

TO: North Carolina Division of Health Service Regulation  
Healthcare Planning and Certificate of Need Section  
[DHSR.SMFP.Petitions-Comments@dhhs.nc.gov](mailto:DHSR.SMFP.Petitions-Comments@dhhs.nc.gov)

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COMMENT: Opposition to the Carolina Neurosurgery and Spine Associates Petition for Policy TE-4

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Alliance Healthcare Services opposes the Carolina Neurosurgery and Spine Associates (CNSA) petition that recommends adoption of Policy TE-4 because it undermines the proposed changes to the methodology for fixed MRI scanners and because this Policy would result in unnecessary duplication of health services. Policy TE-4 would allow select applicants such as CNSA to submit noncompetitive CON applications to obtain their own mobile MRI to replace their contract service MRI scanners without regard to the MRI need determinations in the State Medical Facilities Plan.

For many years, Alliance Healthcare Services (“Alliance”) has worked collaboratively with physician groups and hospitals in North Carolina to provide mobile MRI services. There have been many instances where healthcare organizations have increased their MRI utilization by utilizing Alliance capacity to enable them to successfully obtain CON approval of their own MRI scanners. In recent months, Tina Hinshaw, Regional VP, Southeast Operations of Alliance Healthcare Services participated in the MRI Methodology Workgroup to help develop recommendations for changes to update the methodology.

If changes to the fixed MRI methodology are implemented by the State Health Coordinating Council based on the recommendations of the MRI Workgroup, then the MRI performance standards would also need to be changed which could affect both the fixed and mobile MRI scanners. Without knowing the outcome of the proposed changes to the fixed MRI methodology, it is impossible to know the unintended consequences of Policy TE-4 and how it could change the future MRI inventory and impact the implementation of the updated MRI methodology. Furthermore, it would be difficult, if not impossible, to evaluate the functionality of the changes to the MRI standard methodology if Policy TE-4 is adopted concurrently.

Policy TE-4 would certainly cause unnecessary duplication because it establishes no limit as to how many “provider-owned” MRI scanners could seek CON approval each year. CNSA’s self-serving petition includes no estimates of how many other entities could claim to be “qualified

applicants.” Conceivable, Policy TE-4 could be utilized on multiple occasions by the same provider over a span of many years to repeatedly add to its MRI inventory through noncompetitive CON applications.

The proposed Policy TE-4 represents a divisive strategy that is unjustified because it would give a competitive advantage to certain providers such as CSNA and disadvantages others. CSNA wants an opportunity to submit its noncompetitive CON to obtain another mobile MRI to serve its own patients regardless of the healthcare needs of the service area population. Meanwhile, other applicants have to wait until a fixed MRI need determination becomes available to submit their competitive CON applications.

Not only is Policy TE-4 vexatious, it is poorly drafted and lacks adequate definitions. For example, it is not clear if “unrelated person” means entities that are not related by family relationships, or have no common ownership, or are separately licensed. The terms “provider” and “vendor” also lack adequate definitions. The CNSA petition fails to consider the fact that CON approvals have previously been granted for mobile MRI scanners that include joint ventures and lessor/lessee agreements between Alliance Healthcare Services and physician groups and hospitals. In these circumstances, the relationship between the entities is different than the simplistic groupings of “provider” and “vendor” as described in the CNSA petition. While the petitioner wants to categorize Alliance Healthcare Services (“Alliance”) as a “vendor” there is nothing to preclude Alliance from establishing imaging locations where it would be billing entity and “provider.” Another defect of Policy TE-4, is that CNSA could contract to provide mobile MRI services to other “providers” and thus become a contract service “vendor.” For all of these reasons, it would be imprudent to adopt this flawed Policy TE-4.

Alliance recognizes the importance of the Healthcare Planning and Certificate of Need process for MRI scanners to ensure that adequate capacity is available to serve the needs of the service area population. Multiple CNSA practice locations already have abundant MRI resources and later this year they have opportunity to submit a CON application for a fixed MRI need determination in Mecklenburg County. In addition, they also have the same opportunity as others to submit a summer petition for an adjusted need determination for a mobile MRI scanner. Therefore, there is no need to adopt Policy TE-4.

Alliance urges the Technology and Equipment Committee and the State Health Coordinating Council to deny this petition.

Thank you for your consideration.