

## REQUIRED STATE AGENCY FINDINGS

### FINDINGS

C = Conforming

CA = Conforming as Conditioned

NC = Nonconforming

NA = Not Applicable

Decision Date: September 3, 2025

Findings Date: September 3, 2025

Project Analyst: Chalice L. Moore

Co-Signer: Mike McKillip

Project ID #: L-12651-25

Facility: Nash Imaging

FID #: 250612

County: Nash

Applicants: Nash Imaging, LLC

Nash Hospitals, Inc.

Project: Acquire no more than one fixed MRI scanner pursuant to the 2025 SMFP need determination

## 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

Nash Imaging, LLC and Nash Hospitals, Inc. (UNC Health Nash), herein after referred to as “the applicant”, or “Nash Imaging”, proposes to acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 State Medical Facilities Plan (SMFP).

### **Need Determination**

The 2025 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 2025 SMFP identified a need for one fixed MRI scanner in Nash County. The application was submitted in response to the need determination in the 2025 SMFP for one fixed MRI scanner

in Nash County. Therefore, the application is consistent with the need determination in the 2025 SMFP.

### **Policies**

There is one policy in the 2025 SMFP, on pages 30-31, that is applicable to this review: *Policy GEN-5: Access to Culturally Competent Healthcare.*

#### *Policy GEN-5: Access to Culturally Competent Healthcare*

*“A certificate of need (CON) applicant applying to offer or develop 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 provide culturally competent healthcare that integrates principles to increase health equity and reduce health disparities in underserved communities. The delivery of culturally competent healthcare requires the implementation of systems and training to provide responsive, personalized care to individuals with diverse backgrounds, values, beliefs, customs, and languages. A certificate of need applicant shall identify the underserved populations and communities it will serve, including any disparities or unmet needs of either, document its strategies to provide culturally competent programs and services, and articulate how these strategies will reduce existing disparities as well as increase health equity.”*

*CON applications will include the following:*

*The applicant shall, in its CON application, address each of the items enumerated below:*

***Item 1:*** *Describe the demographics of the relevant service area with a specific focus on the medically underserved communities within that service area. These communities shall be described in terms including, but not limited to: age, gender, racial composition; ethnicity; languages spoken; disability; education; household income; geographic location and payor type.*

***Item 2:*** *Describe strategies it will implement to provide culturally competent services to members of the medically underserved community described in Item 1.*

***Item 3:*** *Document how the strategies described in Item 2 reflect cultural competence.*

***Item 4:*** *Provide support (e.g., best-practice methodologies, evidence-based studies with similar communities) that the strategies described in Items 2 – 3 are reasonable pathways for reducing health disparities, increasing health equity and improving the health outcomes to the medically underserved communities within the relevant service area.*

***Item 5:*** Describe how the applicant will measure and periodically assess increased equitable access to healthcare services and reduction in health disparities in underserved communities.

*In approving an application, Certificate of Need shall impose a condition requiring the applicant to implement the described strategies in a manner that is consistent with the applicant's representations in its CON application.*

#### Item 1 – Demographics

In Section N, page 26, the applicant states,

*“In Nash County, there are cultural, linguistic, economic, and physical challenges that may prevent some community members from accessing adequate medical care. Understanding and addressing these barriers is essential for ensuring equitable healthcare services for all residents.”*

The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will provide services to members of all demographics.

#### Item 2 - Culturally Competent Services

In Section B, page 28, the applicant states:

*“UNC Health Nash, a nonprofit affiliate of UNC Health, is committed to ensuring equitable healthcare access for all, implementing a variety of strategies to respond to the unique health needs of the community and provide culturally competent services to the medically underserved..”*

The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will provide culturally competent services to members of the medically underserved community.

#### Item 3- Reflect Cultural Competence

In Section B, page 31, the applicant states,

*“UNC Health's drive to ensure equity in access, care delivery, and outcomes, to which the proposed project will provide necessary advanced imaging resources to support the underserved seeking care at UNC Health affiliated facilities, including UNC Health Nash at Middlesex. UNC Health Nash's existing policies and systemic emphasis on hiring and orienting a culturally diverse and inclusive workforce supports its ability to provide culturally competent care to all patients it serves.”*

The information provided by the applicant is reasonable and supports the determination that the applicant's proposal will reflect cultural competence services to members of the medically underserved community.

#### Item 4 - Reducing Health Disparities

In Section B, page 32, the applicant states,

*“UNC Health Nash utilizes internal practices and policies to ensure the provision of Accessible care, which in turn works to reduce health disparities..”*

The information provided by the applicant is reasonable and supports the determination that the applicant’s proposal will help reduce health disparities, increase health equity and improving the health outcomes to members of the medically underserved community.

#### Item 5 – Measure and Assess Increase Equitable Access

In Section B, page 32, the applicant states,

*“UNC Health Nash has integrated many strategies for building cultural competence with these best practices and evidence-based studies in mind. UNC Health Nash will continue to measure and periodically assess increased equitable access to healthcare services in underserved communities through program and initiative specific evaluations. With respect to the existing community programs already described, UNC Health Nash tracks and evaluates several key performance indicators, including but not limited to inpatient readmission rates for program participants, total home visits completed, number of food boxes distributed, demographic data of patients served, and number of community partners engaged, focusing on primary care offices, specialty clinics, social services, and housing authorities. These metrics are regularly reviewed to identify trends, assess effectiveness, and make evidence-based adjustments for continuous improvement.”*

The information provided by the applicant is reasonable and supports the determination that the applicant’s proposal will measure and assess increase equitable access to the underserved community.

#### 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 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 application is consistent with *Policy GEN-5* based on the proposed incorporation of access to culturally competent healthcare.

