

**Technology and Equipment Committee
Agency Response
Regarding Fixed MRI Methodology/Technology and Equipment Policy TE-3
in the 2017 State Medical Facilities Plan**

Commenter:

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Request:

Cape Fear Valley Health System (CFVHS) requests the following two changes be made in the Proposed Policy TE-3 in the *2017 State Medical Facilities Plan*.

1. The policy should be amended to allow an individual community hospital with a 24-hour emergency department to apply for a CON for a fixed MRI.
2. The threshold in the policy should be changed to 500 weighted MRI procedures.

These proposed changes are reflected in the following Policy TE-3 language.

Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Imaging Scanners

Qualified applicants may apply for a fixed magnetic resonance imaging scanner (MRI).

To qualify, the health service facility proposing to acquire the fixed MRI scanner shall demonstrate in its certificate of need application that it is 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 the hospital does not currently have an existing or approved fixed MRI scanner as reflected in the inventory in the applicable State Medical Facilities Plan. The applicant shall demonstrate that the proposed fixed MRI scanner will perform at least ~~900~~ 500 weighted MRI procedures during the third full operating year.

The performance standards in 10A NCAC 14C .2703 would not be applicable.

The fixed MRI scanner must be located on the hospital's "main campus" as defined in 131E-176 (14n).

Background Information:

CFVHS has labeled this written submission as both a petition and a comment. For summer petitions submitted on new policies presented for comment in the Proposed SMFP, the agency has a precedent of requesting the Council consider them as comments and respond accordingly.

Chapter 2 of the 2016 SMFP describes the purpose and process for submitting petitions to amend the SMFP during its development. Early in the planning year petitions related to basic SMFP policies and methodologies that have a statewide impact may be submitted. The SMFP defines changes with the potential for a statewide impact as “the addition, deletion, and revision of policies and revision of the projection methodologies.”

In the spring of 2015, J. Arthur Doshier Memorial Hospital (Doshier) proposed the need for either “Policy TE-2” or changes to steps in the current MRI Methodology. Policy TE-2 was written to allow hospitals to replace “the existing contracted service agreement with a fixed scanner under the hospital’s ownership and control.” The committee deferred the vote on the petition in order to allow members more time for discussion. Part of the discussion included comments submitted by CFVHS proposing verbiage changes that would increase the number of potential applicants pursuant to the proposed policy.

The Committee granted approval for the development and consideration at the second meeting of an alternate policy. At the second meeting, the Committee voted unanimously to deny the Doshier petition and declined to approve the draft “Policy TE-3”. However, Doshier submitted an adjusted need petition in the summer of 2015, and that petition was approved by the SHCC.

In the spring of 2016, CFVHS submitted a petition requesting a new policy, Policy TE-3: Fixed MRI Scanners in Community Hospitals, which would allow a certificate of need to be issued to a licensed hospital without regard to the MRI need in Chapter 9: Magnetic Resonance Imaging. The SHCC approved Policy TE-3, and it was included in the *Proposed 2017 State Medical Facilities Plan* (p. 27 of PDF version).

Also, in reviewing this request from CFVHS and associated documentation, staff noted the number of procedures for Policy TE-3 in the *Proposed 2017 SMFP* erroneously listed 900 and should be corrected to 850 weighted procedures.

Analysis/Implications:

The petition/comment from CFVHS has two requested changes. The first includes a change from a county- to a hospital-based model. The second requested edit is a lowering of the threshold to 500.

The analysis will address the proposed 500 threshold first. In order to calculate the number of weighted procedures that could be projected in counties with only limited mobile MRI services, the Agency identified all counties with one full-time fixed MRI scanner and calculated a ratio of the county population to the number of weighted scans in each area. Table 1 summarizes this information.

