



North Carolina Department of Health and Human Services  
Division of Health Service Regulation

Roy Cooper  
Governor

Dempsey E. Benton  
Interim Secretary DHHS

Mark Payne, Director  
Health Service Regulation

January 23, 2017

Satish Mathan, M.D., President  
Raleigh Radiology  
3200 Blue Ridge Road, Suite 100  
Raleigh NC 27612-8008

**No Review**

**Record #:** 2139  
**Facility Name:** Raleigh Radiology Fuquay-Varina  
**Business Name:** Raleigh Radiology, LLC  
**Business #:** 1518  
**Project Description:** Develop an imaging center in Fuquay-Varina  
**County:** Wake

Dear Dr. Mathan:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency) received your letter of December 20, 2016 regarding the above referenced proposal. Based on the CON law **in effect on the date of this response to your request**, the proposal described in your correspondence is not governed by, and therefore, does not currently require a certificate of need. However, please note that if the CON law is subsequently amended such that the above referenced proposal would require a certificate of need, this determination does not authorize you to proceed to develop the above referenced proposal when the new law becomes effective.

It should be noted that this determination is binding only for the facts represented in your correspondence. Consequently, if changes are made in the project or in the facts provided in your correspondence referenced above, a new determination as to whether a certificate of need is required would need to be made by this office. Changes in a project include, but are not limited to: (1) increases in the capital cost; (2) acquisition of medical equipment not included in the original cost estimate; (3) modifications in the design of the project; (4) change in location; and (5) any increase in the number of square feet to be constructed.

Please contact this office if you have any questions. Also, in all future correspondence you should reference the Facility ID # (FID) if the facility is licensed.

**Healthcare Planning and Certificate of Need Section**

[www.ncdhhs.gov](http://www.ncdhhs.gov)

Telephone: 919-855-3873 • Fax: 919-715-4413

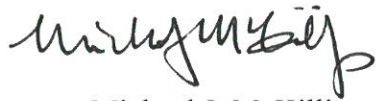
Location: Edgerton Building • 809 Ruggles Drive • Raleigh, NC 27603

Mailing Address: 2704 Mail Service Center • Raleigh, NC 27699-2704

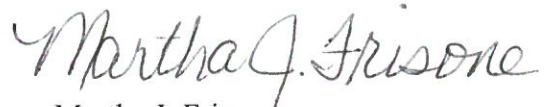
An Equal Opportunity/ Affirmative Action Employer



Sincerely,



Michael J. McKillip  
Project Analyst



Martha J. Frisone  
Assistant Chief, Certificate of Need

cc: Paige Bennett, Assistant Chief, Healthcare Planning, DHSR



December 20, 2016



Ms. Martha J. Frisone, Assistant Chief  
Certificate of Need Section  
Department of Health Service Regulation  
Department of Health and Human Services  
809 Ruggles Drive  
Raleigh, NC 27603

**RE: Request for No Review Determination for Diagnostic Imaging Equipment in Proposed New Medical Office Building in Fuquay-Varina, Wake County**

Dear Ms. Frisone:

The purpose of this letter is to provide notice to the North Carolina Department of Health and Human Services, Division of Health Service Regulation ("DHSR"), Certificate of Need Section (the "CON Section") that Raleigh Radiology, LLC is planning to occupy a to-be-developed medical office building in Fuquay-Varina and operate a medical office with diagnostic imaging equipment.

We are requesting that the Agency confirm that the moving, purchase, and installation of diagnostic medical equipment in the proposed medical office building is not reviewable as a new institutional health service under the North Carolina Certificate of Need ("CON") law and does not constitute a diagnostic center under N.C. GS 131E-176(7a).