- (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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 State Medical Facilities Plan (SMFP) to be located at a new diagnostic center in Middlesex (Nash County). UNC Health Nash is the sole member of Nash Imaging. UNC Health Nash owns and operates two hospital-based fixed MRI scanners.

#### **Patient Origin**

On page 334, the 2025 SMFP defines the fixed MRI 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 service area is Nash County. Facilities may also serve residents of counties not included in their service area.

Although Nash Imaging is not an existing facility and therefore no historical patient origin exists, UNC Health Nash provides historical patient origin for “site-appropriate” outpatient MRI procedures for its existing MRI services. The following table illustrates historical outpatient MRI patient origin at UNC Health Nash and projected patient origin for MRI services for Nash Imaging.

County	UNC Health Nash		Nash Imaging MRI Services	
	Historical Outpatient MRI Patient Origin CY 7/1/2023 to 6/30/2024		Third Full FY of Operation following Project Completion CY 2029	
	Patients	% of Total	Patients	% of Total
Nash	2,714	56.0%	2,260	56.0%
Halifax	731	15.1%	400	9.9%
Edgecombe	694	14.3%	152	3.8%
Wilson	240	5.0%	145	3.6%
Other	464	9.6%	1,079	26.7%
<b>Total</b>	<b>4,843</b>	<b>100.0%</b>	<b>4,036</b>	<b>100.0%</b>

Source: Section C, pages 38 and 40

In Section Q, pages 120-127, the applicant provides the assumptions and methodology used to project its patient origin. The applicant’s assumptions are reasonable and adequately supported because they are based on the applicant’s experience providing fixed MRI services to outpatients at UNC Health Nash.

#### **Analysis of Need**

In Section C, pages 42-57, the applicant explains why it believes the population projected to utilize the proposed fixed MRI services needs the proposed services as summarized below:

- **2025 State Medical Facilities Plan Need Determination**– The applicant states the proposed project is in response to a need determination identified in the *2025 SMFP* for one additional fixed MRI scanner in Nash County. The current inventory of fixed MRI scanners in Nash County consists of two hospital-based units located at UNC Health Nash. In the period between Federal Fiscal Year (FFY) 2021 and FFY 2023, utilization of existing MRI capacity has increased significantly.
- **Population growth**–The applicant states Nash County, the service area for the proposed project, has historically experienced modest growth, with this growth projected to continue in future years. This expanding population base will drive demand for additional healthcare resources, including additional fixed MRI capacity.
- **Aging population residing in Nash County:** Historically, the number of Nash County residents aged 65 and older increased by a rate of 2.5 percent during the period from 2015 to 2025, the fourth-highest rate of increase among neighboring counties. At present, these senior residents make up more than one-fifth of the county’s total population. With respect to the next five years, 2025 to 2030, the NC OSBM projects that this age cohort in Nash County will grow to include another 1,700 residents, thereby making up 21.6 percent of the county’s total population, which is relevant to the increased need for additional healthcare resources as older residents tend to utilize healthcare services more frequently than younger residents.
- **Demographic Factors**- The applicant states that demographic factors in Nash County also contribute to the need to develop additional fixed MRI capacity. In particular, the county’s incidence rates for disease and other adverse events as well as the presence of communities that historically are more vulnerable to the negative health outcomes associated with these issues support the proposed project. In Nash County’s most recent Community Health Needs Assessment (CHNA), heart disease and cancer ranked as the first and second leading causes of death, respectively, followed by several other chronic conditions, including cerebrovascular disease and diabetes.<sup>21</sup> Data compiled by the North Carolina Division of Health Service Regulation (NC DHSR) show that Nash County’s mortality rate for heart disease is significantly higher than that reported for the state, exceeding the North Carolina figure by nearly 24 percent in 2022.
- **Increasing Use Rates for MRI Services** – The applicant states that along with data related to the development and makeup of Nash County’s population, historical and projected utilization patterns for the service area’s existing fixed MRI scanners also emphasize the need for the proposed project. The following use rates for MRI service facilities in Nash County were calculated using population projections and historical utilization of MRI services in Nash County. Of note, these use rates for MRI equipment located in Nash County also include procedures performed on patients originating from other counties. The applicant provides a table using rates per 1,000 population increased for both total MRI scans and for adjusted scans using the 2025 SMFP methodology for weighting procedures. In FFY 2023, the use rates for Nash County MRI scanners were 72.8 MRI scans per 1,000 population or 93.4 adjusted MRI scans

per 1,000 population.

- **Need for Freestanding Fixed MRI Capacity in Nash County-** The applicant states that Nash Imaging is proposing to develop the service area's first freestanding fixed MRI. At present, Nash County's two existing fixed MRI scanners are both hospital-based and serve the clinical needs of inpatients and outpatients who currently must have their MRI procedures performed in a hospital setting as well as some patients who could be served in an outpatient setting. Nash Imaging believes that locating the next fixed MRI scanner in a freestanding facility will benefit patients by expanding access, offering greater convenience, and improving patient satisfaction. Outpatient scans appropriate to be performed in a freestanding setting can thus be shifted from the hospital campus to this freestanding site of care, giving patients more choice and flexibility in deciding where to receive their procedures and generating additional capacity for the two existing hospital-based scanners to accommodate future inpatient growth and perform procedures on patients with more complex care needs.
- **Need for additional Fixed MRI Capacity in Western Nash County-** The applicant states that Given that the *2025 SMFP* identifies a general need for another fixed MRI scanner in Nash County but does specify where within the county the additional scanner should be located, Nash Imaging conducted additional analysis to determine the most effective location for its development. Following this analysis, Nash Imaging identified the Middlesex area, situated in the western region of the county, as the most effective location for the proposed project. Situating the proposed scanner in Middlesex will improve access to MRI services in the service area's most rapidly growing community.

