



NC DEPARTMENT OF HEALTH AND HUMAN SERVICES

ROY COOPER • Governor
KODY H. KINSLEY • Secretary
MARK PAYNE • Director, Division of Health Service Regulation

VIA EMAIL ONLY

July 14, 2022

David L. French
Dj french45@gmail.com

Exempt from Review – Replacement Equipment

Record #: 3944
Date of Request: July 1, 2022
Business Name: Alliance Healthcare Services, Inc.
Business #: 60
Project Description: Temporarily replace mobile MRI scanner while the mobile MRI scanner is undergoing repairs
County: New Hanover, Brunswick, Pender

Dear Mr. French:

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(a)(7). Therefore, you may proceed to acquire without a certificate of need the Siemens Espree 1.5T mobile MRI scanner (ESP 47) to temporarily replace the Siemens 1.5T Espree mobile MRI scanner (ESP 23). This determination is based on your representations that the temporary replacement 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,

[Handwritten signature of Tanya M. Saporito]

Tanya M. Saporito
Project Analyst

[Handwritten signature of Micheala Mitchell]

Micheala Mitchell
Chief

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
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AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

ALLIANCE HEALTHCARE SERVICES

July 1, 2022

Ms. Tanya Saporito, CON Analyst
Ms. Micheala Mitchell, Chief
Health Planning and Certificate of Need Section
2704 Mail Service Center
Raleigh, NC 27699-2704

RE: Alliance Healthcare Services - Written Notice for Exemption from CON Review for
Emergency Temporary Replacement of Mobile MRI Scanner ESP 23
CON Project ID # O-7001-04

Dear Ms. Mitchell and Ms. Saporito:

I am writing on behalf of my client, Alliance Healthcare Services, regarding the urgent need to temporarily replace mobile MRI scanner ESP 23 (CON # O-7001-04) because the system requires maintenance and repairs. This MRI scanner is an existing CON-approved unit that was properly reported in the 2022 Mobile MRI Equipment Inventory and is continuing to serve host sites in Pender, New Hanover and Brunswick Counties).

Please accept this notice of exemption to temporarily replace the above unit with ESP 47 Serial # 1S9FA482831182640, which is an existing mobile MRI scanner owned by Alliance and will be utilized as an interim temporary unit at this location. When ESP 47 is no longer needed to serve as a temporary replacement for ESP 23 it will be removed from North Carolina.

This letter provides justification and written notice regarding the replacement equipment in accordance with NCGS 131 E-184. Alliance Healthcare Services also provides documentation that the replacement equipment conforms to the Certificate of Need laws and Administrative rules: G.S. 131E-184 (a) (7) Exemptions from review to provide replacement equipment 10A NCAC 14C.0303 Replacement Equipment Administrative Rules

Overview

The existing mobile MRI scanner requires temporary replacement for several reasons:

- The existing ESP 23 requires maintenance repairs that are estimated to take approximately one to two weeks.
- Service to the existing host sites will be disrupted if a temporary replacement mobile MRI scanner is not provided.
- Alliance has no available capacity on other MRI scanners in North Carolina to provide coverage for the unit that needs to be repaired.

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

New Hanover Brunswick Forest
1333 South Dickinson Dr
Leland, NC 28451 (Brunswick County)

New Hanover North
151 Scotts Hill Medical Drive
Wilmington, NC 28411 (New Hanover County)

Pender Memorial Hospital
507 East Fremont Street
Burgaw, NC 28425 (Pender County)

Compliance Documentation

Compliance with G.S. 131E-176 (22a) Replacement Equipment Definition is evident because the temporary replacement scanner has a fair market value of \$400,000 which is far less than the \$2,000,000 threshold.

The replacement MRI equipment will be used for the same diagnostic purposes as the existing equipment. In addition, Alliance is providing prior written notice to the Department in accordance with G.S. 131E-184 (a) (7) Exemption from Review to provide replacement equipment.

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

Alliance Healthcare Services plans to use an existing mobile MRI as a temporary replacement. No equipment will be purchased. The temporary replacement equipment conforms to the rules as follows:

10A NCAC 14C .0303 REPLACEMENT EQUIPMENT

(a) This Rule defines 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) “Currently in use” means that the equipment to be replaced has been used by the person requesting the exemption at least 10 times to provide a health service during the 12 months prior to the date the written notice required by G.S. 131E-184(a) is submitted to the CON Section.

Alliance Healthcare Services confirms that ESP 23 meets the definition of “currently in use” because the MRI scanner provides service at New Hanover Brunswick Forest, New Hanover North (Scotts Hill) and Pender Memorial Hospital. This equipment performed 3,691 MRI procedures during the period from October 1, 2020 through September 30, 2021. This mobile MRI scanner has continued to be utilized at these host sites during 2022.

(c) Replacement equipment is not “comparable” if: (1) the replacement equipment to be acquired is capable of providing a health service that the equipment to be replaced cannot provide; or (2) the equipment to be replaced was acquired less than 12 months prior to the date the written notice required by G.S. 131E-184(a) is submitted to the CON Section and it was refurbished or reconditioned when it was acquired by the person requesting the exemption.

The replacement MRI scanner is comparable to the equipment being replaced because the temporary replacement equipment will be used to acquire the same types of MRI images and data. Alliance Healthcare Services certifies that the replacement mobile MRI equipment will be used for the same diagnostic purposes as the existing MRI unit.

The existing equipment to be temporarily replaced was acquired in 2008. The temporary replacement unit will be removed from North Carolina once repairs to ESP 23 are completed.

Please see the attached Equipment Comparison Form:

EQUIPMENT COMPARISON

	EXISTING EQUIPMENT	TEMPORARY REPLACEMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	Siemens	Siemens
Tesla Rating for MRIs	1.5T	1.5T
Model Number	ESPREE	ESPREE
Serial Number	1S9FA482181183250	1S9FA482831182640
Provider's Method of Identifying Equipment	ESP 23	ESP 47
Specify if Mobile or Fixed	Mobile	Mobile
Mobile Trailer Serial Number/VIN #	1S9FA482181183250	1S9FA482831182640
Mobile Tractor Serial Number/VIN #	NA – No changes	NA – No changes
Date of Acquisition of Each Component	2008	2012
Hold Title or Lease	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	\$400,000 FMV Already owned by Alliance
Total Cost of Equipment	NA	NA
Fair Market Value of Equipment	NA	NA
Net Purchase Price of Equipment	NA	NA
Locations Where Operated Currently	New Hanover Brunswick, New Hanover North and Pender Memorial Hospital (Brunswick, New Hanover and Pender Counties)	New Hanover Brunswick, New Hanover North and Pender Memorial Hospital (Brunswick, New Hanover and Pender Counties)
Number Days In Use/To be Used in N.C. Per Year	Up to 365	Short Term Replacement
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

The temporary use of replacement ESP 47 will be discontinued in approximately one to two weeks when the repair of ESP 23 has been completed and returned to service.

Thank you for your review and consideration of this information. Please call me at 336 432-8308 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "David J. French".

David J. French

Consultant to Alliance Healthcare Services

P.O. Box 2154
Reidsville, NC 27023
djfrench45@gmail.com

Cc: Rodney Skelding
Manager of Operations
Alliance Healthcare Services