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My name is Jim Swann and I am with Consensus Consulting, LLC. As a consultant to Southeastern Orthopaedic Specialists, I am speaking today about the SOS Petition for an Adjusted Need Determination for a Fixed MRI Scanner for Guilford County. Thank you for your attendance and your attention today. Several of you have heard a presentation on the SOS Petition in prior sessions; I want to describe the Petition for those who are hearing about it for the first time as well as offer some new remarks, particularly in follow-up to the discussions in the earlier sessions.

SOS is one of the largest orthopaedic specialty groups in the Greensboro area, offering an extensive scope of orthopaedic surgical services as well as a broad array of diagnostic and therapeutic services. In their orthopaedic practice, the doctors of SOS rely heavily upon MRI scans for diagnosis. In a given year, SOS physicians will refer approximately 5,000 patients for MRI scans.

In the SOS Petition, you will read detailed statistical information about the high utilization of Mobile MRI scanners in Guilford County. You will also read about the high utilization of the Fixed MRI equipment in Guilford County. Since both Mobile and Fixed MRI scanners within Guilford County are operating with high utilization, current statistics confirm the immediate need for another Fixed MRI scanner to address demand.

The SOS Petition also looks in detail at the volumes at SOS as compared to providers in other Counties – we compare SOS to the Counties that show an MRI need in the Draft 2011 Plan and we compare SOS to providers in Counties with four or more MRI scanners. I will just very briefly summarize all of that by saying that the historical utilization of the SOS Mobile MRI is more than sufficient to support a new Fixed MRI in Guilford County, even as judged against the highest planning Threshold of 4,805.

For years, SOS has used a Mobile MRI service. A trailer with an MRI sits outside the SOS offices at their Murphy Wainer location. Patients go from the SOS physician office to the parking lot where the trailer is located to access the Mobile MRI.

The Mobile MRI is furnished to SOS through a contractual arrangement with an out-of-state company, Alliance Imaging; the contract with Alliance is very expensive for SOS. The transition to a Fixed MRI will eliminate the need to continue this costly contractual arrangement for Mobile service.

The Fixed MRI is superior to the Mobile MRI arrangement because, obviously, it can be installed within the building. In addition, in the transition to ownership of a Fixed MRI,

the referring physicians can hand pick the equipment they believe will be best suited for the care of their patients.

If afforded an opportunity to apply to acquire a Fixed MRI, SOS would propose to acquire the Siemens Medical Magnetom Espree. Siemens reports that the Espree MRI has shown significant clinical and operational advantages including:

- Elimination of outpatient IV sedations;
- Reduced patient rejections;
- Improved patient positioning, particularly for obese patients; and
- Ability to perform decubitus positioning, kinematic studies and interventions.

Overall, patients are much more comfortable with the Siemens Espree than with a vertical open field MRI. Siemens cites a study by the Mayo Clinic in which the vast majority of scanned patients reported that the Espree was more comfortable; 90% of patients indicated they would agree to another scan on the Espree.

The Espree boasts a large 70-cm opening and has a table weight to accommodate up to 550 pounds. This innovative development by Siemens can drastically reduce patient rejection issues. In some cases, obese patients may simply be unable to fit into a traditional 60-cm bore and must be redirected to a vertical field open system. The Fixed MRI is a clear improvement over a Mobile MRI in terms of efficiency and patient service.

The 2010 State Medical Facilities Plan provides:

A facility that offers MRI services on a full-time basis pursuant to a service agreement with an MRI provider is not precluded from applying for a need determination in the North Carolina 2010 State Medical Facilities Plan to replace the existing contracted service with a fixed MRI scanner under the applicant's ownership and control.

It is consistent with the purposes of the Certificate of Need law and the State Medical Facilities Plan for a facility to acquire and operate an MRI scanner to replace such a contracted service, if the acquisition and ownership of the facility's own MRI service will allow the facility to reduce the cost of providing the MRI service at that facility.

The requested adjustment is consistent with the Basic Principles of Safety and Quality, Access and Value which govern the development of the State Plan.

- A Fixed MRI will allow SOS to serve patients in a more convenient and cost-effective manner, enhancing safety and quality in service delivery.