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

- The applicant provides data demonstrating historical growth in utilization for the existing MRI scanners at UNC Health Nash.
- The applicant provides data regarding the aging population residing in Nash County and their overall health status.
- The applicant provides information regarding MRI scanner use rates based on data from the NC OSBM and DHSR.

#### Projected Utilization

In Section Q, Form C.2b page 118, the applicant provides projected utilization for MRI services at Nash Imaging the first three project years (SFY 2028-2030), as illustrated in the following table:

Nash Imaging	Projected Utilization		
	1 <sup>st</sup> Full FY 7/1/27 to 6/30/28	2 <sup>nd</sup> Full FY 7/1/28 to 6/30/29	3 <sup>rd</sup> Full FY 7/1/29 to 6/30/30
# of Units	1	1	1
# of Procedures	3,217	3,600	4,036
# of Adjusted Procedures	3,493	3,925	4,419

In Section Q, pages 120-127, the applicant provides the assumptions and methodology used to project utilization, which is summarized below:

On page 121, the applicant provides the historical utilization for UNC Health Nash. The total number of MRI procedures performed on UNC Health Nash's two hospital-based scanners has grown significantly, increasing from 3,432 unadjusted MRI scans in FY 2019 to 7,796 unadjusted MRI scans in FY 2025, representing a compound annual growth rate (CAGR) of 14.7 percent.<sup>1</sup> When converted to adjusted scans to account for the performance of more complex, time-intensive procedures, UNC Health Nash performed 4,278 adjusted MRI scans in FY 2019, rising to 9,871 adjusted MRI scans in FY 2025, representing a slightly higher CAGR of 15.0 percent, which is demonstrated in the table below:

UNC Health Historical MRI Volume by Procedure Type										
	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Weight	FY19-25 CAGR	FY22-25 CAGR
Base Inpatient	622	905	982	1,177	1,336	1,354	1,481	1.82	15.6%	8.0
Complex Inpatient	170	146	156	232	386	361	395	2.12	15.1%	19.4%
Base Outpatient	1,949	2,513	2,644	3,194	3,458	3,697	3,939	1.00	12.4%	7.2%
Complex Outpatient	691	784	952	1,176	1,481	1,808	1,981	1.21	19.2%	19.0%
<b>Total Unadjusted MRI</b>	3,432	4,348	4,734	5,779	6,661	7,220	7,796		14.7%	10.5%
<b>Total Adjusted MRI</b>	4,278	5,418	5,914	7,252	8,501	9,116	9,871		15.0%	10.8%

Source: UNC Health Nash internal data

In Section Q, pages 121-122, the applicant uses UNC Health Nash projected MRI volumes resulting from direct application of the FY 2022 to FY 2025 procedure-specific CAGRs. In FY 2028, the first full project year, the two existing hospital-based MRI scanners are expected to perform a total of 10,731 unadjusted scans, increasing to 11,995 unadjusted scans in FY 2029, the second project year and 13,442 unadjusted scans in FY 2030, the third project year. Using the 2025 SMFP methodology to multiply unadjusted scans by the appropriate weight and convert to adjusted scans, projected volumes for these two hospital-based units will rise from a total of 13,717 adjusted scans in FY 2028 to 15,383 adjusted scans in FY 2029, and 17,295 adjusted scans in FY 2030, which is demonstrated in the table below:

UNC Health Nash Projected MRI Volume by Procedure Type							
	FY25	FY26	FY27	FY28 (PY1)	FY29 (PY2)	FY30 (PY3)	Weight
Base Inpatient	1,481	1,599	1,727	1,864	2,013	2,173	1.82
Complex Inpatient	395	471	562	671	801	957	2.12
Base Outpatient	3,939	4,224	4,529	4,857	5,208	5,585	1.00
Complex Outpatient	1,981	2,358	2,805	3,338	3,972	4,727	1.21
<b>Total Unadjusted MRI</b>	7,796	8,652	9,624	10,731	11,995	13,442	
<b>Total Adjusted MRI</b>	9,871	10,989	12,262	13,717	15,383	17,295	

Source: Section Q, page 122

In Section Q, page 122, the applicant uses the volumes resulting from these assumptions and provides the CAGRs for both FY 2019 to FY 2025 and FY 2022 to FY 2025 according to the



approach outlined above. The applicant states growth rates for FY 2022 to FY 2025 are more conservative than those calculated for FY 2019 to FY 2025 and provide the projection basis for the sections of the methodology to follow, as shown in the following table:

<b>UNC Health Nash Historical Site-Appropriate Outpatient MRI Volume by Procedure Type</b>										
	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>Weight<sup>^</sup></b>	<b>FY19-25 CAGR</b>	<b>FY22-25 CAGR</b>
Base Outpatient	1,729	2,173	2,285	2,736	3,074	3,194	3,435	1.00	12.1%	7.9%
Complex Outpatient	632	727	879	1,094	1,351	1,649	1,789	1.21	18.9%	17.8%
<b>Total Unadjusted MRI</b>	2,361	2,900	3,164	3,830	4,425	4,843	5,224		14.2%	10.9%
<b>Total Adjusted MRI</b>	2,495	3,054	3,350	4,062	4,712	5,193	5,604		14.4%	11.3%

Source: Section Q, page 122

In Section Q, page 123, the applicant assumes that a portion of the outpatient volumes thus defined will shift from the two existing hospital-based MRI scanners at UNC Health Nash's main hospital campus in Rocky Mount to the proposed freestanding fixed MRI scanner Middlesex. Prior to the shift of site-appropriate volumes to this location, base outpatient procedures performed at UNC Health Nash are projected to increase by the FY 2022 to FY 2025 annual rate of 7.9 percent while complex outpatient procedures are projected to increase by the FY 2022 to FY 2025 annual rate of 17.8 percent. This is shown in the following table.

