

Good Afternoon, my name is Will Haithcock and I am here today representing Cape Fear Valley Health System. Cape Fear Valley will be submitting Comments the end of July proposing two changes in the new Policy TE-3 Plan Exemption for Fixed Magnetic Resonance Imaging Scanners included in the *Proposed 2017 State Medical Facilities Plan*.

First, Cape Fear Valley Health System would like to thank the SHCC and SHP staff for their attention to the need for MRI services at rural hospitals and for including Policy TE-3 in the *Proposed 2017 SMFP*. We believe the policy will be very beneficial to both the small rural hospital and their communities that currently do not have this capability.

The first change CFV would recommend is in the second paragraph of the new policy regarding what hospitals qualify to use the policy. Current language in the policy states:

To qualify, the health service facility proposing to acquire the fixed MRI scanner shall demonstrate in its certificate of need application that it a licensed North Carolina acute care

hospital with emergency care coverage 24 hours a day, seven days a week and is **located in a county** that does not currently have an existing or approved fixed MRI scanner...

CFV recommends this language be amended to read:

To qualify, the health service facility proposing to acquire the fixed MRI scanner shall demonstrate in its certificate of need application that it a licensed North Carolina acute care hospital with emergency care coverage 24 hours a day, seven days a week and that **the hospital** does not currently have an existing or approved fixed MRI scanner ...

CFV believes that MRI services are the standard of care for all hospitals and believes this was a position taken by several members of the Technology and Equipment Committee. If a rural community hospital can justify spending the funds to develop MRI services to improve access in its community, they should be allowed to do so.

The second change CFV would recommend regards the target threshold identified in the new Policy TE-3. Based upon a review of CFV-Bladen County Hospital MRI expenses, CFV determined a projected break-even

point for the development of fixed MRI services. CFV-Bladen is a Critical Access Hospital and currently pays nearly \$170,000 per year for MRI services for one day of mobile MRI services a week. An analysis of costs at CFV-Bladen County Hospital, including staffing a MRI service full-time, acquiring equipment and necessary up fit to the facility, including funding depreciation, shows that with a volume of just over 400 cases, the acquisition of a fixed MRI scanner makes more financial sense than expanding the mobile service.

Weighted MRI volume in North Carolina in 2015, based upon data in the *Proposed 2017 SMFP*, averaged around 1.2 times total MRI scans. **Therefore, a break-even point of 400 cases results in an estimated 480 weighted cases, which CFVHS recommends rounding to 500 weighted cases.**

If a community hospital has physician and community support, and can justify the purchase of fixed MRI equipment, the installation of a fixed MRI unit at a community hospital has the potential to result in:

- At least a 30-40% increase in volume and revenue.
- Reduction in operating cost by approximately 50%.
- Provide flexible and improved staffing 5 days per week, with the ability to provide on-call coverage 24 hours 7 day per week

- Positive Return on investment and payback within 3 years or less.
- The unit will not require replacement for approximately 7 years, thus leaving years 3-7 with no capital expense for the unit itself.

Community hospitals have long been a source of pride in North Carolina. They provide the role of major employer in the community as well as taking responsibility for the health of local citizens. The proposed policy will benefit our rural communities and the changes proposed by CFV will enhance the ability of **ALL** community hospitals to have this opportunity.