

Comments Submitted by Alliance Healthcare Services Regarding Raleigh Radiology Cary CON Application, Project ID # J-11825-19

Alliance Healthcare Services (Alliance) has existing agreements with healthcare providers in Wake County to provide mobile MRI service and to provide grandfathered MRI scanners that are installed at some diagnostic centers including Raleigh Radiology Cary (RRCary). In its CON application, RRCary makes incorrect and disparaging comments regarding the Alliance MRI service. The following comments are submitted in accordance with N.C. Gen. Stat. § 131E-185(a1) (1) and address the incorrect representations in the RRCary project application as follows:

RRCary Application: The applicant states, “Alliance can terminate its agreement and move its scanner out of the county.”

Alliance Comment: RRCary provides no documentation that Alliance has ever threatened to cancel an agreement for an installed MRI scanner. In fact, the opposite is true because Alliance has renewed and extended its agreement with RRCary. Furthermore, other than its existing agreement, RRCary has no knowledge regarding where Alliance may utilize its grandfathered MRI scanners in the future.

RRCary Application: Page 78 of the RRCary application states that the Alliance fixed/mobile contract is not an effective long-term solution.

Alliance Comment: This statement by RRCary is inaccurate and unsupported because the application does not include any cost analysis to demonstrate that the proposed project to acquire a fixed MRI is a more cost-effective alternative as compared to maintaining the status quo. As RRCary well knows, it can be very costly to seek CON approval for a fixed MRI scanner and the outcome of the CON appeals process is uncertain. The table below shows that RRCary’s costs related to a CON for a fixed MRI scanner in Wake County can be far greater than the cost of maintaining the status quo.

	File CON for Fixed MRI	Maintaining Status Quo
CON Consulting Costs	\$100,000	\$0
CON Application Fee	\$10,712	\$0
Potential CON Appeal Cost	\$250,000	\$0
Total Estimated Costs	\$360,712	\$0

Source: RRCary Application
 Potential CON Appeals Cost is an estimate.

RRCary Application: Page 78 of the RRCary application also states “if forced to maintain the status quo service contract, RRCary will not only have higher operating costs, but also have less flexibility to adjust hours to meet changing needs of patients.”

Alliance Comment: RRCary willingly entered into a services agreement with Alliance and can renegotiate and change the terms, including the hours of services, as it has done so in the past. In October 2019, Alliance provided Raleigh Radiology with a price reduction for its MRI services agreements. Alliance previously granted reductions in overtime rates to RRCary in support of greater flexibility to expand hours. In 2016 and 2017, Alliance did not impose any CPI increases for RRCary. Alliance has even increased its staffing levels at RRCary to enhance productivity with no increases in the pricing.

It is also incorrect for RRCary to predict higher costs and less flexibility in future years because in 2019 RRCary experienced a decrease in MRI utilization that reduced its overall annual costs and improved schedule availability. Regardless of its utilization, RRCary will continue to have the flexibility to adjust its schedule and hours of service for its current fixed MRI, owned by Alliance.