**I. FACTS**

Raleigh Radiology, LLC currently operates three imaging centers in Wake County, Raleigh Radiology Blue Ridge, Raleigh Radiology Cary, and Raleigh Radiology Breast Center. Raleigh Radiology Cary is also a Diagnostic Center (J-8139-08). Raleigh Radiology, LLC intends to open a new office in Fuquay-Varina at 601 Attain St. on a lot that is currently vacant. Berkshire Partners, LLC currently owns the property, which will be purchased and developed into a medical office building by Attain Properties, LLC. A separate exemption letter for the medical office building construction will be submitted to the CON section by the developer. After completion of the medical office building, Raleigh Radiology, LLC will enter into a lease with the property owner and provide any building improvements and equipment necessary to operate an imaging center. Initial imaging equipment will be moved from Raleigh Radiology's existing facilities. Equipment cost included in Table 1 includes the fair market value (FMV) of the equipment proposed to be moved. Attachment A contains correspondence with equipment vendors attesting to the FMV of the equipment. Table 1 also includes a quote for the purchase of a CT scanner, provided by General Electric, and a quote for buildout costs related to the CT scanner. Raleigh

Radiology, LLC does not initially plan to include a CT scanner, but may include the CT scanner in the Fuquay-Varina facility in the future.

The total cost of all medical diagnostic equipment to be utilized by the facility and the cost of all construction necessary to make the equipment operational will be no greater than \$454,102 (see Table 1). This is below the statutory threshold of \$500,000, under which a health service facility would meet the definition of a “diagnostic center”.

**Table 1 – Total Cost of Diagnostic Equipment and Construction Essential to Operation of Equipment**

Type of Expense	Cost
Bone Density	\$ 6,000
Ultrasound Scanner	\$ 35,000
3-D Mammo	\$ 150,000
General Rad	\$ 8,000
Equipment moving	\$6,550
<b>Total Equipment</b>	<b>\$ 205,550</b>
Buildout cost for Rad	\$ 12,992
MRI Pad Expense	\$ 34,560
<b>Total General Rad/MRI Buildout</b>	<b>\$ 47,552</b>
CT Scanner	\$ 180,000
Buildout cost for CT	\$ 21,000
<b>Total w/ CT</b>	<b>\$ 201,100</b>
<b>Total Cost</b>	<b>\$ 454,102</b>

Initially, the proposed medical office building will house diagnostic imaging modalities: Ultrasound, Mammography, Bone Densitometry, MRI, and x-ray. MRI services will only be offered at this site, pursuant to a service agreement, with a provider that holds an appropriate North Carolina Certificate of Need. Raleigh Radiology will not purchase an MRI of its own for use at the proposed Fuquay-Varina office. However, to be conservative, Raleigh Radiology has included in Table 1 expense related to construction of a concrete pad, on which a mobile MRI could dock. The facility cost estimate in Table 1 also includes space for a future CT scanner. This, too, is a conservative estimate. Raleigh Radiology, LLC does not foresee the need to include CT in the initial operating year, but included costs to develop the CT, should such a need materialize in the future. Attachment B contains a line drawing for the proposed medical office building.

The build-out costs include the costs of plans, designs, permits and other activities required to render the space operational for imaging services. Attachment C includes an architect’s certified estimate for the project costs, including a standard CON capital schedule with these costs.

## II. STATUTE

N.C. GS 131E-176(16a) defines a “new institutional health service” as “The construction, development, or other establishment of a new health service facility.”



N.C. GS 131E-176(9b) definition for a "health service facility" includes a "diagnostic center."

N.C. GS 131E-176(7a) defines a "Diagnostic Center" as:

*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 five hundred thousand dollars (\$500,000). In determining whether the medical diagnostic equipment in a diagnostic center costs more than five hundred thousand dollars (\$500,000), 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.*

As demonstrated, Raleigh Radiology, LLC expects the total cost of medical diagnostic equipment to be \$454,102, well below the \$500,000 threshold. None of the equipment proposed for this site independently meets the statutory definition of a "new institutional health service."

### III. CONCLUSION

In light of the foregoing, Raleigh Radiology requests your confirmation in writing, confirming that the proposed new imaging center to be operated by Raleigh Radiology, LLC, at 601 Attain Street in Fuquay Varina is not subject to CON review.

Thank you for your assistance regarding this matter. If you require additional information, please contact me as soon as possible.

Sincerely,

2139

1518

Satish Mathan, MD

  
President

Raleigh Radiology, LLC

Attachments: A: FMV Quotes for Medical Equipment  
B: Line Drawing of Proposed Medical Office Building  
C: Architect's Certified Cost Estimate

## William Holding

---

**From:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Sent:** Tuesday, December 13, 2016 10:36 AM  
**To:** Will Holding (wholding@pda-inc.net)  
**Subject:** FW: Need info

Bone Density Unit –

---

**From:** Brown, David C. [mailto:David.Brown@hologic.com]  
**Sent:** Monday, May 9, 2016 12:30 PM  
**To:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Subject:** RE: Need info

Hi Frannie,

I checked on the install dates for your request.