<b>UNC Health Nash Projected Site-Appropriate Outpatient MRI Volume by Procedure Type</b>						
	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28 (PY1)</b>	<b>FY29 (PY2)</b>	<b>FY30 (PY3)</b>
Base Outpatient	3,435	3,705	3,997	4,312	4,651	5,018
Complex Outpatient	1,789	2,108	2,484	2,927	3,448	4,063
<b>Total Unadjusted MRI</b>	5,224	5,813	6,481	7,238	8,099	9,080
<b>Total Adjusted MRI</b>	5,604	6,261	7,008	7,859	8,831	9,942

Source: Section Q, page 123

In Section Q, pages 124-124, the applicant provides a breakdown of Nash County's population by ZIP code along with population projections for 2029. The applicant highlighted ZIP codes are those that are more proximate to the proposed location in Middlesex.

<b>Nash County Population by ZIP Code</b>			
<b>Community</b>	<b>ZIP Code</b>	<b>2024 Population</b>	<b>2029 Population</b>
<b>Middlesex</b>	<b>27,557</b>	<b>9,169</b>	<b>9,893</b>
Rocky Mount	27,803	21,929	21,635
Rocky Mount	27,804	28,637	2,8415
<b>Bailey</b>	<b>27,807</b>	<b>7,206</b>	<b>7,530</b>
Battleboro	27,809	4,327	4,387
Castalia	27,816	2,507	2,517
Elm City	27,822	8,418	8,246
Nashville	27,856	17,170	17,125
Spring Hope	27,882	7,631	7,748
Whitakers	27,891	4,573	4,513
<b>Wilson</b>	<b>27,896</b>	<b>20,658</b>	<b>20,381</b>

Source: Section Q, pages 123-124

In Section Q, page 126, the applicant shows that the population residing in these western and southern Nash County ZIP codes represents the majority of the total population for all the ZIP codes that make up Nash County. Not only does the population residing in the Primary Service Area represent over 53 percent of Nash County's overall population, but it is also projected to increase slightly by 2029, comprising 54 percent of the overall population, reflecting the western and southern ZIP codes' comparatively higher annual growth rates, as shown in the table below.

<b>Nash County Population Totals by ZIP Code</b>		
<b>Primary Service Area (Middlesex, Bailey, Spring Hope, Elm City, Nashville, Wilson ZIP codes)</b>	<b>2024 Population</b>	<b>2029 Population</b>
Total (All Nash County ZIP codes)	<b>70,252</b>	<b>70,923</b>
Percent from Primary Service Area	53%	54%

Source: Section Q, page 125

In Section Q, pages 126-127, the applicant states that By shifting 40 percent of site-appropriate outpatient MRI volume from the two hospital-based fixed MRI scanners at UNC Health Nash to the proposed freestanding scanner in Middlesex and increasing utilization by an additional 10 percent based on the factors described above, Nash Imaging projects that it will perform a total of 4,419 adjusted MRI scans in FY 2030, the third project year. The total number of adjusted MRI scans for the first three project years is summarized in table below:

Projected Nash Imaging MRI Scans			
	FY28 (PY1)	FY29 (PY2)	FY30 (PY3)
Base Outpatient	1,725	1,861	2,007
Complex Outpatient	1,171	1,379	1,625
<b>Total Unadjusted Outpatient MRI</b>	<b>2,895</b>	<b>3,240</b>	<b>3,632</b>
<b>10% Additional Utilization (Unadjusted)</b>	<b>322</b>	<b>360</b>	<b>404</b>
<b>Total Unadjusted Scans (Nash Imaging)</b>	<b>3,217</b>	<b>3,600</b>	<b>4,036</b>
<b>Total Adjusted Outpatient MRI Shift</b>	<b>3,144</b>	<b>3,532</b>	<b>3,977</b>
<b>10% Additional Utilization (Adjusted)</b>	<b>349</b>	<b>392</b>	<b>442</b>
<b>Total Adjusted Scans (Nash Imaging)</b>	<b>3,493</b>	<b>3,925</b>	<b>4,419</b>
# of MRI Units	1	1	1
<b>Adjusted Scans per Unit</b>	<b>3,493</b>	<b>3,925</b>	<b>4,419</b>

In Section Q, pages 126-127, the applicant states that following the opening of Nash Imaging on July 1, 2027 and the corresponding shift of site-appropriate outpatient MRI procedures to this freestanding location in Middlesex, the two existing hospital-based MRI scanners in operation at UNC Health Nash will collectively perform a total of 13,318 adjusted MRI procedures in FY 2030, the third project year, or an average of 6,659 adjusted MRI procedures per unit (13,318 scans / 2 MRI units = 6,659), as shown in the table below.

