



NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**
Division of Health Service Regulation

ROY COOPER • Governor
MANDY COHEN, MD, MPH • Secretary
MARK PAYNE • Director

CORRECTED
April 30, 2018

February 20, 2018

Paul Burroughs, M.D.
The Bone and Joint Surgery Clinic, LLP
3801 Wake Forest Road, Suite 220
Raleigh NC 27609

Exempt from Review

Record #: 2513
Facility Name: The Bone and Joint Surgery Clinic
FID #: 060621
Business Name: The Bone and Joint Surgery Clinic, LLP
Business #: 1762
Project Description: Replace an MRI scanner damaged by accident
County: Wake

Dear Dr. Burroughs:

The Healthcare Planning and Certificate of Need Section, Division of Health Service Regulation (Agency), determined that based on your letter of February 16, 2018, the above referenced proposal is exempt from certificate of need review in accordance with N.C. Gen. Stat. §131E-184(a)(7). Therefore, you may proceed to acquire without a certificate of need the Siemens Verio MRI scanner to replace the existing Esaote S-Scan Brio MRI scanner. This determination is based on your representations that the existing unit will be sold or otherwise disposed of and will not be used again in the State without first obtaining a certificate of need if one is required.

It should be noted that the Agency's position is based solely on the facts represented by you and that any change in facts as represented would require further consideration by this office and a separate determination. If you have any questions concerning this matter, please feel free to contact this office.

Sincerely,

Michael J. McKillip
Project Analyst

Martha J. Frisone, Chief, Healthcare
Planning and Certificate of Need Section

cc: Amy Craddock, Assistant Chief Healthcare Planning, DHSR

NC DEPARTMENT OF HEALTH AND HUMAN SERVICES • DIVISION OF HEALTH SERVICE REGULATION

HEALTHCARE PLANNING AND CERTIFICATE OF NEED SECTION

LOCATION: 809 Ruggles Drive, Edgerton Building, Raleigh, NC 27603
MAILING ADDRESS: 2704 Mail Service Center, Raleigh, NC 27699-2704
www.ncdhhs.gov/dhsr/ • TEL: 919-855-3873

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Mckillip, Mike

From: Kelly Ivey <kivey@pda-inc.net>
Sent: Friday, February 16, 2018 4:59 PM
To: Mckillip, Mike; Wilson, Fatimah; Frisone, Martha
Cc: Nancy Lane; Moore, Veronica M
Subject: [External] Exemption Request, Project ID# J-7605-06
Attachments: Exemption Request - Bone and Joint Surgical Clinic.pdf

CAUTION: External email. Do not click links or open attachments unless verified. Send all suspicious email as an attachment to Report Spam.

Ms. Frisone, Ms. Wilson, and Mr. Mckillip,

Attached is an exemption request submitted on behalf of our client The Bone and Joint Surgery Clinic, LLP. Please respond to this email as confirmation of receipt. If you have any questions, or require additional information, please do not hesitate to contact me.

Thank you!
Kelly

Kelly Ivey

PDA, Inc.

919.754.0303

www.pdaconsultants.com

"Take a problem, make it a feature."

CONFIDENTIALITY NOTICE: This message is confidential and intended solely for the use of the person (s) to whom it is addressed. If you are not the person named, or responsible for delivering it to that person, be aware that disclosure, copying, distribution or use of this information is strictly PROHIBITED. If you have received this communication in error, or are uncertain as to its proper handling, please immediately notify the sender, delete this e-mail and destroy any copies in any form immediately.

VIA EMAIL DELIVERY

The Bone & Joint Surgical Clinic
3801 Wake Forest Road, Suite 220
Raleigh North Carolina 27609

February 16, 2018

Martha Frisone, Chief,
Michael McKillip, CON Analyst
Health Planning and Certificate of Need Section
Department of Health Services Research
809 Ruggles Drive
Raleigh, NC 27603

RE: Request for Exemption from CON Review for Replacement Equipment, The Bone & Joint
Surgery Clinic, Raleigh, Wake County **FID 0606321**

Dear Ms. Frisone and Mr. McKillip

This is to provide required notice to the Agency of the intent of The Bone and Joint Surgery Clinic, I.L.P. ("Bone and Joint") to replace its magnet resonance imaging equipment ("MRI") under the exemption provision in GS 131E-184(7). The MRI was damaged beyond repair during a recent move on January 25, 2018. Prior to that, the equipment had been in continuous operation at the diagnostic center owned by Bone and Joint since 2009, CON Project ID J-7805-06.

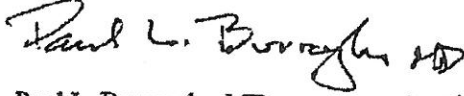
The proposed replacement equipment has the same technology as the equipment that was then in use, though it possesses expanded capabilities due to technological improvements. For example, this equipment can accommodate heavier patients because of the bore design and size. It is functionally similar and will be used for the same orthopedic diagnostic and treatment purposes and procedures and will not be used to provide a new health service. The existing equipment will be returned to the manufacturer for parts after the insurance claims settlement. It will not be placed in service in North Carolina again.

Acquisition of the equipment will not affect patient charges and, because it will be more efficient, will decrease per procedure operating expenses within the first twelve months after the replacement equipment is acquired. The replacement equipment will be a refurbished unit. The original equipment was new when purchased. Coils and software acquired for the replacement equipment will limit the equipment to the types of procedures that have been performed on the existing equipment. However, resolution will be improved. The body coil is for hip procedures.

Attachment B to this letter provides a certified cost estimate signed by a licensed architect that the capital cost of the replacement is less than \$2.0 million. Attachment C provides an equipment comparison and Attachment A contains a vendor quote for equipment that is available immediately. We estimate that installation and related construction would take about four weeks.

