

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: December 21, 2023

Findings Date: December 22, 2023

Project Analyst: Cynthia Bradford

Co-Signer: Gloria C. Hale

Project ID #: F-12431-23

Facility: Novant Health Imaging Mt. Island Lake

FID #: 230804

County: Mecklenburg

Applicant: Novant Health-Norfolk, LLC

Novant Health, Inc.

Project: Develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound

### REVIEW CRITERIA

G.S. 131E-183(a): The Department shall review all applications utilizing the criteria outlined in this subsection and shall determine that an application is either consistent with or not in conflict with these criteria before a certificate of need for the proposed project shall be issued.

- (1) The proposed project shall be consistent with applicable policies and need determinations in the State Medical Facilities Plan, the need determination of which constitutes a determinative limitation on the provision of any health service, health service facility, health service facility beds, dialysis stations, operating rooms, or home health offices that may be approved.

C

Novant Health-Norfolk, LLC, and Novant Health, Inc., herein after collectively referred to as “the applicant,” proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. The diagnostic center will be an Independent Diagnostic Testing Facility (IDTF) located in Charlotte. Upon project completion, Novant Health Imaging Mt. Island Lake (NHI Mt. Island Lake) will operate one fixed MRI scanner.

## **Need Determination**

The 2023 State Medical Facilities Plan (SMFP) includes a need methodology for determining the need for additional fixed MRI scanners in North Carolina by service area. Application of the need methodology in the 2023 SMFP identified a need for one fixed MRI scanner in Mecklenburg County. The application was submitted in response to the need determination in the 2023 SMFP for one fixed MRI scanner in Mecklenburg County. Therefore, the application is consistent with the need determination in the 2023 SMFP.

## **Policies**

Two policies in Chapter 4 of the 2023 SMFP are applicable to this application: *policy GEN-3: Basic Principles* and *Policy GEN-4: Energy Efficiency and Sustainability for Health Service Facilities*.

### **Policy GEN-3**

Policy GEN-3 on page 30 of the 2023 SMFP states:

*“A certificate of need applicant applying to develop or offer a new institutional health service for which there is a need determination in the North Carolina State Medical Facilities Plan shall demonstrate how the project will promote safety and quality in the delivery of health care services while promoting equitable access and maximizing healthcare value for resources expended. A certificate of need applicant shall document its plans for providing access to services for patients with limited financial resources and demonstrate the availability of capacity to provide these services. A certificate of need applicant shall also document how its projected volumes incorporate these concepts in meeting the need identified in the State Medical Facilities Plan as well as addressing the needs of all residents in the proposed service area.”*

In Section B, pages 25-27, the applicant explains why it believes its application is consistent with Policy GEN-3. The applicant states it is committed to the provision of comprehensive, high quality, safe and cost-effective imaging services to persons in need of those services; the proposed MRI services will be accessible to all persons, including those in underserved groups, and will maximize healthcare value by developing the proposed fixed MRI scanner at an existing freestanding center, thereby lowering project costs.

### **Policy GEN-4**

Policy GEN-4 on page 30 of the 2023 SMFP states:

*“Any person proposing a capital expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178 shall include in its certificate of need application a written statement describing the project’s plan to assure improved energy efficiency and water conservation.*

*In approving a certificate of need proposing an expenditure greater than \$5 million to develop, replace, renovate or add to a health service facility pursuant to G.S. 131E-178, Certificate of Need shall impose a condition requiring the applicant to develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4.*

*Any person awarded a certificate of need for a project or an exemption from review pursuant to G.S. 131E-184 is required to submit a plan of energy efficiency and water conservation that conforms to the rules, codes and standards implemented by the Construction Section of the Division of Health Service Regulation. The plan must be consistent with the applicant's representation in the written statement as described in paragraph one of Policy GEN-4. The plan shall not adversely affect patient or resident health, safety or infection control."*

The proposed capital expenditure for this project is greater than \$5 million. In Section B, pages 28-29, the applicant describes the project's plan to improve energy efficiency and water conservation. The applicant states,

*"The NHI Mt. Island Lake fixed MRI scanner project will have a total capital cost of more than \$5 million. Novant Health and NHI Mt. Island Lake will formulate a plan as part of the implementation of the proposed new MRI scanner, which will include methods to improve energy efficiency and water conservation. The plan will not adversely affect patient or resident health, safety, or infection control."*

The Agency reviewed the:

- Application
- Exhibits to the application
- Information publicly available during the review and used by the Agency

Based on that review, the Agency concludes that the application is conforming to this criterion based on the following:

- The applicant does not propose to develop more fixed MRI scanners than are determined to be needed in the service area.
- The applicant adequately demonstrates that the proposal is consistent with Policy GEN-3 and Policy GEN-4 based on the following:
  - The applicant adequately documents how the project will promote safety and quality in the delivery of fixed MRI services in Mecklenburg County.

- The applicant adequately documents how the project will promote equitable access to fixed MRI services in Mecklenburg County.
  - The applicant adequately documents how the project will maximize healthcare value for the resources expended.
  - The applicant adequately documents that it has a plan in place to ensure water and energy conservation in the development of the proposed project.
  - The applicant states its plan will not adversely affect patient or resident health, safety, or infection control.
- (2) Repealed effective July 1, 1987.
- (3) The applicant shall identify the population to be served by the proposed project and shall demonstrate the need that this population has for the services proposed, and the extent to which all residents of the area, and, in particular, low-income persons, racial and ethnic minorities, women, persons with disabilities, the elderly, and other underserved groups are likely to have access to the services proposed.

## C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

### Designation as a Diagnostic Center

N.C. Gen. Stat. §131E-176(7a) states, as amended by Session Law 2023-7, effective March 27, 2023, and which includes a cost threshold adjustment in effect at the time this application was received:

*“Diagnostic center” means a freestanding facility, program, or provider, including but not limited to, physicians’ offices, clinical laboratories, radiology centers, and mobile diagnostic programs, in which the total cost of all the medical diagnostic equipment utilized by the facility which cost ten thousand dollars (\$10,000) or more exceeds one million five hundred and eighty-one dollars (\$1,581,000). In determining whether the medical diagnostic equipment in a diagnostic center costs more than one million five hundred and eighty-one dollars (\$1,581,000), the costs of the equipment, studies, surveys, designs, plans, working drawings, specifications, construction, installation, and other activities essential to acquiring and making operational the equipment shall be included. The capital expenditure for the equipment shall be deemed to be the fair market value of the equipment or the cost of the equipment, whichever is greater.”*

In Section A, page 16, the applicant states the total cost of the proposed project is \$6,228,353, which exceeds the statutory threshold of \$1,581,000. Therefore, NHI Mt. Island Lake

qualifies as a diagnostic center, which is a new institutional health service, and which requires a Certificate of Need (CON).

**Patient Origin**

*Diagnostic Center Service Area*

N.C. Gen. Stat. §131E-176(24a) states, “Service area means the area of the State, as defined in the State Medical Facilities Plan or in rules adopted by the Department, which receives services from a health service facility.” The 2023 SMFP does not define a service area for diagnostic centers nor are there any applicable rules adopted by the Department that define the service area for diagnostic centers. Thus, the service area in this review is as defined by the applicant. The applicant defines the service area for the proposed diagnostic center as consisting of thirteen ZIP codes (28012, 28037, 28078, 28120, 28164, 28202, 28208, 28214, 28216, 28262, 28269, 28273 and 28278) located in Mecklenburg, Lincoln and Gaston counties. Facilities may also serve residents not included in their service area.

*Fixed MRI Scanner Service Area*

On page 331, the 2023 SMFP defines the fixed MRI scanner service area as “... the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1”. Therefore, for the purpose of this review, the fixed MRI scanner service area is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The applicant proposes to develop a new freestanding diagnostic center, therefore, there is no historical patient origin to report.

The following table illustrates projected patient origin for MRI services for NHI Mt. Island Lake.

MRI Services	NHI Mt. Island Lake Projected Patient Origin						
	County	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
		10/01/2025-09/30/2026	10/01/2026-09/30/2027	10/01/2027-09/30/2028			
Mecklenburg	1,630	81.2%	2,336	81.2%	3,137	81.2%	
Lincoln	227	11.3%	325	11.3%	437	11.3%	
Gaston	150	7.5%	215	7.5%	288	7.5%	
<b>Total</b>	<b>2,007</b>	<b>100.0%</b>	<b>2,875</b>	<b>100.0%</b>	<b>3,862</b>	<b>100.0%</b>	

Source: Application, page 53.