The DEXA unit dates back to 2006. There isn't much value with that system, and we don't even sell that series anymore (Discovery). FMV or trade value would probably be no more than 6K.

The Dimension Tomo unit was installed 3 years ago. Using basic depreciation, that system is probably worth 230-250K for FMV.

I hope this helps.

Thanks,

Dave

**David C. Brown**  
Imaging Account Manager  
Breast & Skeletal Health  
Hologic, Inc.  
[david.brown@hologic.com](mailto:david.brown@hologic.com)  
804.357.4774

---

**From:** Frannie Joseph [mailto:frannie.joseph@raleighrad.com]  
**Sent:** Friday, May 06, 2016 9:18 AM  
**To:** Brown, David C. <David.Brown@hologic.com>  
**Subject:** Need info

I need to get a FMV quote for the 1<sup>st</sup> 3D unit we installed at BR. I am not looking to sell or trade-in – just need to have a value for another project.

I also need a FMV quote for the BMD unit that is located at the Breast Center.

If you need SN in order to do this, let me know. Hate to ask if this can be expedited??????

If this is confusing, call me and I will explain.

**Frannie Joseph, Administrator**  
**Raleigh Radiology, LLC**  
**3200 Blue Ridge Road, Ste. 100**  
**Raleigh, NC 27612**

**919-781-1437, Extension 3566**

**CONFIDENTIALITY NOTICE**

This email and any attached documents contain confidential information belonging to the sending entity, Raleigh Radiology, and is intended only for the use of the individual(s) or entity(s) associated with the recipient addresses listed in the message header. The authorized recipient of this information is prohibited from disclosing this information to any other party. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or action taken in reliance on the contents of the email and or attachments is strictly prohibited. If you received this email transmission in error, please notify the sender immediately to arrange for return or destruction of this information.

To report abuse or inappropriate use, please call 919-781-1437.

## William Holding

---

**From:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Sent:** Tuesday, December 13, 2016 10:33 AM  
**To:** Will Holding (wholding@pda-inc.net)  
**Subject:** FW: Request

US machine that will be moved to Fuquay

---

**From:** Herndon, Laura [mailto:laura.herndon@siemens.com]  
**Sent:** Wednesday, May 11, 2016 10:48 AM  
**To:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Subject:** RE: Request

Hi Frannie,  
I received FMV range for your 2008 S2000 : \$35,000 including transducers. Let me know if this is what you needed  
Thank you  
Laura

---

### SIEMENS Healthcare, USA

Laura Herndon  
Product Sales Executive/Ultrasound North Carolina  
Cell: 770-329-5470  
E-Mail: [Laura.Herndon@siemens.com](mailto:Laura.Herndon@siemens.com)

---

---

**From:** Frannie Joseph [mailto:frannie.joseph@raleighrad.com]  
**Sent:** Friday, May 06, 2016 5:23 PM  
**To:** Herndon, Laura (HC NAM USA US SE)  
**Subject:** Request

I need a quote for FMV (fair market value) of one of our S2000 US units. It is SN 200803 purchased in 2008.

I know this sounds strange, so if you will call me Monday, I will tell you whats up.

Have a great Mother's Day!!

Frannie Joseph, Administrator  
Raleigh Radiology, LLC  
3200 Blue Ridge Road, Ste. 100  
Raleigh, NC 27612

919-781-1437, Extension 3566

#### CONFIDENTIALITY NOTICE

This email and any attached documents contain confidential information belonging to the sending entity, Raleigh Radiology, and is intended only for the use of the individual(s) or entity(s) associated with the recipient addresses listed in the message header. The authorized recipient of this information is prohibited from disclosing this information to any other party. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or action taken in reliance on the contents of the email and or attachments is strictly prohibited. If you received this email transmission in error, please notify the sender immediately to arrange for return or destruction of this information.

To report abuse or inappropriate use, please call 919-781-1437.



