

# PETITION

## Petition to Remove Need Determination for One Fixed MRI Scanner in Stanly County

### Petitioner

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### Statement of Requested Adjustment

The Charlotte-Mecklenburg Hospital Authority d/b/a Atrium Health (Atrium) respectfully petitions the State Health Coordinating Council (SHCC) to remove the need for an additional fixed MRI scanner in Stanly County from the 2022 State Medical Facilities Plan (SMFP). Atrium supports the standard MRI methodology, but there are occasionally special circumstances that require adjustment. Atrium believes it is premature to add second fixed MRI scanner to the Stanly County at this time and will demonstrate the bases for this position below.

### Review of the MRI Methodology

The MRI methodology included in the Proposed 2022 SMFP applies tiered thresholds to determine need based on the number of scanners present in a service area:

Number of Fixed Scanners in Service Area	Planning Threshold	Inpatient and Contrast Adjusted Thresholds
4 and Over	70.0%	4,805
3	65.0%	4,462
2	60.0%	4,118
1	55.0%	3,775
0	25.0%	1,716

When the current MRI methodology was established, the thresholds were purposely set low for counties with no scanner or one scanner to make it easier for small counties to add MRI scanners in the future. While this approach is beneficial when there is significant growth in population and MRI scans, it may be problematic in areas where growth is more modest. Stanly County currently has only one fixed MRI scanner, so a need determination is generated when the weighted MRI scans provided in the county exceed 3,775 scans.

## Reasons for the Requested Change

Atrium believes that the growth trends in both population and MRI scans are insufficient to justify the addition of a fixed MRI scanner in the county at this time. The situation in Stanly County is like what has occurred in other counties with a single MRI scanner that have previously petitioned the SHCC to remove the need determination. In 2014 and 2015, Atrium successfully petitioned to remove the need for a second MRI scanner in Lincoln County. More recently, in 2017, 2018, 2019 and 2020 Sentara Albemarle Medical Center was also successful with their petition to remove the need for a second MRI scanner in the Pasquotank/Camden/Currituck/Perquimans Service Area. The reasons to remove the additional fixed MRI scanner for Stanly County from the Proposed 2022 SMFP are similar to those examples from previous petitions.

### I. Low Growth in MRI Scans

The table below shows the weighted MRI scans for Atrium Health Stanly’s fixed MRI scanner over the past six years. Mobile MRI services were added in FFY 2017 to the Atrium Health West Stanly Imaging location in Locust. Over the past six years, the MRI utilization in the Stanly County service area has grown 46.6 percent with a compound annual growth rate (CAGR) of 7.9 percent. This was primarily due to the addition of the mobile MRI scanner which has had a compounded annual growth rate of 29.0 percent over its initial four years. Comparatively, the fixed MRI scanner’s compounded annual growth rate was 6.1 percent.

	Weighted MRI Scans						
	FFY 2015	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020	CAGR
Atrium Health Stanly (Fixed)	3,022	3,094	3,334	3,430	3,931	4,069	6.1%
Atrium Health West Stanly (Mobile)			168	343	391	361	29.0%
<b>Stanly County Total</b>	<b>3,022</b>	<b>3,094</b>	<b>3,502</b>	<b>3,773</b>	<b>4,322</b>	<b>4,430</b>	<b>7.9%</b>
Annual Change		2.3%	11.7%	7.2%	12.7%	2.4%	

Source: 2017-2022 SMFPs

According to the SMFP, the annual maximum capacity of a fixed MRI scanner is 6,864 procedures per year. With only 3,931 procedures performed in FFY 2019, the fixed MRI scanner has capacity to accommodate additional procedures. The existing fixed and mobile MRI scanners have sufficient capacity to meet patient needs currently and in the near future.

The performance standards included in the CON rules require an applicant in a service area with one existing fixed MRI scanner to project the proposed MRI scanner will achieve a minimum of 3,775 weighted procedures by the third project year. If an applicant owns a fixed MRI scanner, it must reasonably project that each scanner will achieve 3,775 procedures for a total of 7,550 scans for the two scanners. Atrium Health Stanly performed 4,069 weighted procedures in FFY 2020, and it would need to project its volume to grow by over 85 percent by the third project year to meet this standard. If a new provider proposes to meet the need, assuming the FY2020 volume

remains the same at the existing providers and the new provider meets the 3,775 target, the total county scan volume would need to grow over 85 percent.

