

*(A) a gamma camera with coincidence capability; or*

*(B) nuclear medicine equipment that was designed, built, modified to detect only the single photon emitted from nuclear events other than positron annihilation.*

Not applicable. The existing equipment is not a dedicated PET scanner, gamma camera or nuclear medicine equipment.

**EQUIPMENT COMPARISON**

	EXISTING EQUIPMENT	TEMPORARY REPLACEMENT EQUIPMENT	PERMANENT REPLACEMENT EQUIPMENT
Type	MRI	MRI	MRI
Manufacturer	GE	SIEMENS	GE
Model number	1S9FA482141182724	1M9A3A820YH022324	1JTV482W4WL512370
Other method of identifying the equipment (e.g., Room #, Serial Number, VIN #)	SIGNA 404	ESP 66	SIGNA 67
Is the equipment mobile or fixed?	Mobile	Mobile	Mobile
Date of acquisition	2004	2018	1999
Was the existing equipment new or used when acquired? / Is the replacement equipment new or used?	New	Used / Refurbished	New, to be Repaired
Total projected capital cost of the project <Attach a signed Projected Capital Cost form>	NA	\$860,000 (Owned by Alliance)	\$300,000 FMV (Owned by Alliance)
Total cost of the equipment	NA	\$860,000 (Owned by Alliance)	\$300,000 FMV (Owned by Alliance)
Location of the equipment <Attach a separate sheet for mobile equipment if necessary>	See list page 2.	See list page 2.	See list page 2.
Document that the existing equipment is currently in use	See Equipment Inventory Form	NA	NA
Will the replacement equipment result in any increase in the average charge per procedure?	NA	None	None
If so, provide the increase as a percent of the current average charge per procedure	NA	NA	NA
Will the replacement equipment result in any increase in the average operating expense per procedure?	NA	No	No
If so, provide the increase as a percent of the current average operating expense per procedure	NA	NA	NA
Type of procedures performed on the existing equipment <Attach a separate sheet if necessary>	MRI	NA	NA
Type of procedures the replacement equipment will perform <Attach a separate sheet if necessary>	NA	MRI	MRI



Attachment 1. Fair Market Value for Permanent Replacement



March 21, 2019

Cathy Weinhold  
Asset Manager  
Alliance HealthCare Services

RE: Fair Market Value of Mobile MRI

Dear Ms. Weinhold:

As requested, the following is the estimated "Fair Market Value" for the imaging equipment described below:

**1999 GE 1.5 Tesla 8 CH HDxt MRI System Housed in an Ellis & Watts Trailer**

**Fair Market Value: \$275,000 to \$300,000**

Market value is based on the system and trailer as used and to be in good to very good condition.

Please contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script that reads 'David J French'.

David J French  
President

P.O. Box 2154  
Reidsville NC 27323

**Attachment-2. Compliance Letter 10A NCAC 14C.0303**

**ALLIANCE HEALTHCARE SERVICES**

March 21, 2019

Ms. Martha Frisone, Chief  
Healthcare Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

RE: Alliance HealthCare Replacement MRI Equipment,  
SIGNA 404 Serial Number 1S9FA482141182724

Dear Ms. Frisone,

Alliance Healthcare Services (Alliance) intends to replace its existing grandfathered MRI scanner, SIGNA 404 Serial Number 1S9FA482141182724. The MRI replacement scanner serial number SIGNA 67 Serial Number 1JJV482W4WL512370 is a mobile MRI scanner that is owned by Alliance.

The replacement MRI scanner SIGNA 67 will be used for the same diagnostic purposes as the existing MRI unit.

In accordance with 10A NCAC 14C.0303 Replacement Equipment Administrative Rules, we agree that the replacement MRI equipment will not result in more than a 10 percent increase in charges to the host site within the first twelve months after the equipment is acquired.

Thank you for your consideration. Please call me at if you have any questions.