This message and any attachments are solely for the use of intended recipients. The information contained herein may include trade secrets, protected health or personal information, privileged or otherwise confidential information. Unauthorized review, forwarding, printing, copying, distributing, or using such information is strictly prohibited and may be unlawful. If you are not an intended recipient, you are hereby notified that you received this email in error, and that any review, dissemination, distribution or copying of this email and any attachment is strictly prohibited. If you have received this email in error, please contact the sender and delete the message and any attachment from your system. Thank you for your cooperation

## William Holding

---

**From:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Sent:** Tuesday, December 13, 2016 10:35 AM  
**To:** Will Holding (wholding@pda-inc.net)  
**Subject:** FW: Trade in value for existing Tomo unit

This is the 3D mammo for Fuquay

---

**From:** Brown, David C. [mailto:David.Brown@hologic.com]  
**Sent:** Tuesday, August 9, 2016 12:49 PM  
**To:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Subject:** Trade in value for existing Tomo unit

Frannie,

I was able to get a ballpark on the trade. There are several variables, but \$ 150K seems to be around the range we would provide.

Hope this helps.

Dave

**David C. Brown**  
Imaging Account Manager  
Breast & Skeletal Health  
Hologic, Inc.  
[david.brown@hologic.com](mailto:david.brown@hologic.com)  
804.357.4774

## William Holding

---

**From:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Sent:** Tuesday, December 13, 2016 10:31 AM  
**To:** Will Holding (wholding@pda-inc.net)  
**Subject:** FW: Value of Equipment Rm 3 and Rm 2

We are relocating Room 2 (General Rad) to Fuquay. Value \$5000.

---

**From:** Adam Larck [mailto:alarck@radonwv.com]  
**Sent:** Friday, May 20, 2016 10:47 AM  
**To:** Frannie Joseph <frannie.joseph@raleighrad.com>  
**Cc:** radondc@radonmed.com  
**Subject:** Value of Equipment Rm 3 and Rm 2

Frannie,

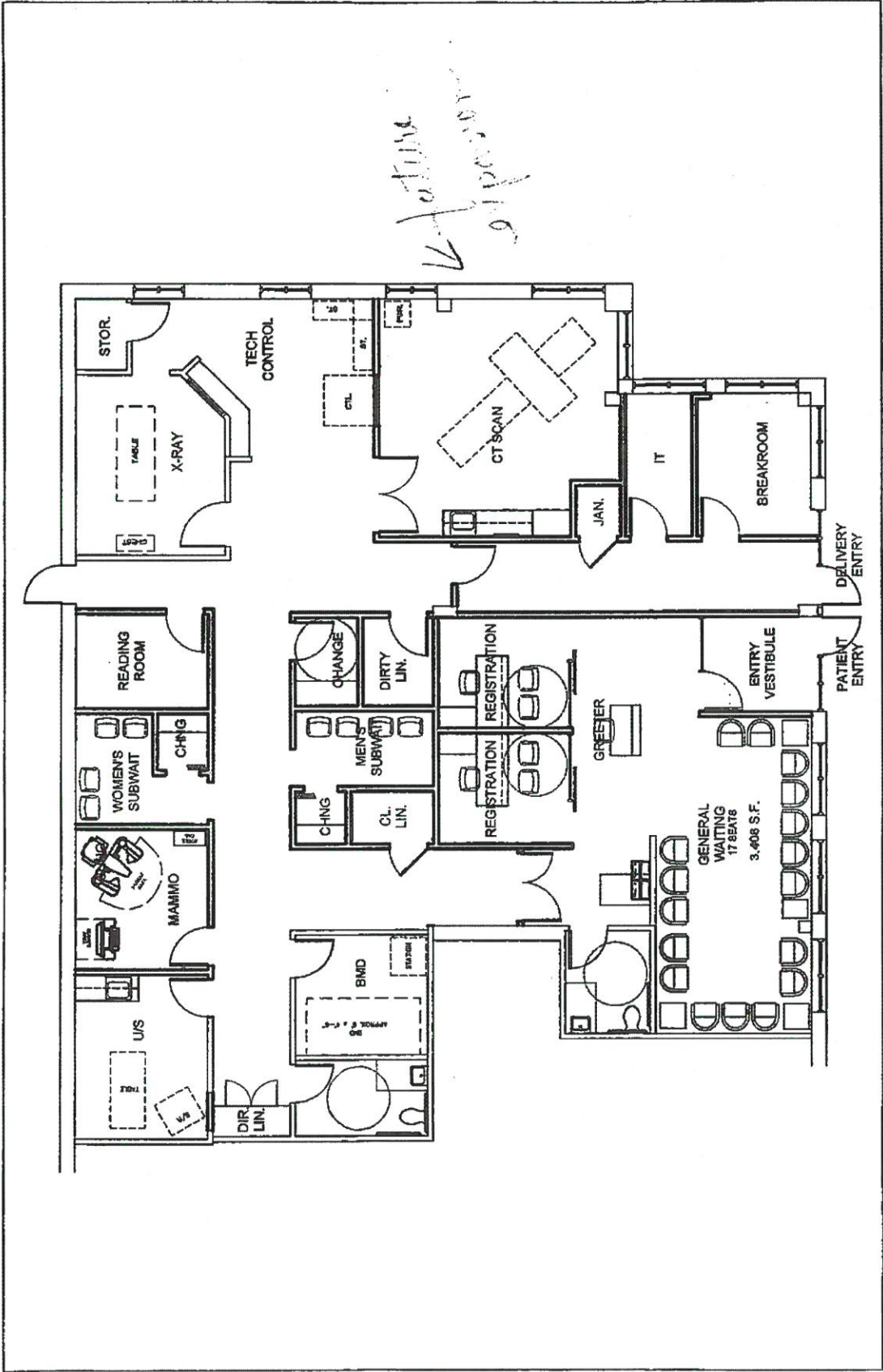
It was nice talking with you this morning. I can stop by the potential new office between 12:30 and 1:30 on Tuesday 5/24/16. I will take some pictures and measurements just in case you decide to move forward with installing a Radiographic room in that space.