UNC Health Nash Projected Weighted Scans After Shift					
	SFY2026	SFY2027	FY28 (PY1)	FY29 (PY2)	FY30 (PY3)
Total UNC Health Nash Projected MRI Volume <b>(Unadjusted)</b>	8,652	9,624	10,731	11,995	13,442
Total Shifted Volume <b>(Unadjusted)</b>			2,895	3,240	3,632
Total After Shift <b>(Unadjusted)</b>	8,652	9,624	7,836	8,755	9,810
Total UNC Health Nash Projected MRI	10,989	12,262	13,717	15,383	17,295
Total Shifted Volume <b>(Adjusted)</b>			3,144	3,532	3,977
Total After Shift <b>(Adjusted)</b>	10,989	12,262	10,573	11,851	13,318
of MRI Units	2	2	2	2	2
<b>Adjusted Scans per Unit</b>	<b>5,494</b>	<b>6,131</b>	<b>5,287</b>	<b>5,925</b>	<b>6,659</b>

The three fixed MRI scanners are projected to exceed the performance standard in 10A NCAC 14C .2703 (a)(7) with an average of 5,912 adjusted scans per fixed MRI unit as summarized in the in table below:

	SFY26	SFY27	SFY28 (PY1)	SFY29 (PY2)	SFY30 (PY3)
UNC Health Nash Adjusted MRI Scans	10,989	12,262	10,573	11,851	13,318
Nash Imaging Total Adjusted MRI Scans			3,493	3,925	4,419
Total Adjusted Scans	10,989	12,574	14,066	15,775	17,737
# of MRI Units	2	2	3	3	3
<b>Adjusted MRI Scans Per Unit</b>	<b>3,663</b>	<b>6,131</b>	<b>4,689</b>	<b>5,258</b>	<b>5,912</b>

Source: Section Q, page 127

- The applicant relied on its historical MRI utilization as the starting point for projecting future utilization.
- The applicant relied on population growth projections from reliable sources to determine population growth in the service area.
- The applicant relied on specific demographic data to analyze the aging of the population in the service area, and the population in the service area most likely to utilize MRI services.

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

In Section C, page 63, the applicant states:

*“As noted in its Financial Assistance policy, Exhibit C.6-2, “[a]s part of its mission, UNCHCS provides care for residents of North Carolina who are uninsured or underinsured and do not have the ability to pay for medically necessary healthcare services. The purpose of this policy is to use financial assistance resources available to UNCHCS to maximize the availability of healthcare services to the people of North Carolina in a consistent, equitable and effective manner.” These policies will be used to guide the practices of Nash Imaging.”*

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

Medically Underserved Groups	Percentage of Total Patients during the Third Full Fiscal Year
Low income persons	NA*
Racial and ethnic minorities	59.4%
Women	61.3%
Persons with Disabilities	NA*
Persons 65 or older	36.6%
Medicare beneficiaries	47.5%
Medicaid recipients	13.0%

Source: Section C, page 64

The applicant states that UNC Health Nash does not maintain data on the number of low income or disabled persons

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.
- The applicant states the percentages of patients in each group listed above are based on recent facility experience.
- 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 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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

In Section E, pages 75-76, 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:

- **Co-locate the proposed MRI with existing hospital-based MRI scanners-** The applicant states that Nash Imaging considered locating the proposed fixed MRI scanner

with UNC Health Nash's two existing hospital-based MRI scanners at the hospital's main campus in Rocky Mount. However, this alternative would not address the geographic access barriers for residents in the growing western portions of Nash County. The proposed location in Middlesex, part of Nash County's western region, will establish a more accessible freestanding MRI facility for patients who currently must travel to UNC Health Nash in Rocky Mount or outside the county for MRI services. Co-location of the proposed fixed MRI scanner with the two existing MRI scanners at the hospital campus would concentrate all fixed MRI capacity at a single location rather than expanding geographic access throughout the county. In light of the current distribution of fixed MRI capacity, the proposed western Nash County location will provide a more convenient option for patients seeking MRI services closer to home, reducing travel time and improving patient satisfaction. For these reasons, Nash Imaging determined that co-locating the proposed fixed MRI scanner with the two existing hospital-based scanners would be a less effective alternative for meeting need in the service area.

- **Develop the proposed MRI as a hospital-based service-** The applicant states Nash Imaging considered developing the proposed project as a hospital-based service. However, as previously described, hospital-based services are associated with higher charges and fees than the same services performed in a freestanding setting, regardless of physical location or whether the service itself is designated as inpatient or outpatient. Insurance companies typically categorize hospital-based services in a higher tier than freestanding outpatient services, resulting in higher out-of-pocket expenses for patients. Consequently, patients with high-deductible health plans would not benefit from the lower out-of-pocket expenses associated with utilizing freestanding services. In contrast, the proposed MRI scanner at the Middlesex MOB facility in western Nash County will not only introduce a lower cost, non-hospital-based fixed MRI option to the service area, but it will also create additional capacity that will enhance overall access to MRI services throughout the service area. Of note, the proposed fixed MRI scanner at Nash Imaging will also represent the first freestanding fixed MRI scanner in Nash County, addressing the current lack of existing freestanding fixed MRI capacity and offering patients more choices for where they receive their MRI procedures. At present, patients who prefer a freestanding MRI facility must travel outside the county for these services. Additionally, the selected scanner, previously described in Section C.1, is equipped to perform many of the same functions and types of scans as those performed at the hospital, enabling patients to receive high-quality care in a non-hospital setting. As such, a freestanding option will increase access to high-quality MRI services, improve convenience, and provide significant cost savings to patients via lower co-payments and coinsurance charges. For these reasons, developing the proposed project as a hospital based scanner was determined to be a less effective alternative than developing the proposed fixed MRI scanner as a freestanding diagnostic center.
- **Develop the proposed MRI at another freestanding location in Nash County-** The applicant states Nash Imaging considered developing the proposed fixed MRI scanner at a different location in Nash County to meet the need for additional fixed MRI capacity in the service area. However, the proposed location in Middlesex establishes a geographically accessible freestanding MRI facility in Nash County's fastest-

growing region that balances the distribution of UNC Health Nash's fixed MRI capacity in the county. Given these circumstances, Nash Imaging believes that the proposed location in the western region of Nash County will be most effective in expanding patient access to those residents who currently face longer travel times to receive MRI services. Given the proximity of the proposed location to eastern Wake and Franklin counties, underserved patients in those communities are also likely to seek MRI services at Nash Imaging. Additionally, the development of the Nash Imaging freestanding fixed MRI scanner in the western part of Nash County will provide a lower-cost, convenient option for fixed MRI services that is closer to home for many patients. For these reasons, Nash Imaging determined that developing the proposed fixed MRI scanner at a different site within the service area would be a less effective alternative for meeting the described needs for the proposed project.