The following table illustrates projected patient origin for CT scanner services for NHI Mt. Island Lake.

CT Scanner County	NHI Mt. Island Lake Projected Patient Origin					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	10/01/2025-09/30/2026		10/01/2026-09/30/2027		10/01/2027-09/30/2028	
Mecklenburg	3,051	80.8%	4,118	80.8%	5,336	80.8%
Lincoln	411	10.9%	554	10.9%	718	10.9%
Gaston	316	8.4%	426	8.4%	552	8.4%
<b>Total</b>	<b>3,777</b>	<b>100.0%</b>	<b>5,098</b>	<b>100.0%</b>	<b>6,606</b>	<b>100.0%</b>

Source: Application, page 53.

The following table illustrates projected patient origin for ultrasound services for NHI Mt. Island Lake.

Ultrasound Unit County	NHI Mt. Island Lake Projected Patient Origin					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	10/01/2025-09/30/2026		10/01/2026-09/30/2027		10/01/2027-09/30/2028	
Mecklenburg	1,764	84.7%	2,490	84.7%	3,295	84.7%
Lincoln	181	8.7%	256	8.7%	338	8.7%
Gaston	138	6.6%	194	6.6%	257	6.6%
<b>Total</b>	<b>2,082</b>	<b>100.0%</b>	<b>2,939</b>	<b>100.0%</b>	<b>3,890</b>	<b>100.0%</b>

Source: Application, page 53.

The following table illustrates projected patient origin for mammogram services for NHI Mt. Island Lake.

Mammography Unit County	NHI Mt. Island Lake Projected Patient Origin					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	10/01/2025-09/30/2026		10/01/2026-09/30/2027		10/01/2027-09/30/2028	
Mecklenburg	2,901	77.2%	3,203	77.2%	3,537	77.2%
Lincoln	441	11.7%	487	11.7%	538	11.7%
Gaston	418	11.1%	462	11.1%	510	11.1%
<b>Total</b>	<b>3,760</b>	<b>100.0%</b>	<b>4,152</b>	<b>100.0%</b>	<b>4,584</b>	<b>100.0%</b>

Source: Application, page 54.

The following table illustrates projected patient origin for radiography services for NHI Mt. Island Lake.

Radiography System County	NHI Mt. Island Lake Projected Patient Origin					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	10/01/2025-09/30/2026		10/01/2026-09/30/2027		10/01/2027-09/30/2028	
Mecklenburg	5,549	83.2%	7,702	83.2%	10,023	83.2%
Lincoln	659	9.9%	914	9.9%	1,190	9.9%
Gaston	461	6.9%	639	6.9%	832	6.9%
<b>Total</b>	<b>6,669</b>	<b>100.0%</b>	<b>9,256</b>	<b>100.0%</b>	<b>12,045</b>	<b>100.0%</b>

Source: Application, page 54.

The following table illustrates projected patient origin for all diagnostic services for NHI Mt. Island Lake.

All Services	NHI Mt. Island Lake Projected Patient Origin All Services					
	1 <sup>st</sup> Full FY		2 <sup>nd</sup> Full FY		3 <sup>rd</sup> Full FY	
	10/01/2025-09/30/2026		10/01/2026-09/30/2027		10/01/2027-09/30/2028	
Mecklenburg	14,895	81.4%	19,849	81.6%	25,328	81.7%
Lincoln	1,918	10.5%	2,536	10.4%	3,221	10.4%
Gaston	1,482	8.1%	1,936	8.0%	2,439	7.9%
<b>Total</b>	<b>18,295</b>	<b>100.0%</b>	<b>24,321</b>	<b>100.0%</b>	<b>30,988</b>	<b>100.0%</b>

Source: Application, page 55.

In Section C, pages 52 and 54, the applicant provides the assumptions and methodology used to project its patient origin, which assumes NHI Mt. Island Lake diagnostic center’s imaging modalities will serve the diagnostic imaging outpatient (OP) market previously served by Novant Health facilities. Patient origin percentages by imaging modality are based on the FY2023 Novant Health OP diagnostic imaging patients residing in 13 identified ZIP codes and are assumed to remain constant through the 3rd Full FY. The applicant’s assumptions are reasonable and adequately supported because they are based on the applicant’s historical experience providing fixed MRI and other diagnostic services to patients in the service area.

**Analysis of Need**

In Section C, on pages 57-65, the applicant explains why it believes the population projected to utilize the proposed services needs the proposed services.

- ***Need for Freestanding Diagnostic Center with Fixed MRI Capacity at NHI Mt. Island Lake*** – there are currently no diagnostic imaging facilities located within a 30-minute drive from the proposed NHI Mt. Island Lake site. The IDTF/diagnostic center will increase access to multiple diagnostic imaging modalities. The proposed IDTF/diagnostic center will offer a lower priced alternative to hospital-based imaging services.
- ***Mecklenburg County Population Growth and Aging Trends***- The population in the proposed service area is growing and aging, particularly in the 13 service area ZIP codes.
- ***Increases in Use of Imaging Modalities*** – MRI scans and other imaging modalities performed on residents of the Mt. Island Lake service area have increased by a CAGR of 6.9% from FY2018-FY2023.

The information is reasonable and adequately supported based on the following:

- Mecklenburg County’s adjusted MRI threshold, based on the SMFP need determination methodology, is 4,992 procedures per fixed equivalent scanner.

Mecklenburg County exceeded this threshold in FFY 2021 and, as a result, the 2023 SMFP identified the need for an additional fixed MRI scanner to be located in Mecklenburg County. (2023 SMFP, Table 17E-2, page 355)

- Population growth and aging in the service area – the applicant states that from 2018 to 2023, the population of Mecklenburg County grew by 6.3 percent. Mecklenburg County represents 81.2 percent of projected MRI patients at NHI Mt. Island Lake. Additionally, nine of the 13 area ZIP codes are located within Mecklenburg County and account for 32.8 percent of Mecklenburg County’s population. The 45-64 population grew by 7.7 percent from 2018 to 2023, representing 24.8 percent of Mecklenburg County’s population. The North Carolina Office of State Budget and Management (NCOSBM) projects that the 45-64 population will increase by an additional 10.2 percent from 2023 to 2028. The elderly population (65+ years old) grew by 24.5 percent from 2018 to 2023, representing 13.1 percent of Mecklenburg County’s total population. The applicant projects that the 65+ age group will account for 30.7% of its MRI patients. NCOSBM projects that the elderly population will be the fastest-growing population, increasing by 22.8 percent from 2023 to 2028. (page 63)
- Access to freestanding MRI services is significant because NHI Mt. Island Lake will be more cost-effective than hospital-based or outpatient hospital based diagnostic imaging modalities. NHI Mt. Island Lake will be located in an area that is more easily accessible for patients, and will offer a more relaxed, outpatient environment. (page 62).

Projected Utilization for the Proposed Diagnostic Center

In Section Q, the applicant provides its projected utilization, as illustrated in the following table.

<b>NHI Mt. Island Lake Projected Diagnostic Imaging Modality Volumes FY2026-FY2028</b>			
<b>Modality</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
MRI	2,007	2,875	3,862
CT	3,777	5,098	6,606
Ultrasound	2,082	2,939	3,890
Mammography	3,760	4,152	4,584
Radiography	6,669	9,256	12,045

In Section Q, “*Modality Utilization Methodology and Assumptions*”, the applicant provides the assumptions and methodology used to project utilization for Diagnostic Imaging Volumes, as summarized below:

Step 1: Historical Novant Health Outpatient (OP) Diagnostic Imaging Volumes and Calculation of the 5-Year CAGR for Each Diagnostic Imaging Modality – The applicant identified the OP diagnostic imaging volumes using internal Novant Health reports for FY2018 through 2023 annualized and then calculated the 5-Year CAGR for each modality as illustrated in the following table.



<b>Historical Novant Health OP Diagnostic Imaging Volumes FY2018- FY2023 Annualized</b>							
	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023<sup>^</sup></b>	<b>5-Year CAGR</b>
MRI	7,526	9,315	8,418	10,279	10,439	10,783	7.5%
CT	20,431	24,717	24,455	27,733	28,312	29,997	8.0%
Ultrasound	8,791	10,917	10,501	11,800	12,377	11,696	5.9%
Mammography	17,020	22,366	21,273	25,402	23,629	27,932	10.4%
Radiography	32,232	36,833	33,970	37,294	37,851	39,407	4.1%
<b>Total</b>	<b>86,000</b>	<b>104,148</b>	<b>98,617</b>	<b>112,508</b>	<b>112,608</b>	<b>119,815</b>	<b>6.9%</b>

Source: Novant Health Internal Data.