As far as the value of Room 2 and Room 3 goes. I would put a value of \$7,500 of Room 3 RF room and \$5,000 on Room 2 Rad Room. Just keep in mind that relocating the RF room would be more expensive than relocating the Rad room.

I will work on getting you a quote for a new Rad Room with Canon DR for the Cary office.

Thanks,

Adam Larck  
Radon Medical Imaging  
[alarck@radonwv.com](mailto:alarck@radonwv.com)  
864-487-0450 office  
304-552-3664 cell



SCALE: 3/32" = 1'-0"  
 DATE: 05-01-16  
 PROJ. NO.: 16-011  
 DRAWN BY: GJM

**SK-3.1**

PROPOSED ALTERATIONS FOR  
**RALEIGH RADIOLOGY**  
 ATTAIN ST.,  
 FUQUAY VARINA, NC 27526

**studio forty**  
 ARCHITECTURE + SPACE PLANNING

6540 CENTERVIEW DR  
 SUITE 400  
 RALEIGH, NC 27608  
 PH 919.267.1653  
 STUDIOFORTY.NET



January 14, 2015

Ms. Martha J. Frisone, Assistant Chief  
Certificate of Need Section  
Department of Health Service Regulation  
Department of Health and Human Services  
809 Ruggles Drive  
Raleigh, NC 27603

**RE: Certification of construction and medical equipment cost for proposed Raleigh Radiology, LLC office in Fuquay-Varina, North Carolina**

Dear Ms. Frisone:

I have reviewed the cost estimates and equipment costs included in Raleigh Radiology, LLC's proposed plans to provide diagnostic imaging services in a to-be-constructed medical office building space at 601 Attain St. in Fuquay-Varina, NC. Based on the scope of the project identified in the drawings, I certify that Raleigh Radiology, LLC's estimate of construction costs of \$47,552 for general radiology buildout and an MRI pad is reasonable. I further certify that Raleigh Radiology, LLC's estimate of \$205,550 for medical equipment, which includes valuation for existing imaging equipment and moving costs is reasonable.

I also understand that Raleigh Radiology, LLC may also include a CT scanner in the medical office building at a future date. I also certify that CT buildout and equipment costs of \$21,000 and \$180,000 is reasonable.

Thank you for your time and attention. Please contact me with any questions.

Sincerely,

  
NC Architect Registration Number 5381