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 the reasons stated above. Therefore, the application is approved subject to the following conditions:

- 1. Nash Imaging, LLC and Nash Hospitals, Inc. (hereinafter certificate holder) shall materially comply with all representations made in the certificate of need application.**
- 2. The certificate holder shall acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP to be located at Nash Imaging.**
- 3. The certificate holder shall develop and implement strategies to provide culturally competent services to members of its defined medically underserved community that are consistent with representations made in the certificate of need application.**

**4. 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 March 1, 2026.
5. 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.
6. 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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

**Capital and Working Capital Costs**

In Section Q, Form F.1a, page 128, the applicant projects the total capital cost of the project as shown in the table below.



<b>Nash Imaging Projected Capital Costs</b>	
Construction/Renovation Contract(s)	\$950,000
Architect/Engineering Fees	\$160,000
Medical Equipment	\$1,763,476
Non-Medical Equipment	\$25,500
Furniture	\$22,500
Consultant Fees	\$100,000
Other (Contingencies, Escalation. Application fees & Permit fees)	\$466,750
<b>Total</b>	<b>\$3,488,226</b>

In Section Q, page 129, 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:

- The applicant projects construction cost based on the contractor's estimate.
- The cost of medical equipment is based on vendor for proposed MRI scanner quotation.
- Other costs include permit fees, low voltage IT Fees, physicists report fees, security fees, contingency fees, and art and signage fees, and are based on the experience of UNC Health Nash with similar projects.

In Section F.3b, page 79, the applicant states there will be start-up cost in the amount of \$53,114. This amount includes the cost of paying for hiring staff, utilities, purchasing supplies and equipment. In Section F.3c, pages 79-80, the applicant states that there will be initial operating costs in the amount of \$212,457, for a total working capital cost of \$265,572.

The applicant adequately demonstrates the working capital needs of the project based on the following:

- The applicant projects the start-up cost based on one month of supplies, utilities, staffing, and all other non-depreciation expenses.
- The applicant projects the initial operating period cost number of months during which cash outflow (operating costs) for the entire facility exceeds cash inflow (revenues) for the entire facility; that period ends for Nash Imaging after four months.
- The applicant projects include all non-depreciation expenses, calculated as the difference between the total cash outflow (operating costs) during the initial operating period for the entire facility and total cash inflow (revenues) during the initial operating period for the entire facility.

### **Availability of Funds**

In Section F, page 81, the applicant states the capital cost will be funded through the accumulated reserves of UNC Health Nash. Exhibit F.2.1 contains a letter signed Shawn Hartley, CFO of UNC Health Nash, documenting the availability of accumulated reserves to fund the proposed project. Exhibit F.2.3 the applicant provides a copy of the most recent audited financials for Nash Heath Care Systems and Subsidiaries (UNC Health Nash).

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

- The applicant provides documentation of UNC Health Nash'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 cost.

### **Financial Feasibility**

The applicant provides pro forma financial statements for the first three full fiscal years of operation following completion of the project. In Section Q, Form F.2b, page 130, the applicant projects that revenues will exceed operating expenses in the first three full fiscal years (FY) following project completion, as shown in the table below:

<b>Nash Imaging</b>	<b>1<sup>st</sup> Full FY SFY 2027</b>	<b>2<sup>nd</sup> Full FY SFY 2028</b>	<b>3<sup>rd</sup> Full FY SFY 2029</b>
# of Scans Adjusted	3,217	3,600	4,036
Total Gross Revenues (Charges)	\$10,174,145	\$11,775,129	\$13,654,483
Total Net Revenue	\$1,562,677	\$1,808,577	\$2,097,232
Average Net Revenue per MRI Scan	\$486	\$502	\$520
Total Operating Expenses (Costs)	\$952,046	\$1,025,543	\$1,058,448
Average Operating Costs per MRI Scan	\$296	\$285	\$262
Net Income	\$610,631	\$783,034	\$1,038,785

Source: Section Q, Form F.2b, Page 130

The assumptions used by the applicant in preparation of the pro forma financial statements are provided in Section Q, pages 131 and 132. The applicant adequately demonstrates that the financial feasibility of the proposal is reasonable and adequately supported based on the following:

- The applicant's patient services gross revenue is based on projected payor mix and average charge. Average charge is based on FY 2024 average charge at UNC Health Nash adjusted from outpatient hospital-based MRI services to freestanding MRI services based on a weighted Medicare reimbursement adjustment and applied proportionally to other payors. Projected payor mix is based on FY 2024 payor mix of UNC Health Nash's outpatient MRI services.
- 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 is based on reasonable and adequately supported assumptions
  - The applicant adequately demonstrates availability of sufficient funds for the capital and working capital needs of the proposal.
  - 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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

On page 334, the 2025 SMFP defines the fixed MRI 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 service area is Nash County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the one existing fixed MRI scanner located in the Nash County service area, summarized from Table 15E-1, page 349 of the 2025 SMFP:

Location	Fixed MRI Scanners	Total MRI Scans	Adjusted MRI Scans
UNC Health Nash	2	7,104	9,113

Source: Table 15E-1, page 349, 2025 SMFP

In Section G, page 87, the applicant explains why it believes its proposal would not result in the unnecessary duplication of existing or approved fixed MRI services in Nash County. The applicant states:

