

**COMMENTS BY NOVANT HEALTH, INC.
REGARDING PETITION FILED BY
CAROLINA NEUROSURGERY & SPINE ASSOCIATES
TO ADD POLICY TE-4 TO THE 2021 SMFP
MARCH 18, 2020**

1. NAME, ADDRESS, EMAIL ADDRESS AND PHONE NUMBER OF COMMENTER:

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2. COMMENTS ON PROPOSED ADDITION OF POLICY TE-4

On March 4, 2020, Carolina Neurosurgery & Spine Associates (“CNSA”) submitted a petition seeking to add Policy TE-4 to the 2021 State Medical Facilities Plan (“SMFP”). This new policy, if adopted, would allow this physician practice to acquire a second mobile MRI scanner without a need determination in the SMFP, essentially bypassing a competitive review. After careful analysis of CNSA’s proposal, Novant Health, Inc. (“Novant”) respectfully offers the following comments for the State Health Coordinating Council’s (“SHCC”) review and consideration.

A. The Petition Should be Denied.

Novant operates multiple fixed MRI scanners at its hospitals and freestanding imaging centers throughout North Carolina. Novant also operates a fleet of mobile MRI scanners serving host sites throughout North Carolina. Novant is committed to providing high-quality, convenient, cost-effective MRI services using the latest technology in a variety of settings (inpatient, outpatient and mobile service) to meet the needs of patients.

CNSA’s Petition presents the self-described “rare” situation in which a provider not only owns a mobile MRI scanner but also contracts with a third-party mobile vendor. *See* Petition, page 9. Despite claiming that it is “grateful for the good relationship it has had with [the vendor] over the years,” *see* Petition, page 7, CNSA would nevertheless like to jettison its vendor and add additional mobile MRI capacity so that it can serve its own patients. It does not propose to serve as a mobile vendor in the traditional sense of serving multiple host sites owned by third parties. CNSA presents no facts or data showing there is an actual health planning problem to

be solved here, or that if there is such a problem, that it has a statewide effect. Rather, the issue seems to be one that is unique to CNSA. On that basis alone, the Petition should be denied as it does not meet the requirements for spring petitions. Petitions that are filed in the spring cycle need to have statewide application, which this Petition does not. *See* 2020 SMFP, page 7.

There is presently no methodology for adding mobile MRI capacity. As CNSA acknowledges, the way to add such capacity is through a special need petition filed in the summer cycle. *See* Petition, page 2. The downside for CNSA, however, is that if such a need were included in the next year's SMFP, anyone could apply for it, and the review could be competitive. *See* Petition, page 8. CNSA would thus like to bypass a competitive review and have a clear path to an additional mobile scanner. This is not a sufficient basis for making a significant change to the SMFP, as helping providers bypass competitive reviews is not the role of the SHCC or the SMFP. The SHCC should only make changes to the SMFP when there are real health planning problems to solve that impact quality, access or value. That is not the case here.

CNSA's Petition creates the unfair situation where CNSA and similarly-situated providers (assuming there are any; the Petition does not indicate) are exempt from the need determination in the SMFP, but other mobile providers, such as Novant, are not. There is no objective reason, and no evidence was provided in the Petition, explaining why CNSA should be given an advantage that Novant and other third party vendors do not have. If CNSA believes it needs more mobile capacity, it has several options: request more service from its vendor; add another vendor; or file a special need petition in July. The SHCC does not need to add a new policy to the SMFP to address CNSA's perceived issues.

Novant can only speak to its own service agreements, which are intended to provide high-quality, efficient and cost-effective MRI access to facilities that desire the service. Novant has invested substantially in acquiring state of the art equipment and hiring and training highly-qualified staff. Novant is not privy to the details of the CNSA/Alliance agreement, but if CNSA is truly concerned about continued mobile access and its Guilford and Cabarrus facilities, *see* Petition, page 8, there are other mobile vendors, such as Novant, that may be able to meet CNSA's needs. In any event, the SHCC should not make a significant change to the SMFP on the basis of an unsubstantiated concern that CNSA's vendor might not renew its service. *See* Petition, page 8.

While eliminating a third-party vendor might save CNSA some expense (although this is not clearly explained in the Petition), it should not be assumed that any cost savings CNSA experiences will be passed on to patients in the form of lower prices or that CNSA will provide more access to medically-underserved patients. If CNSA's Petition were approved, and CNSA filed a successful CON application, CNSA would incur the cost of the scanner, and related equipment such as a contrast injector, and the trailer. CNSA would also need to hire and train employees. Operating a true mobile service that goes to more than one host site (and apparently, CNSA would take its proposed mobile to its Guilford and Cabarrus sites, and perhaps also to Mecklenburg where it receives mobile service from Alliance) requires particular expertise and experience which CNSA does not possess. Each of the things CNSA would like to do has a cost, and CNSA, like any for-profit business, would seek not only to recover its costs but also generate a profit for its owners. A competitive review, which is what CNSA seeks to avoid, can

be a useful tool in gauging whether proposals are cost effective and whether they will provide access to medically underserved populations.

Conclusion

CNSA's Petition should be denied. There is no health planning problem that needs to be solved here requiring a new policy in the SMFP. If CNSA believes it needs additional mobile capacity, it has several options, including petitioning the SHCC in July for a special need determination.

Novant thanks the SHCC for its consideration of these comments.