Talking Points Comments on TE-4 Policy

Nancy Lane, President PDA

Public Hearing, July 21, 2020

Thank you, members of the SHCC and staff for taking time to listen today. My purpose is to comment on Policy TE-4 as presented in the Proposed 2021 SMFP.

My name is Nancy Lane. I am President of PDA, a national health care consulting firm headquartered in Raleigh NC. I have been in the health planning business for more than 35 years and have worked with the State Health Planning process since 1983. I am a consultant to Raleigh Radiology.

I am also an employer who purchases health insurance for my employees. I have seen first-hand what happens when my employees cannot get access in Wake County to the MRI equipment they need and must go out of county to get outpatient scans. Competition and access are important to me.

1. Today I will fact check erroneous information presented previous public hearings.
2. First, the SHCC and the Agency have full authority to modify any part of the Proposed Plan at any time prior to sending it to the Governor. I have reviewed the statute and the Plan with regard to the process and consulted with a CON attorney who reviewed statute, rules, and case law with regard to the issue.
3. Nothing in the law proscribes when the Agency may introduce a new policy or modify an existing one. The Plan simply requires the Agency to address, before the last SHCC meeting of the calendar year, a petition submitted by party other than the SHCC or agency, which has statewide implications.
4. Second, the Agency has treated Raleigh Radiology the same way as treating Alliance. The Agency told representatives that the proper forum for comments was during the summer public hearings. RR filed a timely petition on this matter on March 3 and the plan permits the Agency to communicate with petitioners to resolve issues regarding their Petitions.
5. The Agency drafted TE-4 in response to two petitions filed in a timely manner this past spring.
6. Fourth, the mobile scanner discussion is new this year. The SHCC has discussed and debated the fixed scanner issue for *at least* three years.
7. Some wording in the fixed MRI scanner part of TE-4 is unclear and recommended changes would fix that.
8. Fifth, the methodology is not sacred. It too is open to comment. The entire Plan is available for comment. Policies address issues irrespective of methodologies. Witness the intraoperative MRI Policy TE-2, which provides no limit to the number of times someone can apply.
9. History and context are important to good policy debate. The MRI methodology in the Proposed 2021 SMFP is a capacity methodology and based only on one year of use information.

10. Regardless of population growth in a service area – which is usually a single county, the Plan generates need for a new MRI fixed scanner only when the capacity of all scanners - mobile and fixed in that county - exceeds a set threshold. More scanners in the area mean a higher threshold.

11. If capacity is constrained and service area (for example Wake County) residents must leave the county for scans, the methodology will not show need in the county where people live. For instance, in 2021, Durham and Orange counties are showing need because Wake is undersupplied.

12. Wake County has the same population as Mecklenburg County, but fewer fixed MRI units; *and one quarter of those fixed units* are tied up in grandfathered mobile contracts that can leave at any time.

13. I have watched the MRI methodology unfold in North Carolina since 1993. Yes, for 27 years. Initially, the SHCC was concerned about unnecessary duplication of a new technology, then, under leadership of folks like Steve Nuckolls, the SHCC realized that once a mobile unit established a market, the Plan needed a mechanism to convert those mobiles to fixed, and it developed a process for hospitals to do that.

14. Now we are in an era of outpatient care and most of MRI is outpatient. We need a new mechanism for converting contracted mobiles to fixed

15. We can eat the elephant one bite at a time.

16. When a service agreement has been in place for more than nine years and demonstrated consistent high utilization, it is time to make that unit part of the permanent health care delivery system.

17. Thank you for your time and attention. I will follow up with a formal written version of my comments. I am willing to answer any questions you may have.