*“The proposed project involves the development of a freestanding fixed MRI scanner in response to a need determination in the 2025 SMFP for one additional fixed MRI scanner to be located in Nash County. As discussed in Section C.4, the growth and aging of the communities in the service area are driving increased demand for MRI services, highlighting a corresponding need for enhanced access to lower-cost, high-quality imaging resources closer to home. The service area’s two existing fixed MRI scanners are both hospital-based and located at UNC Health Nash’s main campus in Rocky Mount in the eastern part of Nash County, which represents a drive time greater than fifteen minutes for residents living in the western part of the county, the area experiencing and projected to experience the county’s fastest population growth.”*

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 2025 SMFP for the proposed fixed MRI scanner.
- The applicant adequately demonstrates the need for the proposed fixed MRI scanner at Nash Imaging in addition to the existing MRI scanner 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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

In Section Q, Form H, page 134, the applicant provides projected full-time equivalent (FTE) staffing for its MRI services, as illustrated in the following table:

<b>Staffing</b>	<b>1<sup>st</sup> Full FY SFY2027</b>	<b>2<sup>nd</sup> Full FY SFY2028</b>	<b>3<sup>rd</sup> Full FY SFY2029</b>
Imaging Services Manager	0.2	0.2	0.2
MRI Technologists	2.0	2.4	2.4
Technologist Aid	1.0	1.0	1.0
Administrative Support Staff (Scheduler & Registration)	0.2	0.2	0.2
<b>Total</b>	<b>3.4</b>	<b>3.8</b>	<b>3.8</b>

The assumptions and methodology used to project staffing are provided in Section Q, page 135. Adequate operating expenses for the health manpower and management positions proposed by the applicant are budgeted in Form F.3(b). In Section H, page 89, 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 states that the project will be all staff will be employed and trained by UNC Health Nash and leased to the applicant to staff Nash Imaging.
- The applicant states that UNC Health Nash's employment offices use a variety of venues to recruit new staff and hire the best applicant considering job fit and organization fit.

### **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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

### **Ancillary and Support Services**

In Section I, page 91, the applicant identifies the necessary ancillary and support services for the proposed fixed MRI services. In Section I, pages 91-92 the applicant explains how each ancillary and support service is and will be available and supporting documentation is provided in Exhibit I.1.1. The applicant adequately demonstrates that the necessary ancillary and support services are and will be made available.

### **Coordination**

In Section I, pages 92, the applicant describes that although the facility will be new, Nash Imaging will benefit from existing relationships with UNC Health Nash's relationships with local health care and social service providers. The applicant provides supporting documentation in Exhibit I.2. The applicant adequately demonstrates that the proposed services will be coordinated with the existing health care system.

## **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.

- (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

- (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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

In Section K, page 95, the applicant states that the project involves constructing 1,595 square feet of renovated space. Line drawings are provided in Exhibit C.1-4.

In Section K, page 95-96, the applicant adequately explains how the cost, design, and means of construction represent the most reasonable alternative for the proposal because the design and means of the proposed renovation, were developed to minimize the cost of the project by renovating existing space rather than constructing new space.

In Section K, page 96, 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 based on the following:

- The applicant states that the proposed costs are necessary to ensure the proposed project can be developed, which in turn will increase access to convenient, lower cost MRI services in the service area.
- The applicant states the proposed fixed MRI scanner at Nash Imaging will have lower fixed expenses than the existing hospital-based MRI service at UNC Health Nash
- The applicant states that outpatient MRI procedures performed at a freestanding facility also have a lower reimbursement level than those performed at a hospital, resulting in lower costs to patients and insurers.

In Section B.21, 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;

C

In Section L, page 99, the applicant states that they are not an existing facility, therefore historical payor sources do not exist. The applicant, however, does provide the historical payor mix during for UNC Health Nash for its existing fixed MRI services, as shown in the table below:

UNC Health Nash Historical Payor Mix, CY2 7/01/23-6/30/24	
Payor Source	MRI Services as Percent of Total
Self-Pay	1.5%
Medicare*	47.5%
Medicaid*	13%
Insurance*	29.7%
Other^	8.4%
Total	100.0%

Source: Section L, page 99

\*Including any managed care plans.

^Workers Compensation, TRICARE, and other payors

UNC Health Nash Last Full FY before Submission of the Application		
	Percentage of Total Patients Served	Percentage of the Population of the Service Area*
Female	61.3%	51.9%
Male	38.7%	48.1%
Unknown		
64 and Younger	63.4%	80.2%
65 and Older	36.6%	19.8%
American Indian	1.6%	1.1%
Asian	0.2%	1.2%
Black or African American	53.0%	42.1%
Native Hawaiian or Pacific Islander	0.1%	0.1%
White or Caucasian	39.6%	53.4%
Other Race	4.5%	2.1%
Declined / Unavailable	1.0%	0.0%

Source: Section L, page 100

\* The percentages can be found online using the United States Census Bureau's QuickFacts which is at: <https://www.census.gov/quickfacts/fact/table/US/PST045218>. Just enter the name of the county.



### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the applicant adequately documents 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. Therefore, the application is conforming to this criterion.

- (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 101, the applicant states it has no such obligation.

In Section L, page 102, the applicant states that Nash Imaging, is not an existing facility and there have been no patient civil rights equal access complaints filed.

### **Conclusion**

The Agency reviewed the:

- Application
- Exhibits to the application

Based on that review, the Agency concludes that the application is confirming to this criterion for the reasons stated above.