Table 1: Ratio of Population to Scans in Counties with One Fixed MRI Machine

County	2016 SMFP Weighted Scans on Fixed Machine	2015 Population	Ratio of Population to Scans
Ashe	940	27,482	29.2
Beaufort	2,072	47,712	23.0
Caldwell	2,660	82,394	31.0
Cherokee	1,612	27,358	17.0
Chowan	1,922	14,670	7.6
Columbus	2,307	57,599	25.0
Dare	2,044	35,495	17.4
Edgecombe	1,968	55,384	28.1
Franklin	1,059	63,838	60.3
Granville	1,782	58,276	32.7
Halifax	1,686	52,878	31.4
Hertford	2,192	24,524	11.2
Lee	2,874	59,224	20.6
Lincoln	4,667	80,813	17.3
McDowell	1,795	45,380	25.3
Mitchell	1,491	15,832	10.6
Pasquotank	3,603	39,890	11.1
Richmond*	311	45,519	N/A
Rutherford	3,233	67,456	20.9
Sampson	2,101	64,519	30.7
Stanly	2,849	61,278	21.5
Transylvania	2,090	33,749	16.1
Person**	0	39,327	N/A
Averages	2,235.57	48,369.10	23.24

*Richmond County has two hospitals. The facility with the fixed MRI scanner reports fewer procedures overall than the one with the mobile scanner. Thus, Richmond County is excluded from the calculation of averages.

** The Person County MRI scanner was not operational for data reporting year of the 2016 SMFP. Thus, Person County is excluded from the calculation of averages.

The average population per scan was calculated at 23.24 as seen above.

As it is currently written, hospitals in 12 counties do not currently have a fixed scanner and would be eligible to apply for a fixed MRI scanner pursuant to Policy TE-3. Those counties are: Allegheny, Anson, Avery, Bladen, Chatham, Davie, Duplin, Hoke, Martin, Montgomery, Pender, and Polk. The projected utilization in these counties is depicted in Table 2 and was calculated using the average from Table 1. The policy requires the number of weighted scans to be 850 or above after the third operating year. Thus, the 2020 population figures were used to project utilization.

Table 2: Projected Fixed MRI Use for Hospitals in Counties Eligible under Policy TE-3

County	2020 Population (Projected)	Projected Utilization based on ratio of weighted scans to Population
Alleghany	11,460	493.1
Anson	26,465	1138.8
Avery	17,903	770.4
Bladen	35,355	1521.3
Chatham	75,494	3248.5
Davie	41,469	1784.4
Duplin	62,035	2669.3
Hoke	57,919	2492.2
Martin	23,059	992.2
Montgomery	27,946	1202.5
Pender	63,363	2726.5
Polk	21,336	918.1

Source: North Carolina Office of State Budget and Management County/State Population Projections

According to the wording of the proposed policy, applicants would be able to apply without a need determination in the service area and would be required to meet the performance standard of 850 weighted scans in the third year of operation. Based on the projections in Table 2, only two counties, Allegheny and Avery, do not project enough scans to exceed the threshold of 850. Lowering the threshold to 500 would allow for only one more county (i.e. Avery) to be considered eligible. The Agency believes the proposed 500 weighted procedures may be too low.

The other modification requested includes changing the policy from a county-based model to a facility-based model. This would allow any facility without a fixed MRI scanner to apply if it demonstrated that it could meet the set performance standards. If the phrase, “is located in a county that,” were removed from TE-3, more hospitals could use this option. This edit would only affect Richmond and Hoke counties. Richmond has two hospitals, one with a fixed MRI scanner and one contracting for mobile services. According to the data from the License Renewal Applications, the fixed MRI scanner performed fewer procedures than the mobile scanner. Hoke has two hospitals, but neither have scanners.

Recommendation:

Given the implications noted above, the agency recommends removing “is located in a county that” from Policy TE-3. The Agency projects utilization based on a ratio of population to weighted scans that shows this amended Policy will cover all hospitals in all counties except Allegheny and Avery.

The agency proposes the following new wording for Policy TE-3:

“Qualified applicants may apply for a fixed magnetic resonance imaging scanner (MRI). To qualify, the health service facility proposing to acquire the fixed MRI scanner shall demonstrate

in its certificate of need application that it is a licensed North Carolina acute care hospital with emergency care coverage 24 hours a day, seven days a week and that it does not currently have an existing or approved fixed MRI scanner as reflected in the inventory in the applicable State Medical Facilities Plan.

The applicant shall demonstrate that the proposed fixed MRI scanner will perform at least 850 weighted MRI procedures during the third full operating year.

The performance standards in 10A NCAC 14C .2703 would not be applicable.

The fixed MRI scanner must be located on the hospital's "main campus" as defined in G. S. 131E-176 (14n)."