<sup>^</sup> Annualized

Step 2: Project OP Diagnostic Imaging Volumes – The applicant projected the OP diagnostic imaging modality volumes for FY2024 through FY2028 by multiplying the previous year's volume by the 5-Year CAGR calculated in Step 1, as shown in the following table.

<b>Projected Novant Health OP Diagnostic Imaging Volumes FY2024-FY2028</b>					
	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
MRI	11,587	12,451	13,380	14,377	15,450
CT	32,392	34,978	37,770	40,786	44,042
Ultrasound	12,383	13,111	13,882	14,697	15,561
Mammography	30,841	34,053	37,600	41,516	45,840
Radiography	41,023	42,706	44,458	46,281	48,179

Step 3: Project the NHI Mt. Island Lake OP Diagnostic Imaging Volumes – The applicant projected the Novant Health OP diagnostic imaging volumes for patients who originated from the 13 identified ZIP codes in the proposed NHI Mt. Island Lake service area that will receive their imaging procedures at Mt. Island Lake by projecting volumes that ramp-up over the first three years of operation approaching each imaging equipment’s reasonable capacity. Reasonable Modality Capacity assumes 8 hours per day x 250 days per year, as shown in the following table.

<b>Reasonable Capacity for Diagnostic Imaging Volumes</b>	
Modality	Reasonable Capacity
MRI	3,600
CT	6,500
Ultrasound	4,000
Mammography	4,000
Radiography	16,000

The applicant assumes market capture rates allow for a conservative ramp-up over the first three years of the proposed project that approaches each imaging equipment’s reasonable capacity.

<b>NHI Mt. Island Lake Market Capture Rates FY2026-FY2028</b>			
<b>Modality</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
MRI	15.0%	20.0%	25.0%
CT	10.0%	12.5%	15.0%
Ultrasound	15.0%	20.0%	25.0%
Mammography	10.0%	10.0%	10.0%
Radiography	15.0%	20.0%	25.0%

Lastly, the applicant projected the diagnostic imaging modality volumes by multiplying the Novant Health OP diagnostic imaging volumes for patients who originated from the 13 identified ZIP codes in the proposed NHI Mt. Island Lake service area projected in Step 2 by the Novant Health Market Capture Rates identified in the previous table for FY2026 through FY2028.

Projected Utilization for Novant Health’s Existing Fixed MRI Scanners

In Section Q, the applicant provides its historical and projected utilization of the fixed MRI scanners it owns or operates in Mecklenburg County, as summarized in the following table:

	<b>FY2022</b>	<b>1<sup>st</sup> Full FY FY 2026</b>	<b>2<sup>nd</sup> Full FY FY 2027</b>	<b>3<sup>rd</sup> Full FY FY 2028</b>
<b>NH Presbyterian Medical Center - Main</b>				
MRI Scans	13,309	13,224	13,357	13,490
Adjusted MRI Scans	18,335	18,213	18,395	18,579
# of MRI Scanners	3	3	3	3
<b>NH Huntersville Medical Center</b>				
MRI Scans	9,868	8,394	8,478	8,562
Adjusted MRI Scans	11,501	9,763	9,861	9,959
# of MRI Scanners	2	2	2	2
<b>NH Matthews Medical Center</b>				
MRI Scans	6,842	7,120	7,191	7,263
Adjusted MRI Scans	8,553	8,937	9,026	9,117
# of MRI Scanners	1	1	1	1
<b>NH Presbyterian Medical Center – NHI Museum</b>				
MRI Scans	3,047	3,171	3,202	3,234
Adjusted MRI Scans	3,334	3,457	3,491	3,526
# of MRI Scanners	1	1	1	1
<b>NHI Ballantyne</b>				
MRI Scans	3,672	3,821	3,859	3,898
Adjusted MRI Scans	3,878	4,049	4,089	4,130
# of MRI Scanners	1	1	1	1
<b>NHI Southpark (MDI, LLC)</b>				
MRI Scans	5,066	5,571	5,627	5,683
Adjusted MRI Scans	5,309	5,838	5,897	5,956
# of MRI Scanners	1	1	1	1
<b>NHI Southpark (NH)</b>				
MRI Scans	0	5,571	5,627	5,683
Adjusted MRI Scans	0	5,838	5,897	5,956
# of MRI Scanners	1	1	1	1
<b>NH Presbyterian Medical Center-Charlotte Orthopedic Hospital</b>				
MRI Scans	3,151	3,279	3,312	3,345
Adjusted MRI Scans	3,420	3,565	3,601	3,637
# of MRI Scanners	1	1	1	1
<b>NH Mint Hill Medical Center</b>				
MRI Scans	3,428	3,567	3,603	3,639
Adjusted MRI Scans	4,005	4,158	4,200	4,242
# of MRI Scanners	1	1	1	1

In Section Q, “MRI Utilization Methodology and Assumptions”, the applicant provides the assumptions and methodology used to project utilization for all its MRI scans in Mecklenburg County, as summarized below:

Step 1: Historical Mecklenburg County MRI Scans – The applicant identified all MRI scans in Mecklenburg County facilities by looking at data reported in the 2018 SMFP through the proposed 2024 SMFP. The applicant then calculated the 6-Year CAGR and adjusted MRI ratio. The applicant then calculated the 2-Year adjusted MRI ratio average by summing FY2021 and FY2022 adjusted MRI ratios and dividing by two (2) years. The 2- year average is due to the change in calculating adjusted MRI scans beginning with the 2023 SMFP. The applicant’s calculations are illustrated in the table below.

	<b>Historical Mecklenburg County MRI Scanners</b>						
	<b>FY2016-FY2022</b>						
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
MRI Scans	113,609	126,488	126,082	131,198	127,152	122,681	144,019
6-Year CAGR	4.03%						
Adjusted MRI Scans	135,469	149,284	149,474	156,365	152,584	148,601	174,323
Adjusted MRI Ratio	1.192	1.180	1.186	1.192	1.200	1.211	1.210
7-year Average	1.211						

Step 2: Projected Mecklenburg County MRI Scans and Adjusted MRI Scans – The applicant projected Mecklenburg County MRI scans by multiplying the previous year’s MRI scans by (1 + 6-Year CAGR). The applicant then projected Mecklenburg County adjusted MRI scans by the 2-year average, then calculated the annual MRI scan Growth by subtracting the previous year’s MRI Scans from the next year’s MRI scans, as shown in the table below.

	<b>Projected Mecklenburg County MRI Scans and Adjusted MRI Scans</b>						
	<b>FY2022-FY2028</b>						
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
MRI Scans	144,019	149,826	155,867	162,152	168,691	175,493	182,569
2-Year Average		1.211	1.211	1.211	1.211	1.211	1.211
Adjusted MRI Scans	148,601	181,417	188,732	196,342	204,259	212,495	221,063
Annual MRI Scan Growth		5,807	6,041	6,285	6,538	6,802	7,076

Step 3: Historical Novant Health MRI Scans, Adjusted MRI Scans, and MRI Scanners – The applicant identified the Novant Health MRI scans, adjusted MRI scans, and MRI scanners reported in the 2018 SMFP through the proposed 2024 SMFP. The applicant then calculated the 6-Year CAGR for the Novant Health MRI scanners and adjusted MRI ratio for each of its facilities, utilizing the years the MRI scanners have been operational in its calculations.



<b>NHI Southpark (NH)</b>								
MRI Scans								5.98%
Adjusted MRI Scans					0	0	0	
Adjusted MRI Ratio					0	0	0	
MRI Scanners					1	1	1	
<b>NH Presbyterian Medical Center - Charlotte Orthopedic Hospital operational since 2017</b>								
MRI Scans		2,931	3,002	3,113	2,818	3,152	3,151	1.46%
Adjusted MRI Scans		3,311	3,388	3,544	3,261	3,433	3,420	
Adjusted MRI Ratio		1.13	1.13	1.14	1.16	1.09	1.09	
MRI Scanners		1	1	1	1	1	1	
<b>NH Mint Hill Medical Center</b>								
MRI Scans			0	3,245	2,990	3,163	3,428	1.85%
Adjusted MRI Scans			0	3,894	3,550	3,679	4,005	
Adjusted MRI Ratio			0.00	1.20	1.19	1.16	1.17	
MRI Scanners			1	1	1	1	1	

Step 4: Historical Novant Health MRI Scans, Adjusted MRI Scans, and MRI Scanners Totals  
The applicant summed each category, MRI scans, adjusted MRI scans, adjusted MRI ratio, and MRI scanners, identified in the table above. The applicant calculated the 6-Year CAGR and the adjusted MRI ratio. The 2-Year adjusted MRI ratio average was calculated by summing FY2021 and FY2022 adjusted MRI Ratios and dividing by two (2) years. The adjusted MRI scans per MRI Scanner was calculated using the following formula: adjusted MRI scans per MRI scanner = (Total Adjusted MRI Scans / Total MRI Scanners). The results are shown in the table below.

