



August 11, 2015

Christopher Ullrich, MD, Chairman
North Carolina State Health Coordinating Council
c/o North Carolina Division of Health Service Regulation
Medical Facilities Planning Branch
2714 Mail Service Center
Raleigh, North Carolina 27699-2714

RE: Comments Regarding the Doshier Hospital Petition for an Adjusted Need Determination for a Fixed MRI in Brunswick

Dear Dr. Ullrich and Members of the State Health Coordinating Council:

Alliance Healthcare Services is submitting the following comments in response to the inaccurate information that is included in the Doshier Hospital petition for an adjusted need determination for a fixed MRI scanner in Brunswick County. Please consider the following facts:

- Doshier Hospital chose 422 Long Beach Road in Southport as the current location for the MRI scanner which is approximately 4 miles from the hospital main campus. Due to this location choice, some patients have to be transported to and from the hospital. Alliance has already communicated its willingness to relocate the MRI scanner to the main hospital campus.
- The petitioner's contention that the Alliance MRI scanner only operates one third of the time is misleading. The MRI scanner is a full time unit because it does not move to serve other locations and the staffing can be adjusted to meet changes in demand. If the Hospital wants to have a technologist at the facility for additional number of hours per week, this can be addressed in the services agreement. During the past year, Doshier Hospital's annual volume of 1,267 weighted procedures represents less than 31 percent of the MRI capacity based on 4,118 weighted procedures. The hours of operation of the fixed MRI scanner at the Doshier Medical Plaza are based on the MRI procedures that are scheduled each day. Adding hours of MRI services does not generate increased demand the population has for MRI services.

- Doshier Hospital's designation as a Critical Access Hospital does not support special consideration for an adjusted need determination for a fixed MRI scanner. Traffic congestion in Brunswick County and other coastal communities is not a unique circumstance because it is seasonal and sporadic. Numerous coastal counties in addition to Brunswick County have roads that are subject to infrequent episodes of flooding during heavy rain. There are no legitimate geographic barriers that restrict patient access due to travel distances in Brunswick County that need to be remedied through an adjusted need determination for a fixed MRI scanner.
- The Alliance MRI equipment provided to Doshier Hospital is a grandfathered scanner and a valuable asset. If Doshier decides to terminate the contract with Alliance for MRI services, Alliance can use the scanner to serve patients of other providers in Brunswick County or other counties because the scanner is grandfathered and the scanner can be relocated without CON approval. Therefore the use of the Alliance scanner may not be discontinued in Brunswick County but instead shifted to an alternate location in areas of the county with higher population growth rates as compared to Southport.
- MRI procedures often require prior authorization. Consequently it is increasingly rare that a community hospital or critical access hospital has a genuine need for "same day" or "emergency" MRI procedures that would require an MRI technologist to be called back to the hospital. The Doshier Hospital petition provides no data to document the frequency that "same day" or "emergency" MRI procedures have occurred.
- Doshier Hospital's prediction of cost savings is speculative because the cost per scan comparison omits the indirect costs for equipment maintenance and depreciation that would be higher for the fixed MRI scanner proposed by Doshier.

The Doshier Hospital petition does not include a discussion of the obvious option of utilizing a mobile MRI scanner several days per week at the hospital and the imaging center which would reduce operating expenses and eliminate the need to transport patients. Most critical access hospitals in North Carolina utilize mobile MRI services because it provides cost effective service and fits the needs of their patient population.

The Proposed 2016 SMFP includes no policy to support the petitioner's request to lower the MRI utilization threshold to 1,716 weighted procedures that would give preferential treatment to one specific hospital provider. Furthermore, the MRI administrative rules have not been amended to provide exceptions to the tiered MRI planning thresholds. Therefore the requested adjusted need determination is inconsistent with the MRI methodology, the MRI administrative rules and the overall intent of the planning process.

Alliance Healthcare Services supports the standard methodology for fixed MRI scanners. Approval of the petition could result in the potential addition of an MRI scanner to the inventory in Brunswick County along with the relocation of the Alliance scanner to another location either within Brunswick County or elsewhere in the state.

Most MRI services areas in North Carolina are like Brunswick County and have no unmet need for an additional MRI scanner. Therefore the petition requests an adjusted need determination that would result in unnecessary duplication of MRI equipment.

Alliance is committed to providing the best solutions to improve MRI utilization and provide cost savings to Doshier Hospital. Many hospitals utilize Alliance's expertise including market analysis, strategic planning, management and staffing, and marketing to enhance services. Alliance is well positioned to provide Doshier Hospital with:

- Alternate proposals for full-time and part-time MRI services
- MRI equipment selection that fits the needs of the market and alternate locations
- Strategies to enhance physician satisfaction and increase referrals
- Financial analysis to help obtain competitive payor contracts
- Excellent quality of service and patient satisfaction with services that are accredited by The Joint Commission

For all of the reasons described above. Alliance respectfully requests that the State Health Coordinating Council deny the Doshier petition. Thank you for your thoughtful consideration.

Sincerely,

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

David J. French
Consultant to Alliance Healthcare Services