- (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 102, the applicant projects the following payor mix for MRI services at Nash Imaging for the third full fiscal year of operation (SFY2030), as shown in the table below:

Nash Imaging MRI Services Projected Payor Mix SFY2030	
Payor Source	Entire Facility as Percent of Total
Self-Pay	1.1%
Medicare*	47.5%
Medicaid*	13.4%
Insurance*	29.7%
Other^	8.4%
Total	100.0%

Source: Section L, page 98

\* Including any managed care plans.

^Workers Compensation, TRICARE, and other payors.

In Section L, page 102, 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 UNC Health Nash most recent historical payor mix for outpatient MRI services.

### **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 104, the applicant describes the means by which a person will have access to the proposed fixed MRI services at Nash Imaging.

### **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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

In Section M, page 105, the applicant describes the extent to which health professional training programs in the area have access to the facility for training purposes and provides supporting documentation in Exhibit M.1. The applicant adequately demonstrates that health professional training programs in the area have and will continue to have access to the facility for training purposes based on the following:

- The applicant states the proposed freestanding fixed MRI services at Nash Imaging will be accessible to the existing professional training programs affiliated with UNC Health Nash.
- UNC Health Nash has a long history of supporting health professional training programs in the community at large.

### **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 acquire no more than one fixed MRI scanner pursuant to the need determination in the 2025 SMFP.

On page 334, the 2025 SMFP defines the fixed MRI 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 service area is Nash County. Facilities may also serve residents of counties not included in their service area.

The following table identifies the one existing fixed MRI scanner located in the Nash County service area, summarized from Table 15E-1, page 349 of the 2025 SMFP:

Location	Fixed MRI Scanners	Total MRI Scans	Adjusted MRI Scans
UNC Health Nash	2	7,104	9,113

Source: Table 15E-1, page 349, 2025 SMFP

Regarding the expected effects of the proposal on competition in the service area, in Section N, page 107, the applicant states

*“The proposed project is expected to enhance competition in the service area by promoting cost effectiveness, quality, and access to freestanding MRI services, which are currently unavailable in the service area. As discussed in Section C.4, the proposed MRI scanner at Nash Imaging will be the first freestanding fixed MRI scanner in Nash County and will operate six days per week, providing a lower cost, convenient option for MRI services close to home. The proposed MRI scanner will not only introduce lower cost, freestanding fixed MRI services to Nash County, but it will also create additional capacity that, in turn, will enhance timely access to the existing hospital-based MRI services provided at UNC Health Nash’s main campus in Rocky Mount.”*

Regarding the expected effects of the proposal on cost effectiveness, in Section N, pages 107-108, the applicant states that Nash Imaging commitment to maximizing the healthcare value for resources expanded in the delivery of MRI services and the positive impact that the proposed project will have on the cost-effectiveness of the proposed services.

Regarding the expected effects of the proposal on quality in the service area, in Section N, pages 108-109, the applicant states,

*“Nash Imaging believes the proposed project will promote safety and quality in the provision of healthcare services to patients of the proposed service area. UNC Health Nash, the parent company of Nash Imaging, is known for providing high quality services and expects the proposed project to provide significant benefits to patients in terms of safety and quality, access, and value through expanded service capacity while bolstering its high-quality standard of care. UNC Health, of which UNC Health Nash is a part, has earned various rankings and awards that demonstrate its ability to provide ongoing quality care.”*

See also Sections 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 110, the applicant states that UNC Health Nash is committed to promoting equitable access in the provision of MRI services and the positive impact the proposed project

will have on access by medically underserved groups to the proposed services.

See also Sections 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 and the projected payor mix.

### **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**

In Section Q, Form O, page 136, the applicant identifies the health service facilities located in North Carolina owned, operated, or managed by the applicant or a related entity. The applicant identifies a total of 1 hospital located in North Carolina.

In Section O, page 112, the applicant states that, during the 18 months immediately preceding the submittal of the application, no incidents related to quality of care occurred in any of these facilities.. After reviewing and considering information provided by the applicant and the

Acute and Home Care Licensure and Certification Section and considering the quality of care provided at one facility, the applicant provided sufficient evidence that quality 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

### **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 66, the applicant states there are no existing fixed MRI scanners owned or operated in the service area by Nash Imaging. UNC Health Nash owns and operates two existing fixed MRI scanners at its main hospital campus in Rocky Mount.

(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;*

-NA- In Section C, page 66, the applicant states there are no approved fixed MRI scanners owned or operated by Nash Imaging, UNC Health Nash, or related entities in the proposed fixed MRI scanner service area (Nash County).

(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;*

-NA- In Section C, page 66, the applicant states there are no existing mobile MRI scanners owned or operated by Nash Imaging, UNC Health Nash or related entities 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.

- (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- In Section C, page 66, the applicant states there are no approved mobile MRI scanners owned or operated by Nash Imaging, UNC Health Nash or related entities 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, pages 116-127, the applicant provides projected utilization for both its existing and proposed fixed 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, pages 116-127, the applicant provides assumptions and methodology for both of its existing and proposed fixed 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 MRI scanner if there are no existing fixed MRI scanners in the fixed MRI scanner service area;*

There is currently two existing fixed MRI scanner in Nash County at UNC Health Nash; thus, Subparagraph (a) applies to this review.

- C- In Section Q, page 126, the applicant projects to provide 5,912 adjusted MRI procedures per MRI scanner during the third full fiscal year of operation following project completion on each of its existing and proposed fixed MRI scanners. This exceeds 3,494 adjusted MRI procedures per fixed MRI scanner in the fixed MRI scanner service area required in subpart (a) of this Rule. The full methodology and assumptions are provided in Sections 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.*
- NA- In Section C, page 67, the applicant states, there are no mobile MRI scanners owned or operated by the applicant or a related entity that provided mobile MRI services at host sites in the Nash County proposed fixed MRI scanner service area during the 12 months before the application deadline for this review.
- (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.