



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

VIA EMAIL ONLY

February 17, 2021

Kristy Hubard
kristy.hubard@nhrmc.org

Exempt from Review – Replacement Equipment

Record #: 3480
Date of Request: February 8, 2021
Facility Name: New Hanover Regional Medical Center
FID #: 943372
Business Name: New Hanover Regional Medical Center
Business #: 1308
Project Description: Replace existing fixed MRI scanner and renovate MRI suite
County: New Hanover

Dear Ms. Hubard:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that the above referenced project is exempt from certificate of need review in accordance with G.S. 131E-184(f). Therefore, you may proceed to acquire without a certificate of need the Siemens 1.5T fixed MRI scanner, model number 14430206 to replace the Siemens 1.5T fixed MRI scanner, model number 10018165 and make the necessary renovations to accommodate the replacement MRI scanner. 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,
Tanya M. Saporito

Tanya M. Saporito
Project Analyst

Lisa Pittman
Assistant Chief, Certificate of Need

cc: Construction Section, DHSR
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
https://info.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

February 5, 2021

Ms. Martha Frisone, Chief
Healthcare Planning and Certificate of Need Section
Division of Health Service Regulation
NC Department of Health and Human Services
2704 Mail Service Center
Raleigh, North Carolina 27699-2704

RE: Request for No Review Determination for Replacement of Equipment / New Hanover County

Dear Ms. Frisone:

Pursuant to 10A NCAC 14C.0202, New Hanover Regional Medical Center ("NHRMC") intends to replace a magnetic resonance imaging (MRI) scanner and requests a determination that such replacement is exempt from review because it falls within the definition of NCGS § 131E-184 (a)(7) and the regulations set out in 10A NCAC 14C.0303. The existing MRI scanner at NHRMC was installed in May 2005 and has reached the end of its useful life. The existing MRI scanner will be traded-in to GE for a \$122,500 credit. There are renovation costs associated with this project due to water damage discovered by the MRI Suite. It was determined that the likely cause was a leak caused by Hurricane Florence.

MRI Replacement

Site	Equipment to be Replaced	Trade-in	Equipment Cost	Renovation Costs	Total Cost
NHRMC	Siemens 1.5T MRI Scanner	Y	\$674,167	\$1,868,921	\$2,543,088

Exemption from Review

Pursuant to NCGS § 131E-184(a): "The department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, when notice includes an explanation of why the new institutional health service is required, for any of the following: ... (7) To provide replacement equipment."

NCGS § 131E-176(22a) defines "replacement equipment" as equipment that costs less than \$2,000,000 and is purchased for the sole purpose of replacing comparable medical equipment currently in use which will be sold or otherwise disposed of when replaced.

NCGS § 131E-184(5) lists exemptions from review and states, "The Department shall exempt from certificate of need review a new institutional health service if it receives prior written notice from the entity proposing the new institutional health service, which notice includes an explanation of why the new institutional health service is required, for any of the following:

(5) To replace or repair facilities destroyed or damaged by accident or natural disaster."

Applicable Regulations

10A NCAC 14C.0303 defines "comparable medical equipment" as equipment that "is functionally similar and which is used for the same diagnostic or treatment purposes." Replacement equipment is comparable if:

- (1) it has the same technology as the equipment currently in use, although it may possess expanded capabilities due to technological improvements; and
- (2) it is functionally similar and is used for the same diagnostic or treatment purposes as the equipment currently in use and is not used to provide a new health service; and
- (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.

Replacement equipment is not comparable to the equipment being replaced if 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.

Compliance

NHRMC hereby certifies that:

1. The estimated cost for the replacement MRI scanner is less than \$2,000,000.
2. The renovations are due to a "natural disaster".
3. The replacement equipment will be purchased for the sole purpose of replacing comparable equipment currently in use, which will be traded in for disposal and removed from North Carolina. A comparison of the existing and replacement equipment is provided in Exhibit A.
4. The replacement equipment is functionally similar to existing equipment and will be used for the same diagnostic and/or treatment procedures as the equipment currently in use.
5. No increase in charges will occur within the first twelve months after the replacement equipment is acquired.
6. The average cost per MRI scan will not increase as a result of the equipment replacement.

Determination Requested

NHRMC requests that the Division of Health Service Regulation determine that the replacement of the MRI scanner, as proposed herein, does not constitute new institutional health services and is thus exempt from certificate of need review.

If you require additional information concerning this request, please contact me at 910-667-5908.

Sincerely,



Kristy Hubbard
Chief Strategy Officer
Novant Health New Hanover Regional Medical Center, LLC

Exhibit A - Existing/Replacement Equipment Comparison

EQUIPMENT COMPARISON

Exhibit A

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	Siemens	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	10018165	14430206
Serial Number (Magnet Serial #)	30075	TBD
Provider's Method of Identifying Equipment (Version)	VB19B-SPO1	TBD
Specify if Mobile or Fixed	Fixed	Fixed
Mobile Trailer Serial Number/VIN #	N/A	N/A
Mobile Tractor Serial Number/VIN #	N/A	N/A
Date of Acquisition of Each Component	5-31-2005	TBD
Dues Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	New	Used (Refurbished)
Total Capital Cost of Project (Including Construction, etc.)	\$1,899,543	\$2,543,088
Total Cost of Equipment	\$1,489,543	\$674,167
Fair Market Value of Equipment	\$122,500	N/A
Net Purchase Price of Equipment	\$1,489,543	\$674,167
Locations Where Operated	MRI Suite at Main Campus	MRI Suite at Main Campus
Number Days In Use/To Be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	N/A	0%
Percent of Change in Per Procedure Operating Expenses (by Procedure)	N/A	0%
Type of Procedures Currently Performed on Existing Equipment	Diagnostic MRI	Diagnostic MRI
Type of Procedures New Equipment is Capable of Performing	N/A	Same as Existing MRI

From: dlegarth@nc.rr.com
To: [Tanya, Saporito](#); [Waller, Martha K](#)
Cc: ["Nancy O"Dacre"](#)
Subject: [External] MRI Replacement
Date: Monday, February 8, 2021 5:35:06 PM
Attachments: [NHRMC MRI Replacement.pdf](#)

CAUTION: External email. Do not click links or open attachments unless you verify. Send all suspicious email as an attachment to [Report Spam](#).

Hi Tanya,

Attached please find a Letter of CON Exemption for a replacement MRI unit at Novant Health New Hanover Regional Medical Center.

David Legarth



Mail Address:
P.O. Box 1936
Apex, NC 27502

FedEx/UPS Address:
108 Curley Maple Court
Apex, NC 27502

Phone:
(919)244-7609