<b>Historical Novant Health MRI Scans, Adjusted MRI Scans, and MRI Scanners Totals</b>							
<b>FY2016-FY2022</b>							
	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Total MRI Scans	32,928	34,806	36,978	41,528	40,578	46,735	48,383
6-Year CAGR	6.62%						
Total Adjusted MRI Scans	39,729	42,063	44,771	50,264	49,710	56,564	58,335
Adjusted MRI Ratio	1.207	1.208	1.211	1.210	1.225	1.210	1.206
2-Year Average	1.208						
MRI Scanners	8	10	11	10	11	11	12
Adjusted MRI Scans/MRI Scanner	4,966	4,206	4,070	5,026	4,519	5,142	4,861

Step 5: Projected Novant Health MRI Scans and Adjusted MRI Scans – The applicant projected Novant Health Mecklenburg County MRI scans by multiplying the previous year’s MRI scans by (1 + CAGR), using the specific CAGRs was calculated in Step 4. The applicant then projected Novant Health Mecklenburg County adjusted MRI scans by multiplying the year’s MRI scans in Row A by the 2-Year Average. The 6-year projected MRI scans and

adjusted MRI scans in Novant Health Mecklenburg County facilities from FY2022 through FY2028 are shown in the table below.

	Projected Novant Health MRI Scans and Adjusted MRI Scans FY2022- FY2028						
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
MRI Scans	48,383	51,588	55,005	58,648	62,533	66,675	71,092
2-Year Average		1.21	1.21	1.21	1.21	1.21	1.21
Adjusted MRI Scans	58,335	62,318	66,446	70,847	75,540	80,544	85,879

Step 6: Projected Novant Health MRI Scans, Adjusted MRI Scans, and MRI Scanners – The applicant projected MRI scans by multiplying the previous year’s MRI scans by 1 + an Annual Growth of 1.0%. The applicant then projects that its fixed MRI scanners will achieve a capture rate in Year 1, Year 2, and Year 3 of 15.0%, 20.0%, and 25.0%, respectively, of Novant Health OP MRI scans referred from the identified 13 ZIP code service area. The applicant then calculated the average adjusted MRI ratio by summing the FY2021 and FY2022 adjusted MRI ratios. Adjusted MRI scans were calculated by multiplying the MRI scans by average adjusted MRI ratio. Adjusted MRI scans per MRI scanner were calculated by dividing the adjusted MRI scans by the number of fixed MRI scanners.

Step 7: Projected Novant Health Owned Mobile MRI Scans, Adjusted MRI Scans, and MRI Scanners – The applicant states that the Novant Health mobile MRI scanner (CON Project ID# F-7164-04) MRI volumes in FY2023 and FY2024 were previously projected in the NH Ballantyne CON application. The FY2025, FY2026, and FY2027 proposed Policy TE-3 fixed MRI volumes were projected in Project ID #F-12403-23. FY2028 will experience a 1.0% annual increase in MRI scans. The applicant projects that the Novant Health mobile MRI scanner CON Project ID# G-7065-04 will experience a 1.0% annual increase in MRI scans. This increase is less than all the calculated CAGRs and the Mecklenburg County annual increase in population. The applicant then projected mobile MRI scans by multiplying the previous year’s MRI scans by 1 + the Annual Growth of 1.0%. All calculated outcomes are provided in the table below.

	Historical	Projected						Annual Growth
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
<b>F-7164-04</b>	<b>Mecklenburg County Sites Only</b>	<b>NH Ballantyne</b>						
	<b>Mobile MRI Scanner</b>	<b>Proposed Policy TE-3 Fixed MRI Scanner</b>						
MRI Scans	645							
Adjusted MRI Ratio	1.09							
MRI Scans in NH Ballantyne CON		1,146	1,815	<b>2,113</b>	<b>2,510</b>	<b>2,901</b>	2,930	1.0%
ADJ MRI Ratio in NH Ballantyne CON		1.30	1.30	1.30	1.30	1.30	1.30	
Adjusted MRI Scans	701	1,490	1,995	2,493	3,020	3,757	3,794	
Adj MRI Scans / Scanner		1,490	1,995	2,493	3,020	3,757	3,794	
<b>G-7065-04</b>		<b>All Sites in Forsyth, Iredell, and Mecklenburg Counties</b>						
MRI Scans	3,175							1.0%
Adjusted MRI Ratio	1.05	1.05	1.05	1.05	1.05	1.05	1.05	
Adjusted MRI Scans	3,322	3,355	3,389	3,423	3,457	3,491	3,526	
Adj MRI Scans / Scanner	3,322	3,355	3,389	3,423	3,457	3,491	3,526	

Step 8: Projected NHI Mt. Island Lake MRI Scans and Adjusted MRI Scans – The applicant identifies its projected MRI scans, and then used FY2023 Novant Health OP MRI scan data from the 13-ZIP code service area to calculate the percentage of OP Base MRI Scans (75.9%) and the OP Complex MRI Scans (24.1%). The applicant then identified the SMFP defined OP Base MRI Adjustment of 1.0, and the OP Complex Adjustment of 1.2, and then projected the Adjusted MRI Scans using the formula of (OP Base MRI Scans x OP Base Adjustment) + (OP Complex MRI Scans x OP Complex Adjustment). All calculated outcomes are provided in the table below.

	Projected NHI Mt. Island Lake MRI Scans and Adjusted MRI Scans							Annual Growth
	FY2026-FY2028							
	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
<b>NHI Mt. Island Lake (proposed)</b>								
MRI Scans					2,007	2,875	3,862	1.0%
AVG Adjusted MRI Ratio					1.05	1.05	1.05	
Adjusted MRI Scans					2,108	3,021	4,058	
MRI Scanners					1	1	1	
ADJ MRI Scans/Scanner					2,109	3,021	4,058	



Under the performance standards in the Criteria and Standards for MRI Services, the proposed fixed MRI scanner at NHI Mt. Island Lake and the existing and approved fixed MRI scanners at all Novant Health facilities in Mecklenburg County must perform at least 3,494 adjusted scans by Project Year 3. NHI Mt. Island Lake is expected to perform at least 4,058 total adjusted scans, and Novant Health facilities are expected to perform at least 3,494 adjusted scans in FY2028, the third full fiscal year of operation, thus exceeding the performance standard.

Projected utilization is reasonable and adequately supported based on the following:

- The applicant relied on its historical diagnostic modality utilization and historical growth rates for projecting future utilization.
- The applicant utilized an increase in annual growth that was less than the population growth projections of the service area and that were from reliable sources.
- The applicant reasonably projected a shift of diagnostic outpatients from proximate hospitals to NHI Mt. Island Lake based on proximity, scheduling availability, and preference for a lower cost, freestanding facility.

### **Access to Medically Underserved Groups**

In Section C, page 71, the applicant states:

*“NHI Mt. Island Lake will not discriminate against any class of patient based on age, sex, religion, race, handicap, ethnicity, or ability to pay. NHI Mt. Island Lake will participate in both the Medicaid and Medicare programs...”*

*... Novant Health does not exclude from participation, deny benefits to, or otherwise discriminate against patients, students, or visitors on the basis of race; color; religion; national origin; culture; language; physical or mental disability; age; sex, including pregnancy, childbirth or related medical conditions; marital status; sexual orientation; gender identity or expression; socioeconomic status; source of payment; or any other protected status in admission to, participation in, or receipt of the services and benefits of any of its programs and activities, whether carried out by Novant Health directly or through a contractor or other entity with whom Novant Health arranges to carry out its programs and activities..”*

On page 72, the applicant provides the estimated percentage for each medically underserved group, as shown in the following table:

MEDICALLY UNDERSERVED GROUPS	% OF TOTAL PATIENTS
Low-income persons	5.0%
Racial and ethnic minorities	56.2%
Women	68.3%
Persons 65 and older	29.7%
Medicare beneficiaries	30.7%
Medicaid recipients	10.3%

Source: Section C, page 72

\*The applicant states it does track persons with disabilities.