- A Fixed MRI will maximize healthcare value by allowing SOS to eliminate a costly vendor arrangement and pass the savings on to patients through a 10% reduction in its charges and an increase in charity care.

Throughout the State, there are numerous examples of situations in which providers with active Mobile MRI services have applied to acquire their own Fixed MRI. SOS itself has attempted on several prior occasions to secure CON approval for acquisition of a Fixed MRI; in each instance, its CON Application was batched with multiple competing Applications and not selected for approval.

My firm prepared the most recent SOS CON Application. That Application was found fully conforming with all of the applicable statutory and regulatory criteria and consistent with all of the Policies applicable in the Review. In the competitive review, only one application could be approved and Greensboro Orthopaedic received the approval.

Greensboro Orthopaedic now supports the SOS Petition for an Adjusted Need. We were pleased to have Greensboro Orthopaedic's Executive Director, John Nosek, speak at the Greensboro Public Hearing in support of the SOS Petition. A copy of Mr. Nosek's remarks is included in your binder behind Tab 3.

You may be interested to know that Alliance Imaging is also supportive of SOS; in fact, Alliance sent a representative to speak in support of SOS at the 2009 CON Public Hearing.

I would like to note – and I believe this was a question posed at the last public hearing – whether SOS has local hospital support. We do.

When SOS applied in 2009 for the Fixed MRI CON, we obtained a letter of support from the Moses Cone Health System. The Corporate Planning and Development Vice President for the Hospital wrote to support SOS. Moses Cones remarked on the SOS commitment to quality and community service. They spoke about the involvement of SOS with the local high school athletic programs and about the SOS provision of charity care. Moses Cone stated that a Fixed MRI at SOS would improve access for residents of Guilford County. A copy of the Moses Cone letter is in your binder behind Tab 4.

I'd like to change gears and speak to another question that may be on the minds of some of the Council members. Application of the Standard Methodology in the Proposed 2011 State Plan shows that there will be no Need Determination for a new Fixed MRI Scanner for Guilford County.

Why is that? First, it should be noted that the Standard Methodology shows that MRI Scanners in Guilford County are averaging nearly 4,700 MRI procedures per Scanner (4,680).

If the County average was just over 4,800 MRI procedures (4,805), application of the Standard Methodology would show a Need.

So, it would be fair to characterize the situation in Guilford County as a “near miss.”

Second, it is important to realize two dynamics that are at work in the Standard Methodology that result in a No-Need Determination for Guilford County.

To shorthand, the Standard Methodology totals all MRI procedures and then divides the total by the number of MRI scanners to determine the Average Procedures per MRI. If that Average number exceeds the applicable Threshold, a Need is shown.

As I mentioned, Greensboro Orthopaedic Center was selected to receive CON Approval in 2009 to acquire a Fixed MRI Scanner to replace its Mobile MRI service.

When GOC implements its CON-approved Fixed Scanner, it will eliminate its Mobile service. But, as of now, GOC has not yet been able to take those steps.

As a result, the first dynamic at work in the Standard Methodology for Guilford County is that there are no MRI procedures listed for the new Fixed Scanner because that scanner has not yet been implemented. But, -- and this is the second dynamic -- the Standard Methodology nonetheless “counts” in the Inventory of MRI machines both the new Fixed Scanner as well as the old GOC Mobile MRI unit that will be discontinued.

So the total procedures for the County are divided by 14.4 MRI Scanners (which includes both the old and the new machines at GOC) and the result is an Average Number of Procedures per MRI that falls *just below* the applicable Utilization Threshold.

In the “real world,” the inventory of MRI Scanners serving Guilford County is about to change – when GOC develops its Fixed Scanner, it will eliminate its Mobile Service. If the total procedures for Guilford County were divided by one less scanner, a Need would be shown.

The bottom line is that application of the Standard Methodology will not show a Need. For a Need for a Fixed Scanner to appear, the SOS Petition must be granted.

We believe strongly that the unique attributes of Guilford County and the special situation of SOS in particular justify a decision to grant the SOS Petition. Our request is well-supported and consistent with the planning goals of enhancing safety, quality, access and value.

On behalf of SOS, I urge each of you to vote in favor of an Adjusted Need Determination in the 2011 State Plan to identify a Need for one (1) new Fixed MRI for Guilford County. Thank you.