## II. Low Population Growth

Stanly County is a small, rural county that has experienced limited population growth in recent years. According to population counts and estimates from the North Carolina Office of State Budget and Management (NCOSBM), population growth in Stanly County over the past five years has been modest with a compound annual growth rate of 1.1 percent. The annual growth is forecasted to decrease to 0.23 percent in 2021 and remain relatively steady near 0.5 percent between 2022 and 2029.

Year	Population	Annual Growth Rate
2015	61,196	
2016	61,700	0.82%
2017	62,761	1.72%
2018	63,343	0.93%
2019	64,132	1.25%
2020	64,691	0.87%
2021	64,841	0.23%
2022	65,142	0.46%
2023	65,474	0.51%
2024	65,800	0.50%
2025	66,127	0.50%
2026	66,453	0.49%
2027	66,781	0.49%
2028	67,107	0.49%
2029	67,433	0.49%

## III. Low Number of Patients Needing MRI Services in the County

In FFY 2020 Atrium Health Stanly and Atrium Health West Stanly Imaging provided MRI scans for 2,486 patients from Stanly County. Based on data reported by hospitals and freestanding MRI providers to DHSR, 5,207 Stanly County residents received MRI scans in FFY 2020. Thus, only 47.7 percent of all Stanly County residents who received an MRI scan received a scan within the county. The Atrium Health Stanly historical ratio of weighted MRI scans per patient is 1.36. Applying this ratio to the 5,207 Stanly County patients would result in a total of 7,082 MRI scans. That means that if all Stanly County residents received their MRI scans within the county the number of scans would still be 468 scans short of meeting the CON performance standards to support two scanners.

The factors listed above demonstrate the assumptions required to meet the CON performance standard volume threshold do not match recent experience in Stanly County. Any CON applicant would have difficulty meeting the prospective performance standards in the CON rules for fixed MRI scanners. In addition, Stanly County has both hospital-based fixed MRI and mobile MRI services that are geographically distributed within the county to meet the needs of the Stanly County patients.

### **Impact of Request/Implications if Petition is Not Approved**

As outlined above, approval of this petition will result in the adjusted need for no additional fixed MRI scanners in Stanly County. Based on historical growth rates and projections, if this petition is not approved it will result in an unnecessary service that may be underutilized in the Stanly County area.

### **Adverse Effects on Population**

The approval of this petition would not have any negative effects on the population of Stanly County. The Atrium Health Stanly fixed MRI scanner and mobile MRI scanner at West Stanly Imaging in Locust have ample capacity to meet the current demand and potential volume growth.

Projections of Stanly County's population show continued slow growth over the next five years. If the petition is not approved the citizens of Stanly County could be adversely impacted by the premature installation of a second fixed MRI scanner that may be underutilized and therefore contribute to higher healthcare costs.

### **Alternative Considerations**

Atrium considered not filing a petition. However, given the cost of developing a second fixed MRI scanner, and the available capacity of the existing fixed and mobile MRI scanners to serve the area, Atrium determined that the best alternative at this time was to ask the State Health Coordinating Council to remove the need determination.

### **Impact of Proposed Changes on Unnecessary Duplication**

The proposed revision will prevent unnecessary duplication of MRI services in the Stanly County area. As demonstrated above, the population is small and slow growing, and the MRI procedure growth is low. The addition of a second scanner in 2022 will create unnecessary duplication because at the current growth rates that MRI scanner will likely not be utilized anywhere near the suggested capacity threshold.

### **Proposal's Consistency with the Basic Principles of the SMFP**

The removal of this MRI need determination will ensure quality, access, and value for patients. By ensuring ample utilization of existing MRI scanners access and cost to patients will not be negatively impacted. In fact, avoiding an underutilized MRI scanner will increase healthcare value for patients.

## **Summary**

Based on the evidence presented above, Atrium believes that the removal of need for an additional fixed MRI scanner in the Proposed 2022 SMFP is in the best interest of the citizens of Stanly County. Atrium supports the tiered MRI methodology in the SMFP. However, the demographic data and projections for future procedures suggest that the current fixed MRI and mobile MRI capacity can sufficiently accommodate the county's needs. Utilization trends may generate a need for an additional fixed MRI scanner in the future. It would be prudent to delay adding a second fixed MRI scanner in the county until utilization trends demonstrate sustainable growth over multiple years.