The applicant adequately describes the extent to which all residents of the service area, including underserved groups, are likely to have access to the proposed services based on the following:

- The applicant states that it will provide access to all underserved groups, consistent with all Novant Health facilities.
- The applicant provides supporting documentation of the access it provides and programs to assist the underserved in Exhibit C.6.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (3a) In the case of a reduction or elimination of a service, including the relocation of a facility or a service, the applicant shall demonstrate that the needs of the population presently served will be met adequately by the proposed relocation or by alternative arrangements, and the effect of the reduction, elimination or relocation of the service on the ability of low income persons, racial and ethnic minorities, women, persons with disabilities, and other underserved groups and the elderly to obtain needed health care.

NA

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

The applicant does not propose to reduce a service, eliminate a service or relocate a facility or service. Therefore, Criterion (3a) is not applicable to this review.

- (4) Where alternative methods of meeting the needs for the proposed project exist, the applicant shall demonstrate that the least costly or most effective alternative has been proposed.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

In Section E, pages 85-87, the applicant describes the alternatives it considered and explains why each alternative is either more costly or less effective than the alternative proposed in this application to meet the need. The alternatives considered were:

- *Maintain the Status Quo*– The applicant considered maintaining the status quo, however, NHI Mt. Island Lake will be located in an area that is more easily accessible for patients and will offer more comprehensive diagnostic services in a cost-effective non-hospital environment. Therefore, this is not the most effective alternative.
- *Rely on Mobile MRI at NHI Mt. Island Lake*– The applicant states the mobile must be relocated at least once a week and would not provide the 24/7/365 days a year MRI availability that NHI Mt. Island needs to meet patient demands. Therefore, this is not the best option when demand is high enough to support a fixed scanner.
- *Not Provide Other Diagnostic Imaging Modalities (Diagnostic Center)* – The applicant considered not providing other diagnostic modalities, however, this option would not provide medical accuracy, accessibility, cost-effectiveness, time efficiency, patient comfort, multidisciplinary approach, nor a positive impact on community health that having a full diagnostic center located in the proposed service area would.

The applicant adequately demonstrates that the alternative proposed in this application is the most effective alternative to meet the need for the following reasons:

- The applicant provides reasonable and adequately supported information to explain why it believes the proposed project is the most effective alternative.
- The application is conforming to all other statutory and regulatory review criteria. Therefore, the application can be approved.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above. Therefore, the application is approved subject to the following conditions:

- 1. Novant Health-Norfolk, LLC, and Novant Health, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
  - 2. The certificate holder shall develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP to be located at Novant Health Imaging Mt. Island Lake.**
  - 3. Upon completion of the project, Novant Health Imaging Mt. Island Lake shall have no more than one fixed MRI scanner.**
  - 4. The certificate holder shall develop and implement an Energy Efficiency and Sustainability Plan for the project that conforms to or exceeds energy efficiency and water conservation standards incorporated in the latest editions of the North Carolina State Building Codes.**
  - 5. Progress Reports:**
    - a. Pursuant to G.S. 131E-189(a), the certificate holders shall submit periodic reports on the progress being made to develop the project consistent with the timetable and representations made in the application on the Progress Report form provided by the Healthcare Planning and Certificate of Need Section. The form is available online at: <https://info.ncdhhs.gov/dhsr/coneed/progressreport.html>.**
    - b. The certificate holder shall complete all sections of the Progress Report form.**
    - c. The certificate holder shall describe in detail all steps taken to develop the project since the last progress report and should include documentation to substantiate each step taken as available.**
    - d. The first progress report shall be due on June 1, 2024.**
  - 6. The certificate holder shall not acquire as part of this project any equipment that is not included in the project's proposed capital expenditures in Section Q of the application and that would otherwise require a certificate of need.**
  - 7. The certificate holder shall acknowledge acceptance of and agree to comply with all conditions stated herein to the Agency in writing prior to issuance of the certificate of need.**
- (5) Financial and operational projections for the project shall demonstrate the availability of funds for capital and operating needs as well as the immediate and long-term financial feasibility of the proposal, based upon reasonable projections of the costs of and charges for providing health services by the person proposing the service.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

**Capital and Working Capital Costs**

In Section Q, Form F.1a, the applicant projects the total capital cost of the project as shown in the table below.

<b>Capital Costs</b>	<b>Novant Health-Norfolk, LLC.</b>
Construction Costs	\$1,770,000
Architect/ Engineering Fees	\$225,000
Medical Equipment	\$3,513,353
Non-Medical Equipment	\$150,000
Furniture	\$200,000
Consultant Fees	\$265,000
Other (contingency)	\$105,000
<b>Total</b>	<b>\$6,228,353</b>

In Section Q, Form F.1a, the applicant provides the assumptions used to project the capital cost. The applicant adequately demonstrates that the projected capital cost is based on reasonable and adequately supported assumptions based on the following:

- In Exhibit F.1, the applicant provides an equipment quote for the proposed MRI scanner and other diagnostic equipment.
- In Exhibit F.1, the applicant provides a construction cost estimate signed by the project architect which includes a cost breakdown that matches the construction cost listed on Form F.1a.

In Section F.3, page 90, the applicant projects that start-up costs will be \$236,263 and initial operating expenses will be \$1,000,000 for a total working capital of \$1,236,263. On page 91, the applicant provides the assumptions and methodology used to project the working capital needs of the project. The applicant provides additional information regarding cost estimates for equipment and professional services in Exhibit F.1. The applicant adequately demonstrates that the projected working capital needs of the project are based on reasonable and adequately supported assumptions based on the information regarding projected start-up costs and initial operating expenses.

**Availability of Funds**

In Section F, page 88, the applicant states the capital cost will be funded through the accumulated reserves of Novant Health, Inc.

In Section F, page 92, the applicant states that the working capital needs of the project will be funded through the accumulated reserves of Novant Health, Inc.

Exhibit F.2-1, and Exhibit F.3, contain a letter, dated September 10, 2023, and signed by the Acting Chief Financial Officer of Novant Health, Inc, which commits to funding the capital cost and working capital cost from accumulated reserves of Novant Health, Inc. Exhibit F.2-2 contains the most recent Novant Health, Inc. and Affiliates audited financial statements documenting the availability of the necessary funds.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the following:

- The applicant provides documentation of Novant Health Inc.'s commitment to use the necessary funding toward development of the proposed project.
- The applicant documents the availability of sufficient financial resources to fund the proposed capital and working capital cost.

The applicant adequately demonstrates the availability of sufficient funds for the capital and working capital needs of the project based on the documentation provided in Section F and Exhibits F.1 and F.2, as described above.

### **Financial Feasibility**

The applicant provides pro forma financial statements for each of the proposed diagnostic modalities for the first three full fiscal years of operation following completion of the project. In Section Q Form F.2b, the applicant projects that for the proposed fixed MRI scanner, revenues will exceed operating expenses in the first three full fiscal years (FY), October 1 to September 30, FYs2026-2028, following project completion. In addition, the applicant projects that revenues will exceed operating expenses in the second and third full fiscal years for the entire facility. These projections are shown in the tables below.

<b>NHI MT. ISLAND LAKE</b>			
<b>PROJECTED PROCEDURES AND REVENUE UPON PROJECT COMPLETION</b>			
<b>MRI SERVICES</b>	<b>1<sup>ST</sup> FY</b> <b>10/01/2025-</b> <b>09/30/2026</b>	<b>2<sup>ND</sup> FY</b> <b>10/01/2026-</b> <b>09/30/2027</b>	<b>3<sup>RD</sup> FY</b> <b>10/01/2027-</b> <b>09/30/2028</b>
# of Scans (Adjusted)	2,109	3,021	4,058
Gross Revenue	\$5,340,067	\$7,880,573	\$10,902,851
Net Revenue	\$849,071	\$1,253,011	\$1,733,553
Average Net Revenue per Adjusted MRI Scan^	\$403	\$415	\$427
Operating Costs	\$372,110	\$382,554	\$394,452
Average Operating Costs per Adjusted MRI Scan^	\$176	\$127	\$97
Net Income	\$476,960	\$870,457	\$1,339,101

Source: Section Q, Form F.2b & Form C.2a

^May not sum due to rounding

<b>NHI MT. ISLAND LAKE</b>			
<b>PROJECTED PROCEDURES AND REVENUE UPON PROJECT COMPLETION</b>			
<b>ALL SERVICES</b>	<b>1<sup>ST</sup> FY</b> <b>10/01/2025-</b> <b>09/30/2026</b>	<b>2<sup>ND</sup> FY</b> <b>10/01/2026-</b> <b>09/30/2027</b>	<b>3<sup>RD</sup> FY</b> <b>10/01/2027-</b> <b>09/30/2028</b>
Gross Revenue	\$20,711,896	\$28,981,079	\$38,741,619
Net Revenue	\$3,293,191	\$4,607,992	\$6,159,917
Operating Costs	\$3,458,362	\$3,911,124	\$4,387,200
Net Income	(\$165,171)	\$696,868	\$1,772,718