As I am sure you can understand, time is important to get the MRI back in service for our patients. We appreciate your earliest possible acknowledgement that this project is exempt under GS 131E-184(7).

Sincerely,



Paul L. Burroughs, MD
Partner

Attachments:

- Exhibit A - Vendor Quote
- Exhibit B - Proposed Total Capital Cost of Project
- Exhibit C - Existing/Replacement Equipment Comparison
- Exhibit D - Architect cost estimate

Attachment A

Vendor Quote

Attachment B

Proposed Total Capital Cost of Project

PROPOSED CAPITAL COSTS

Project name: MRI Replacement

Proponent: Bone and Joint Clinic

A. Site Costs		
(1)	Full purchase price of land Acres at \$ _____ per acre	NA
(2)	Closing costs	
(3)	Site inspection and survey	
(4)	Legal fees/subsoil investigation	
(5)	Site preparation costs Soil borings Clearing-earthwork Fine grade for slab Roads-paving-sidewalks Water and sewer Footings Termite treatment Other (specify) Sub-total site preparation costs	
(6)	Other (Demolition)	
(7)	Sub-Total Site Costs	
B. Construction Contract		
(8)	Cost of materials General requirements Concrete/masonry Woods/doors/windows finishes Thermal & moisture protection Equipment and specialty items Mechanical/electrical/plumbing Other: (Specify) Sub-total materials and labor	
(10)	Other (Escalation and cost)	
	Sub-Total Construction Contract includes architect fees	214,500
C. Miscellaneous Project Costs		
(11)	Building purchase	795,450
(12)	Fixed equipment purchase/lease	\$

C. Miscellaneous Project Costs	
(11) Building purchase	795,450
(12) Fixed equipment purchase/lease	\$
(13) Movable equipment purchase/lease	
(14) Furniture	
(15) Landscaping	
(13) Consultant fees: Architect and engineering Certificate of need prep Legal fees Market analysis Other (Rigging) Sub-Total Consultant Fees	50,000
(14) Financing costs (e.g. bond, loan, etc.)	0
(15) Interest during construction	0
(16) Other (sales tax 7.5%, delivery 2%)	\$75,567.75
(17) Sub-Total Miscellaneous	\$921,017.75
(18) TOTAL CAPITAL COST OF PROJECT	\$996,585.75

I certify that, to the best of knowledge, the above construction related costs of the proposed project named above are complete and correct.

See letter

(Signature of Licensed Architect or Engineer)

I assure that, to the best of my knowledge, the above capital costs for the proposed project are complete and correct and that it is my intent to carry out the proposed project as described.

Paul L. Burroughs

(Proponent - signature of officer)

Paul L. Burroughs

Partner
(Title of officer)

Attachment C

Existing / Replacement Equipment Comparison

EQUIPMENT COMPARISON for REPLACEMENT EQUIPMENT EXEMPTION

Exhibit C

	EXISTING EQUIPMENT	REPLACEMENT EQUIPMENT
Type of Equipment (List Each Component)	MRI	MRI
Manufacturer of Equipment	Esacote	Siemens
Tesla Rating for MRIs	.23	3
Model Number	NA	NA
Serial Number	7485	TBD
Provider's Method of Identifying Equipment	S-Scan Brio	Verio
Specify if Mobile or Fixed	Fixed	Fixed
Mobile Trailer Serial Number/VIN#	NA	NA
Mobile Tractor Serial Number/VIN#	NA	NA
Date of Acquisition of Each Component	2007	2018
Does Provider Hold Title to Equipment or Have a Capital Lease?	Title	Title
Specify if Equipment Was/Is New or Used When Acquired	New	Refurbished
Total Capital Cost of Project (Including Construction, etc.) <Use Attached Form>	\$654,895	\$996,585.50
Total Cost of Equipment		
Fair Market Value of Equipment	\$0	\$921,017.25
Net Purchase Price of Equipment		\$795,450
Locations Where Operated	Bone and Joint Clinic	Bone and Joint Clinic
Number Days in Use/To be Used in N.C. Per Year	365	365
Percent of Change in Patient Charges (by Procedure)	NA	NA
Percent of Change in Per Procedure Operating Expenses (by Procedure)	NA	NA
Type of Procedures Currently Performed on Existing Equipment	MRI orthopedic	
Type of Procedures New Equipment is Capable of Performing		MRI orthopedic

Attachment D

Architect Cost Estimate



GONTRAM
ARCHITECTURE, INC.

220 Horizon Drive, Suite 221
Raleigh, NC 27615
(919) 876-5331 phone
(919) 876-5978 fax
eddie@gontramarchitecture.com
www.gontramarchitecture.com

February 14, 2018

Dr. Cary Idler, MD
Bone & Joint Surgery Clinic
3801 Wake Forest Rd, Ste 220
Raleigh, NC 27609

Re: New MRI Suite
3801 Wake Forest Rd., Ste 109
Raleigh, NC

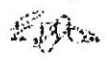
Dear Dr. Idler:

As requested, we have analyzed the area proposed for the new MRI suite at the medical office building located at 3801 Wake Forest Road in Raleigh, NC. We estimate the cost of the construction of that area to be approximately \$214,500.00 (1,306 sq. ft.).

Our estimate includes all design and construction costs, but does NOT include any MRI equipment costs that may be paid by Bone & Joint Surgery Clinic to the MRI equipment supplier as part of its installation of the MRI equipment.

Please let us know if you require additional information. Thanks!

Sincerely,

DocuSigned by:


Edmund J. Gontram III, AIA
Architect

cc: file