

**Technology and Equipment Committee
Agency Report
Petition to Remove Need Determination for
One Fixed Magnetic Resonance Imaging Scanner (MRI) in Stanly County
2022 State Medical Facilities Plan**

Petitioner:

Atrium Health
100 Blythe Boulevard
Charlotte, NC 28203

Contact:

Elizabeth Kirkman
Assistant Vice President
(704) 446-8475

Elizabeth.kirkman@atriumhealth.org

Request:

The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health requests removal of the need for an additional fixed MRI scanner in the Stanly County service area from the *2022 State Medical Facilities Plan (SMFP or "Plan")*.

Background Information:

Chapter Two of the SMFP provides, in relevant part, that “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” Petitions requesting adjustments to need projections are reviewed in the summer. Any person may submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The standard MRI methodology uses the total number of adjusted procedures in an MRI service area, equivalent values for fixed and mobile MRI scanners, and graduated need determination thresholds based on the number of fixed scanners in a service area. Procedures are weighted according to complexity and then combined to determine a total number of weighted procedures. The fixed equivalent value is 1.00 for approved and existing fixed MRI scanners, including need determinations from previous SMFPs for MRI scanners. For mobile sites, the fixed equivalent is the number of MRI adjusted procedures performed at the site divided by the threshold for the MRI service area. The fixed equivalent for a mobile site can be no greater than 1.00. The sum of the weighted MRI procedures is divided by the number of fixed equivalent scanners to get the average adjusted procedures per scanner for each service area. A need determination for additional MRI

scanners occurs when the average adjusted procedures per scanner for the service area exceeds the threshold established for the service area. Application of the methodology to utilization data in the Proposed 2022 SMFP generated a need determination for one additional fixed MRI in the Stanly County service area.

Atrium Health has submitted a petition to adjust the need determination to remove the need determination for one fixed MRI scanner in the Stanly County service area for the following reasons: 1) low MRI procedure volume growth trends; 2) low existing population with minimal growth rate; and 3) sufficient MRI operating capacity which will have difficulty meeting CON performance standards due to the low number of patients needing MRI services in Stanly county.

Analysis/Implications:

Atrium Health is the only provider that offers fixed MRI services in the Stanly County service area and currently operates one fixed MRI machine. Carolinas Imaging Services has one operational mobile MRI scanner in the Stanly County service area. The need determination in the service area is driven by Atrium Health’s MRI utilization of 4,069 total MRI weighted procedures reported for the Proposed 2022 SMFP. The threshold for a service area with one fixed machine is an average of 3,775 weighted scans per machine. Therefore, the Stanly County service area surpassed the threshold for a need by 294 weighted scans.

If Atrium Health were to apply, it would have to demonstrate that its existing scanners and the proposed MRI scanner would perform an average of 3,775 weighted procedures per scanner during the third operating year of the proposed scanner. Thus, Atrium Health would have to demonstrate that the two scanners would perform a total of at least 7,550 weighted MRI scans during the third operating year of the proposed scanner [3,775 x 2 = 7,550]. The petition asserts the growth rate in MRI procedures would preclude any applicant from meeting this performance requirement. In the last five years, the Stanly County service area has demonstrated an overall slightly positive trend in the numbers of MRI procedures (Table 1).

Table 1: Service Area Trends in Weighted MRI Procedures, Data Years 2016 – 2020

	2018 SMFP	2019 SMFP	2020 SMFP	2021 SMFP	Proposed 2022 SMFP	Total Percent Change	CAGR
Stanly County Service Area	3,094	3,503	3,772	4,323	4,430	43.18%	9.39%
Annual Change in Service Area		13.21%	7.68%	14.61%	2.48%		

Source: 2017 – 2021 License Renewal Applications, 2017-2021 Registration and Inventory Forms

Note: The data in the SMFP is two years earlier than the publication year of the SMFP.

The service area has a 9.39% Compound Annual Growth Rate (CAGR). If the 9.39% CAGR were used to project the number of procedures in the Stanly County service area after three years, the total number of projected procedures would be 5,799 (see Table 2). Thus, based on the data, a projection of 3,775 weighted MRI procedures by the end of year three would be obtainable for one machine but would not be sufficient for two machines.

Table 2: Anticipated Growth of Weighted MRI Procedures in the Stanly County Service Area

	Proposed 2022 SMFP	Year 1	Year 2	Year 3
Stanly County MRI Procedures	4,430	4,846	5,301	5,799

The Stanly County Service has a low population growth rate. The county is projected to have a 0.81% CAGR over a 5-year period. (see Table 3) This increase in population is not likely to be large enough to support the necessary procedures required for an additional fixed MRI machine.

Table 3: Annual County Population Totals, Years 2018-2022

County	2018	2019	2020	2021	Projected 2022	Total Percent Change	CAGR
Stanly	63,069	63,994	64,236	64,841	65,142	3.29%	0.81%

Source: State Medical Facilities Plan; NC Office of State Budget and Management: Projected Annual County Population Totals, 2020-2029 (downloaded 8/16/2021)

Agency Recommendation:

The Agency supports the standard methodology for fixed MRI equipment. However, in consideration of the above, the Agency recognizes that the Stanly County service area has unique attributes, including insufficient MRI procedure volume and a low population growth rate that will not support an additional MRI scanner. Given available information submitted by the August 11, 2021 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the Agency recommends approval of the petition to remove the need determination for an additional unit of fixed MRI equipment for the Stanly County service area in the final 2022 SMFP.