Sincerely,



---

Rodney Skelding  
Manager Operations  
rskelding@allianceradiology-us.com

**Attachment 3. Previous Equipment Replacement Exemption Correspondence**



**NC DEPARTMENT OF  
HEALTH AND  
HUMAN SERVICES**

**ROY COOPER • Governor**

**MANDY COHEN, MD, MPH • Secretary**

**MARK PAYNE • Director, Division of Health Service Regulation**

March 29, 2019

David French  
P.O. Box 2154  
Reidsville, NC 27323

**Exempt from Review – Replacement Equipment**

**Record #: 2885**

**Business Name: Alliance Healthcare Services Inc.**

**Business #: 60**

**Project Description: Acquire replacement equipment**

**Counties: Alleghany, Avery, Buncombe, Macon**

Dear Mr. French:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of March 26, 2019, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(7).

Therefore, you may proceed to acquire without a certificate of need the SIGNA 67 mobile MRI Scanner, Serial # 1JJV482W4WL512370, to replace the SIGNA 404 mobile MRI Scanner, Serial # 1S9FA482141182724. This determination is based on your representations that the existing unit will be sold or otherwise disposed of and will not be used again in the State without first obtaining a certificate of need if one is required.

It should be noted that the Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this office and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Ena Lightbourne  
Project Analyst

Martha J. Frisone  
Chief, Healthcare Planning and  
Certificate of Need Section

**NC DEPARTMENT OF HEALTH AND HUMAN SERVICES - DIVISION OF HEALTH SERVICE REGULATION**

**HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION**

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603

MAILING ADDRESS: 809 Ruggles Drive, 2704 Mail Service Center, Raleigh, NC 27699-2704

[www.ncdhhs.gov/dhsr](http://www.ncdhhs.gov/dhsr) • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER



March 26, 2019

Martha Frisone, Chief  
Healthcare Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

RE: Written Notice for Exemption from Review for Replacement Equipment,  
Alliance Healthcare Services  
MRI Scanner SIGNA 404 Serial Number 1S9FA482141182724

Dear Ms. Frisone:

Alliance Healthcare Services Inc. (Alliance) intends to replace its existing grandfathered MRI scanner, SIGNA 404 Serial Number 1S9FA482141182724 that was acquired in 2004. SIGNA 404 will be removed from North Carolina when its replacement is delivered.

The replacement unit, SIGNA 67 Serial Number 1JJV482W4WL512370 is a mobile MRI scanner that is owned by Alliance; this unit was acquired in 1999 and has a Fair Market Value of \$300,000.

In accordance with NCGS 131 E-184, this letter provides justification and written notice regarding the replacement equipment. Alliance Healthcare Services also provides documentation that the replacement equipment conforms to the Certificate of Need laws and Administrative rules:

G.S. 131E-176 (22a) Replacement equipment definition  
G.S. 131E-184 (a) (7) Exemptions from review to provide replacement equipment  
10A NCAC 14C.0303 Replacement Equipment Administrative Rules

P.O. Box 2154  
Reidsville NC 27323

## Overview

The existing mobile MRI scanner number SIGNA 404 Serial Number 1S9FA482141182724 was acquired in 2010 and will be replaced in North Carolina and reassigned to host sites in other states.

- 1) The MRI scanner SIGNA 404 is a grandfathered scanner in North Carolina.
- 2) The replacement SIGNA 67 has the same MRI diagnostic capabilities to serve multiple host sites and will maintain its grandfathered status.
- 3) Healthcare providers in North Carolina have demand for mobile MRI service with specific MRI imaging technology as available with SIGNA 404 and its replacement SIGNA 67.

Alliance Imaging recognizes the need to provide a high quality, cost effective, and reliable mobile MRI scanner service that is consistent with the equipment capabilities of community hospitals.

This specific MRI scanner, number SIGNA 404 Serial Number 1S9FA482141182724 that is being replaced is a grandfathered MRI scanner that has properly been reported on the attached 2019 MRI Equipment Inventory form.

The host sites that will be served by the replacement mobile MRI scanner include:

Charles A. Cannon Mem. Hosp.  
434 Hospital Drive  
Linville, NC 28646

Alleghany Memorial Hospital  
233 Doctors Street  
Sparta, NC 28675

Duke LifePoint Harris Regional  
at Franklin Med 55 Holly Springs Park Drive  
Franklin, NC 28734

Margaret R Pardee Memorial Hospital  
21 Turtle Creek Drive  
Asheville, NC 28803

These locations have existing MRI pads and utilities to support the mobile MRI scanner that will be provided through a services agreement by Alliance. As a grandfathered mobile MRI scanner other additional existing host sites with mobile MRI pads may be served.