Source: Section Q, Form F.2b

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant explains how it accounts for projected operating expenses and explains its revenue projections.
- Projected utilization is based on reasonable and adequately supported assumptions. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for the following reasons:

- The applicant adequately demonstrates that the capital and working capital cost are based on reasonable and adequately supported assumptions for all the reasons described above.
  - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal for all the reasons described above.
  - The applicant adequately demonstrates sufficient funds for the operating needs of the proposal and that the financial feasibility of the proposal is based upon reasonable projections of revenues and operating expenses for all the reasons described above.
- (6) The applicant shall demonstrate that the proposed project will not result in unnecessary duplication of existing or approved health service capabilities or facilities.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

On page 331, the 2023 SMFP defines the fixed MRI scanner service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1*”. Therefore, for the purpose of this review, the fixed MRI scanner service area is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners located in the Mecklenburg County service area, summarized from Table 17E-1, pages 344-345 of the 2023 SMFP:



INVENTORY OF FIXED MRI SCANNERS IN MECKLENBURG COUNTY				
PROVIDER	# OF FIXED SCANNERS	SERVICE TYPE	TOTAL MRI SCANS	ADJUSTED TOTAL
Atrium Health Pineville	2	Hospital Fixed	8,458	11,737
Atrium Health University City	1	Hospital Fixed	6,372	8,255
Carolinas Medical Center-Main	5	Hospital Fixed	14,997	21,954
Carolinas Medical Center-Mercy	1	Hospital Fixed	5,406	7,855
Novant Health Huntersville Medical Center	2	Hospital Fixed	9,792	11,367
Novant Health Matthews Medical Center	1	Hospital Fixed	6,613	8,335
Novant Health Mint Hill Medical Center	1	Hospital Fixed	3,163	3,679
NHPMC-Charlotte Orthopedic Hospital	1	Hospital Fixed	3,152	3,433
NHPMC-Main	3	Hospital Fixed	13,465	18,538
NHPMC – Novant Health Imaging Museum	1	Hospital Fixed	2,908	3,159
Atrium Health Kenilworth Diagnostic Center	1	Freestanding Fixed	1,189	1,418
Atrium Huntersville ED	1	Freestanding Fixed	203	219
Carolina Neurosurgery & Spine Associates-Charlotte	1	Freestanding Fixed	4,057	4,164
Carolinas Imaging Services-Ballantyne	1	Freestanding Fixed	4,585	4,945
Carolinas Imaging Services-Southpark	1	Freestanding Fixed	4,293	4,662
Novant Health Imaging Ballantyne	1	Freestanding Fixed	2,970	3,157
Novant Health Imaging Southpark	1	Freestanding Fixed	0	0
Novant Health Imaging-Southpark	1	Freestanding Fixed	4,672	4,896
OrthoCarolina Ballantyne	1	Freestanding Fixed	8,232	8,335
OrthoCarolina Spine Center	1	Freestanding Fixed	5,552	5,747

Source: Table 17E-1, page 344-345, 2023 SMFP

In Section G, page 99, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved fixed MRI services in Mecklenburg County. The applicant states:

*“NHI Mt. Island Lake proposes to acquire a fixed MRI scanner and develop an IDTF/diagnostic center with CT, ultrasound, mammography, and radiography modalities. No fixed MRI scanner currently exists in the Mt. Island Lake service area.”*

The applicant adequately demonstrates that the proposal would not result in an unnecessary duplication of existing or approved services in the service area based on the following:

- There is a need determination in the 2023 SMFP for the proposed fixed MRI scanner.
- The applicant adequately demonstrates the need for the proposed fixed MRI scanner at NHI Mt. Island Lake in addition to the existing fixed MRI scanners in the service area.

**Conclusion**

The Agency reviewed the:

- Application

- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (7) The applicant shall show evidence of the availability of resources, including health manpower and management personnel, for the provision of the services proposed to be provided.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

In Section Q, Form H, the applicant provides projected full-time equivalent (FTE) positions for its MRI services, as illustrated in the following table:

<b>Novant Health Imaging Mt. Island Lake</b>			
<b>FTE STAFFING</b>	<b>1<sup>ST</sup> FY FY 2026</b>	<b>2<sup>ND</sup> FY FY 2027</b>	<b>3<sup>RD</sup> FY FY 2028</b>
CT Technologist	1.0	1.0	1.0
Radiology Technologist	1.0	1.0	1.0
Mammography Technologist	1.0	1.0	1.0
MRI Technologist	1.0	1.0	1.0
Ultrasound Technologist	1.0	1.0	1.0
Manager	1.0	1.0	1.0
Office Support	2.0	2.0	2.0
Imaging Support	2.0	2.0	2.0
<b>Total</b>	<b>10.0</b>	<b>10.0</b>	<b>10.0</b>

The assumptions and methodology used to project staffing are provided in Sections H and Q. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3(b). In Section H, pages 101-103, the applicant describes the methods used to recruit or fill new positions and its existing training and continuing education programs.

The applicant adequately demonstrates the availability of sufficient health manpower and management personnel to provide the proposed services based on the following:

- The applicant is an established healthcare employer and has strong relationships with area nursing schools and allied health profession programs at the local community colleges where many students rotate through Novant Health hospital facilities and often seek to become employed at Novant Health upon graduation.

**Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (8) The applicant shall demonstrate that the provider of the proposed services will make available, or otherwise make arrangements for, the provision of the necessary ancillary and support services. The applicant shall also demonstrate that the proposed service will be coordinated with the existing health care system.

### C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

#### **Ancillary and Support Services**

In a table in Section I, page 105, the applicant identifies the necessary ancillary and support services for the proposed fixed MRI services. In Section I, pages 106-107 the applicant explains how each ancillary and support service will be available and supporting documentation is provided in Exhibit I.1. The applicant adequately demonstrates that the necessary ancillary and support services will be made available because the applicant has established relationships with local health care and social service providers throughout the service area, and these relationships will extend to NHI Mt. Island Lake.

#### **Coordination**

In Section I, page 107, the applicant describes its existing and proposed relationships with other local health care and diagnostic service providers. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system because the applicant currently coordinates its services with the existing health care system and will continue to do so following the development of the diagnostic center and acquisition of the proposed fixed MRI scanner.

#### **Conclusion**

The Agency reviewed the:

- Application

- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (9) An applicant proposing to provide a substantial portion of the project's services to individuals not residing in the health service area in which the project is located, or in adjacent health service areas, shall document the special needs and circumstances that warrant service to these individuals.

NA

The applicant does not project to provide the proposed services to a substantial number of persons residing in Health Service Areas (HSAs) that are not adjacent to the HSA in which the services will be offered. Furthermore, the applicant does not project to provide the proposed services to a substantial number of persons residing in other states that are not adjacent to the North Carolina county in which the services will be offered. Therefore, Criterion (9) is not applicable to this review.

- (10) When applicable, the applicant shall show that the special needs of health maintenance organizations will be fulfilled by the project. Specifically, the applicant shall show that the project accommodates: (a) The needs of enrolled members and reasonably anticipated new members of the HMO for the health service to be provided by the organization; and (b) The availability of new health services from non-HMO providers or other HMOs in a reasonable and cost-effective manner which is consistent with the basic method of operation of the HMO. In assessing the availability of these health services from these providers, the applicant shall consider only whether the services from these providers:
- (i) would be available under a contract of at least 5 years duration;
  - (ii) would be available and conveniently accessible through physicians and other health professionals associated with the HMO;
  - (iii) would cost no more than if the services were provided by the HMO; and
  - (iv) would be available in a manner which is administratively feasible to the HMO.

NA

The applicant is not an HMO. Therefore, Criterion (10) is not applicable to this review.

- (11) Repealed effective July 1, 1987.
- (12) Applications involving construction shall demonstrate that the cost, design, and means of construction proposed represent the most reasonable alternative, and that the construction project will not unduly increase the costs of providing health services by the person proposing the construction project or the costs and charges to the public of providing health services by other persons, and that applicable energy saving features have been incorporated into the construction plans.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

In Section K, page 110, the applicant states that the project involves renovating 5,900 square feet of new space. Line drawings are provided in Exhibit K.2.