## Compliance Documentation

Compliance with G.S. 131E-176 (22a) Replacement Equipment Definition is demonstrated in Attachment 1 which shows that the replacement MRI scanner and coach with a capital cost less than \$2,000,000.

As seen in Attachment 1, the Alliance Operations Manager documents that the replacement MRI equipment will be used for the same diagnostic purposes as the existing mobile MRI scanner.

The replacement unit SIGNA 67 Serial Number IJJV482W4WL512370 is a mobile MRI scanner that is owned by Alliance; with a Fair Market Value of \$300,000 as seen in Attachment 2.

## Applicability and Conformance with Administrative Rule 10A NCAC 14C.0303 Replacement Equipment

Alliance Healthcare Services will bring in a mobile MRI scanner as replacement equipment for its existing mobile MRI scanner in accordance with the following *regulatory requirements*:

### *10A NCAC 14C.0303 Replacement Equipment*

*(a) The purpose of this Rule is to define the terms used in the definition of "replacement equipment" set forth in G.S. 131E-176(22a).*

Alliance Healthcare Services has reviewed this rule definition.

*(b) "Activities essential to acquiring and making operational the replacement equipment" means those activities which are indispensable and requisite, absent which the replacement equipment could not be acquired or made operational.*

Alliance Healthcare Services has reviewed this rule definition.

*(c) "Comparable medical equipment" means equipment which is functionally similar and which is used for the same diagnostic or treatment purposes.*

Alliance Healthcare Services has reviewed this rule definition.

*(d) Replacement equipment is comparable to the equipment being replaced if:*

*(1) it has the same technology as the equipment currently in use, although it may possess expanded capabilities due to technological improvements; and*

The replacement MRI scanner is comparable to the equipment being replaced because the replacement equipment will also obtain MRI images. The proposed replacement mobile MRI scanner is not an extremity MRI or a dedicated breast MRI unit.

*(2) it is functionally similar and is used for the same diagnostic or treatment purposes as the equipment in use and is not used to provide a new health service; and*

Alliance Healthcare Services certifies that the replacement mobile MRI equipment will be used for the same diagnostic purposes as the existing MRI scanner.

*(3) The acquisition of the equipment does not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months after the replacement equipment is acquired.*

The host sites that will utilize the replacement MRI scanner certify that the acquisition of the replacement equipment will not result in more than a 10% increase in patient charges or per procedure operating expenses within the first twelve months.

Included in Attachment 2 is documentation from Alliance that it will not increase charges by more than 10% to its host sites during the first twelve months of the replacement scanner's operation. Alliance Imaging expects that the projected operating expenses for the replacement MRI scanner will not increase.

*(e) Replacement equipment is not comparable to the equipment being replaced if:*

*(1) the replacement equipment is new or reconditioned, the existing equipment was purchased second hand and the replacement equipment is purchased less than three years after the acquisition of the existing equipment.*

Not applicable. As seen in the table on page 5, the equipment being replaced was purchased more than three years ago.

*(2) The replacement equipment is new, the existing equipment was reconditioned when purchased, and the replacement equipment is purchased less than three years after the acquisition of the existing equipment; or*

Not applicable. The replacement equipment, SIGNA 67, is existing equipment owned by Alliance that was purchased new more than three years ago..

*(3) The replacement equipment is capable of performing procedures that could result in the provision of a new health service or type of procedure that has not been provided with the existing equipment; or*

Not applicable. The replacement equipment is functionally similar to the existing equipment and will be used for the same diagnostic procedures as the existing equipment. The replacement equipment is a full featured MRI scanner. These features do not change the basic technology or result in the provision of a new health service or type of procedure.



*(4) The replacement equipment is purchased and the existing equipment is leased, unless the lease is a capital lease;*

Not applicable. The existing equipment is not leased.

*(5) The replacement equipment is a dedicated PET scanner and the existing equipment is:*

*(A) a gamma camera with coincidence capability; or*

*(B) nuclear medicine equipment that was designed, built, modified to detect only the single photon emitted from nuclear events other than positron annihilation.*

Not applicable. The existing equipment is not a dedicated PET scanner, gamma camera or nuclear medicine equipment.

**EQUIPMENT COMPARISON**

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	GE	GE
Tesla Rating for MRIs	1.5T	1.5T
Model Number	SIGNA	SIGNA
Serial Number		
Provider's Method of Identifying Equipment	SIGNA 404	SIGNA 67
Specify if Mobile or Fixed	Mobile (Grandfathered)	Mobile (Grandfathered)
Mobile Trailer Serial Number/VIN #	1S9FA482141182724	1JJV482W4WL512370
Mobile Tractor Serial Number/VIN #	NA - No changes	NA - No changes
Date of Acquisition of Each Component	2004	1999
	Holds Title	Holds Title
Specify if Equipment Was/Is New or Used When Acquired	New	New
Total Capital Cost of Project (no construction involved)	NA	FMV = \$ 300,000
Total Cost of Equipment	NA	NA
Fair Market Value of Equipment	NA	NA
Net Purchase Price of Equipment	NA	NA
Locations Where Operated Currently	Grandfathered Unit See list	Grandfathered Unit See list
Number Days In Use/To be Used in N.C. Per Year	Up to 365	Up to 365
Percent of Change in Patient Charges (by Procedure)	NA	0%
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	0%
Type of Procedures Currently Performed on Existing Equipment	MRI Procedures	MRI Procedures
Type of Procedures New Equipment is Capable of Performing	NA	MRI procedures

Thank you for your review and consideration of this information. Please call me at 336 349-6250 if you have any questions.

Sincerely,



David French  
Consultant to Alliance Healthcare Services

Cc: Cale Arnold  
Rodney Skelding

Attachments:

- 1) CON Capital Cost Form
- 2) Letter from Alliance Regarding Replacement MRI Scanner and Charges to Host Sites
- 3) 2018 MRI Inventory Form for SIGNA 404

Attachment 1. Fair Market Value



March 21, 2019

Cathy Weinhold  
Asset Manager  
Alliance HealthCare Services

RE: Fair Market Value of Mobile MRI

Dear Ms. Weinhold:

As requested, the following is the estimated "Fair Market Value" for the imaging equipment described below:

**1999 GE 1.5 Tesla 8 CH HDxt MRI System Housed in an Ellis & Watts Trailer**

**Fair Market Value: \$275,000 to \$300,000**

Market value is based on the system and trailer as used and to be in good to very good condition.

Please contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script, appearing to read 'David J. French', is written over a horizontal line.

David J French  
President

P.O. Box 2154  
Reidsville NC 27323

Attachment 2. Compliance Letter 10A NCAC 14C.0303

ALLIANCE HEALTHCARE SERVICES

March 21, 2019

Ms. Martha Frisone, Chief  
Healthcare Planning and Certificate of Need Section  
2704 Mail Service Center  
Raleigh, NC 27699-2704

RE: Alliance HealthCare Replacement MRI Equipment,  
SIGNA 404 Serial Number 1S9FA482141182724

Dear Ms. Frisone,

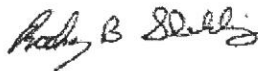
Alliance Healthcare Services (Alliance) intends to replace its existing grandfathered MRI scanner, SIGNA 404 Serial Number 1S9FA482141182724. The MRI replacement scanner serial number SIGNA 67 Serial Number 1JJV482W4WL512370 is a mobile MRI scanner that is owned by Alliance.

The replacement MRI scanner SIGNA 67 will be used for the same diagnostic purposes as the existing MRI unit.

In accordance with 10A NCAC 14C.0303 Replacement Equipment Administrative Rules, we agree that the replacement MRI equipment will not result in more than a 10 percent increase in charges to the host site within the first twelve months after the equipment is acquired.

Thank you for your consideration. Please call me at if you have any questions.

Sincerely,



Rodney Skelding  
Manager Operations  
rskelding@allianceradiology-us.com

**Attachment 3. SIGNA 404 2019 Mobile MRI Inventory Form**  
**(Please see attached separate pdf file)**