In Section K, page 111, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal by renovating existing space rather than constructing new space and has had the renovation cost estimated by an architect.

In Section K, page 111, the applicant adequately explains why the proposal will not unduly increase the costs to the applicant of providing the proposed services or the costs and charges to the public for the proposed services. The applicant states that by upfitting a floor in a medical office building, costs will not be unduly increased.

In Section K, page 111, the applicant identifies any applicable energy saving features that will be incorporated into the construction plans.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (13) The applicant shall demonstrate the contribution of the proposed service in meeting the health-related needs of the elderly and of members of medically underserved groups, such as medically indigent or low income persons, Medicaid and Medicare recipients, racial and ethnic minorities, women, and persons with disabilities, which have traditionally experienced difficulties in obtaining equal access to the proposed services, particularly those needs identified in the State Health Plan as deserving of priority. For the purpose of determining the extent to which the proposed service will be accessible, the applicant shall show:

- (a) The extent to which medically underserved populations currently use the applicant's existing services in comparison to the percentage of the population in the applicant's service area which is medically underserved;

NA

In Section L, page 116, the applicant states NHI Mt. Island Lake is not an existing facility, therefore it has no payor mix.

- (b) Its past performance in meeting its obligation, if any, under any applicable regulations requiring provision of uncompensated care, community service, or access by minorities and persons with disabilities to programs receiving federal assistance, including the existence of any civil rights access complaints against the applicant;

C

Regarding any obligation to provide uncompensated care, community service, or access by minorities and persons with disabilities, in Section L, page 116, the applicant states it has no such obligation.

In Section L, page 116, the applicant states that NHI Mt. Island Lake is not an existing facility and has had no patient civil rights equal access complaint filed in the 18 months immediately preceding the application deadline.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (c) That the elderly and the medically underserved groups identified in this subdivision will be served by the applicant's proposed services and the extent to which each of these groups is expected to utilize the proposed services; and

C

In Section L, pages 117-118, the applicant projects the following payor mix for the proposed MRI services at NHI Mt. Island Lake as a whole and the proposed MRI services during the third full fiscal year of operation following completion of the project, as shown in the tables below:

<b>NHI Mt. Island Lake Projected Payor Mix FY 2028</b>	
<b>PAYOR CATEGORY</b>	<b>ENTIRE FACILITY AS % OF TOTAL</b>
Self-Pay	6.0%
Insurance	48.7%
Medicare	30.7%
Medicaid	10.3%
Other (Governmental)	4.3%
<b>Total</b>	<b>100.0%</b>

Source: Application, page 117

<b>NHI Mt. Island Lake - MRI Services Projected Payor Mix, FY 2028</b>	
<b>PAYOR CATEGORY</b>	<b>MRI SERVICES AS % OF TOTAL</b>
Self-Pay	6.0%
Insurance	48.7%
Medicare	30.7%
Medicaid	10.3%
Other (Governmental)	4.3%
<b>Total</b>	<b>100.0%</b>

Source: Application, page 117

As shown in the tables above, during the third full fiscal year of operation, the applicant projects that 6.0% of total services provided by NHI Mt. Island Lake will be provided to self-pay patients, and 30.7% and 10.3% of total services will be provided to Medicare and Medicaid patients, respectively.

Additionally, during the third full fiscal year of operation, the applicant projects that 6.0% of MRI services provided by NHI Mt. Island Lake will be provided to self-pay patients, and 30.7% and 10.3% for each of the individual diagnostic services will be provided to Medicare and Medicaid patients, respectively. Charity care is not identified as a percent of patients served in this table but as a percent of total gross revenues.

On page 119, the applicant provides the assumptions used to project payor mix during the third full fiscal year of operation following completion of the project. The projected payor mix is reasonable and adequately supported because it is based on the applicant's historical payor mix for its outpatient diagnostic services, including MRI services, for Novant Health patients residing in the 13 ZIP code service area.

### **Conclusion**

The Agency reviewed the:

- Application

- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (d) That the applicant offers a range of means by which a person will have access to its services. Examples of a range of means are outpatient services, admission by house staff, and admission by personal physicians.

C

In Section L, page 119, the applicant describes the means by which a person will have access to the proposed diagnostic services at NHI Mt. Island Lake.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion.

- (14) The applicant shall demonstrate that the proposed health services accommodate the clinical needs of health professional training programs in the area, as applicable.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

In Section M, page 121, the applicant describes the extent to which health professional training programs in the area have access to Novant Health facilities for training purposes and provides supporting documentation in Exhibit M-1. The applicant states that established agreements with health education programs will include NHI Mt. Island Lake. The applicant adequately demonstrates that health professional training programs in the area will have access to the facility for training purposes.

### **Conclusion**

The Agency reviewed the:

- Application



- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (15) Repealed effective July 1, 1987.
- (16) Repealed effective July 1, 1987.
- (17) Repealed effective July 1, 1987.
- (18) Repealed effective July 1, 1987.
  
- (18a) The applicant shall demonstrate the expected effects of the proposed services on competition in the proposed service area, including how any enhanced competition will have a positive impact upon the cost effectiveness, quality, and access to the services proposed; and in the case of applications for services where competition between providers will not have a favorable impact on cost-effectiveness, quality, and access to the services proposed, the applicant shall demonstrate that its application is for a service on which competition will not have a favorable impact.

### C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

On page 331, the 2023 SMFP defines the fixed MRI scanner service area as “... *the same as an Acute Care Bed Service Area as defined in Chapter 5 and shown in Figure 5.1*”. Therefore, for the purpose of this review, the fixed MRI scanner service area is Mecklenburg County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the existing and approved fixed MRI scanners located in the Mecklenburg County service area, summarized from Table 17E-1, pages 344-345 of the 2023 SMFP:

INVENTORY OF FIXED MRI SCANNERS IN MECKLENBURG COUNTY				
PROVIDER	# OF FIXED SCANNERS	SERVICE TYPE	TOTAL MRI SCANS	ADJUSTED TOTAL
Atrium Health Pineville	2	Hospital Fixed	8,458	11,737
Atrium Health University City	1	Hospital Fixed	6,372	8,255
Carolinas Medical Center-Main	5	Hospital Fixed	14,997	21,954
Carolinas Medical Center-Mercy	1	Hospital Fixed	5,406	7,855
Novant Health Huntersville Medical Center	2	Hospital Fixed	9,792	11,367
Novant Health Matthews Medical Center	1	Hospital Fixed	6,613	8,335
Novant Health Mint Hill Medical Center	1	Hospital Fixed	3,163	3,679
NHPMC-Charlotte Orthopedic Hospital	1	Hospital Fixed	3,152	3,433
NHPMC-Main	3	Hospital Fixed	13,465	18,538
NHPMC – Novant Health Imaging Museum	1	Hospital Fixed	2,908	3,159
Atrium Health Kenilworth Diagnostic Center	1	Freestanding Fixed	1,189	1,418
Atrium Huntersville ED	1	Freestanding Fixed	203	219
Carolina Neurosurgery & Spine Associates-Charlotte	1	Freestanding Fixed	4,057	4,164
Carolinas Imaging Services-Ballantyne	1	Freestanding Fixed	4,585	4,945
Carolinas Imaging Services-Southpark	1	Freestanding Fixed	4,293	4,662
Novant Health Imaging Ballantyne	1	Freestanding Fixed	2,970	3,157
Novant Health Imaging Southpark	1	Freestanding Fixed	0	0
Novant Health Imaging-Southpark	1	Freestanding Fixed	4,672	4,896
OrthoCarolina Ballantyne	1	Freestanding Fixed	8,232	8,335
OrthoCarolina Spine Center	1	Freestanding Fixed	5,552	5,747

Source: Table 17E-1, page 344-345, 2023 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 123, the applicant states:

*“NHI Mt. Island Lake expects the acquisition of the MRI scanner to have a positive effect on competition in the service area because it will increase the current capacity of MRI scanner services in the service area. It will also increase access to imaging services in an area of Mecklenburg County that does not have these services at the present time.”*

Regarding the expected effects of the proposal on cost effectiveness, in Section N, page 123, the applicant states:

*“Novant Health is collaborating with payors and partners to identify payment models that match Novant Health’s value-based care delivery. Getting the right care in the right setting at the right price is the future of healthcare. It is what makes healthcare affordable and more sustainable. It is Novant Health’s approach to delivering remarkable healthcare, so that people can get better and stay healthy.”*

See also Sections B, C, F, and Q of the application and any exhibits.

Regarding the expected effects of the proposal on quality in the service area, in Section N, page 125, the applicant states:

*“Utilization Review consists of interdisciplinary professionals and supporting team members providing a wide range of functions for patients and the organization. This includes the patients, their caregivers, internal and external partners, and the healthcare community. The UR team strives to ensure the achievement of quality and the most effective level(s) of care. The UR team performs evaluations for medical necessity using either InterQual or payor specific criteria for patients in the acute care, observation, and outpatient setting.”*

See also Sections B, C and O of the application and any exhibits.

Regarding the expected effects of the proposal on access by medically underserved groups in the service area, in Section N, page 126, the applicant states:

*“Services will be available to all persons including: (a) low-income persons, (b) racial and ethnic minorities, (c) women, (d) handicapped persons, (e) elderly, and (f) other underserved persons, including the medically indigent referred by their attending physicians.”*

See also Sections B, C and L of the application and any exhibits.

The applicant adequately describes the expected effects of the proposed services on competition in the service area and adequately demonstrates the proposal would have a positive impact on cost-effectiveness, quality, and access because the applicant adequately demonstrates that:

- 1) The proposal is cost effective because the applicant adequately demonstrated: a) the need the population to be served has for the proposal; b) that the proposal would not result in an unnecessary duplication of existing and approved health services; and c) that projected revenues and operating costs are reasonable.
- 2) Quality care would be provided based on the applicant’s representations about how it will ensure the quality of the proposed services and the applicant’s record of providing quality care in the past.
- 3) Medically underserved groups will have access to the proposed services based on the applicant’s representations about access by medically underserved groups.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is conforming to this criterion for all the reasons described above.

- (19) Repealed effective July 1, 1987.
- (20) An applicant already involved in the provision of health services shall provide evidence that quality care has been provided in the past.

C

The applicant proposes to develop a diagnostic center by acquiring no more than one fixed MRI scanner pursuant to the need determination in the 2023 SMFP, a CT scanner, x-ray, mammography, and ultrasound in Mecklenburg County. Upon project completion, Novant Health Imaging Mt. Island Lake will operate one fixed MRI scanner.

In Section Q, Form O, the applicant identifies all diagnostic centers and hospitals located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 37 hospitals and diagnostic centers located in North Carolina.

After reviewing and considering information provided by the applicant regarding the quality of care provided at all diagnostic centers identified in Form O, the applicant provided sufficient evidence that quality of care has been provided in the past. Therefore, the application is conforming to this criterion.

- (21) Repealed effective July 1, 1987.

G.S. 131E-183 (b): The Department is authorized to adopt rules for the review of particular types of applications that will be used in addition to those criteria outlined in subsection (a) of this section and may vary according to the purpose for which a particular review is being conducted or the type of health service reviewed. No such rule adopted by the Department shall require an academic medical center teaching hospital, as defined by the State Medical Facilities Plan, to demonstrate that any facility or service at another hospital is being appropriately utilized in order for that academic medical center teaching hospital to be approved for the issuance of a certificate of need to develop any similar facility or service.

C

The Criteria and Standards for Magnetic Resonance Imaging Scanners, promulgated in 10A NCAC 14C .2700, are applicable to this review.

**SECTION .2700 - CRITERIA AND STANDARDS FOR MAGNETIC RESONANCE IMAGING SCANNER**

**10A NCAC 14C .2703 PERFORMANCE STANDARDS**

- (a) *An applicant proposing to acquire a fixed MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*

- (1) *identify the existing fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*
- C- In Section C, page 75, the applicant states it owns or operates twelve fixed MRI scanners in the fixed MRI scanner service area.
- (2) *identify the approved fixed MRI scanners owned or operated by the applicant or a related entity and located in the proposed fixed MRI scanner service area;*
- C- In Section C, page 75, the applicant identifies one approved fixed MRI scanner to be located at NH Matthews Medical Center in the proposed fixed MRI scanner service area.
- (3) *identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed fixed MRI scanner service area during the 12 months before the application deadline for the review period;*
- C- In Section C, page 75, the applicant identifies two existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed fixed MRI scanner service area during the 12 months before the application deadline.
- (4) *identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area;*
- NA- Neither the applicant nor a related entity has been approved to own or operate a mobile MRI scanner that will provide mobile MRI services at host sites located in the proposed fixed MRI scanner service area.
- (5) *provide projected utilization of the MRI scanners identified in Subparagraphs (a)(1) through (a)(4) of this Paragraph and the proposed fixed MRI scanner during each of the first three full fiscal years of operation following completion of the project;*
- C- In Section Q, the applicant provides projected utilization for all of its existing, approved and proposed fixed and mobile MRI scanners during each of the first three full fiscal years of operation following project completion.
- (6) *provide the assumptions and methodology used to project the utilization required by Subparagraph (a)(5) of this Paragraph;*
- C- In Section Q, “*Utilization Methodology and Assumptions*”, the applicant provides assumptions and methodology for all of its existing, approved and proposed fixed and mobile MRI scanners during each of the first three full fiscal years of operation following project completion.

- (7) *project that the fixed MRI scanners identified in Subparagraphs (a)(1) and (a)(2) of this Paragraph and the proposed fixed MRI scanner shall perform during the third full fiscal year of operation following completion of the project:*
- (a) *3,494 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanner in the fixed MRI scanner service area;*
  - (b) *3,058 or more adjusted MRI procedures per fixed MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area; or*
  - (c) *1,310 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*

The applicant currently owns and operates thirteen existing and approved fixed MRI scanners and is proposing to develop one additional fixed MRI scanner in the fixed MRI scanner service area; thus, Subparagraph (a) applies to this review.

- C- In Section Q, the applicant projects to provide 4,650 adjusted MRI procedures per fixed MRI scanner in the fixed MRI scanner service area during the third full fiscal year of operation following project completion. This exceeds 3,494 adjusted MRI procedures per fixed MRI scanner in the fixed MRI scanner service area. The full methodology and assumptions are provided in Section Q. The discussion regarding projected utilization found in Criterion (3) is incorporated herein by reference.

- (8) *project that the mobile MRI scanners identified in Subparagraphs (3) and (4) of this Paragraph shall perform 3,120 or more adjusted MRI procedures per mobile MRI scanner during the third full fiscal year of operations following completion of the project.*

- C- In Section Q, the applicant projects to provide 3,660 adjusted MRI procedures per mobile MRI scanner during the third full fiscal year of operations following completion of the project.

- (b) *An applicant proposing to acquire a **mobile MRI** scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period shall:*
- (1) *identify the existing mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites located in the proposed mobile MRI scanner service area during the 12 months before the application deadline for the review period;*
  - (2) *identify the approved mobile MRI scanners owned or operated by the applicant or a related entity that will provide mobile MRI services at host sites located in the proposed mobile MRI scanner service area;*
  - (3) *identify the existing fixed MRI scanners owned or operated by the applicant or a related entity that are located in the proposed mobile MRI scanner service area;*
  - (4) *identify the approved fixed MRI scanners owned or operated by the applicant or a related entity that will be located in the proposed mobile MRI scanner service area;*
  - (5) *identify the existing and proposed host sites for each mobile MRI scanner identified in Subparagraphs (b)(1) and (b)(2) of this Paragraph and the proposed mobile MRI scanner;*

- (6) *provide projected utilization of the MRI scanners identified in Subparagraphs (b)(1) through (b)(4) of this Paragraph and the proposed mobile MRI scanner during each of the first three full fiscal years of operation following completion of the project;*
- (7) *provide the assumptions and methodology used to project the utilization required by Subparagraph (b)(6) of this Paragraph;*
- (8) *project that the mobile MRI scanners identified in Subparagraphs (b)(1) and (b)(2) of this Paragraph and the proposed mobile MRI scanner shall perform 3,120 or more adjusted MRI procedures per MRI scanner during the third full fiscal year of operations following completion of the project; and*
- (9) *project that the fixed MRI scanners identified in Subparagraphs (b)(3) and (b)(4) of this Paragraph shall perform during the third full fiscal year of operations following completion of the project:*
  - (a) *3,494 or more adjusted MRI procedures per fixed MRI scanner if there are two or more fixed MRI scanners in the fixed MRI scanner service area;*
  - (b) *3,058 or more adjusted MRI procedures per fixed MRI scanner if there is one fixed MRI scanner in the fixed MRI scanner service area;*
  - (c) *1,310 or more adjusted MRI procedures per fixed MRI scanner if there are no fixed MRI scanners in the fixed MRI scanner service area.*

-NA- The applicant does not propose to acquire a mobile MRI scanner pursuant to a need determination in the annual State Medical Facilities Plan in effect as of the first day of the review period.