

Technology and Equipment Committee
Agency Report
Fixed MRI Methodology/Technology and Equipment Policy
Proposed 2016 State Medical Facilities Plan

Petitioner:

J. Arthur Doshier Memorial Hospital
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Southport, NC 28461

Contact:

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Request:

J. Arthur Doshier Memorial Hospital (Doshier), requests a “policy adjustment and change to the methodology in the 2016 *State Medical Facilities Plan* (SMFP), regarding the Magnetic Resonance Imaging Equipment (MRI).”

Background Information:

Chapter Two of the North Carolina State Medical Facilities Plan (SMFP) allows petitioners to recommend changes that may have a statewide effect early in the year. According to the plan, “Changes with the potential for a statewide effect are the addition, deletion, and revision of policies and revision of the projection methodologies.”

As background, it is important to understand the current MRI methodology which uses the total number of adjusted procedures in an MRI service area, equivalent values for fixed and mobile MRI scanners, and graduated need determination thresholds based on the number of fixed scanners in a service area. Procedures are weighted according to complexity and then combined to determine a total number of weighted procedures. The fixed equivalent value is 1.00 for approved and existing fixed MRI scanners. For mobile sites, the fixed equivalent is the number of MRI adjusted procedures performed at the site divided by the threshold for the MRI service area. The fixed equivalent for a mobile site can be no greater than 1.00. The sum of the weighted MRI procedures is divided by the number of fixed equivalent scanners to get the average adjusted procedures per scanner for each service area. A need determination for additional MRI scanners occurs when the average adjusted procedures per scanner for the service area exceeds the threshold established for the service area.

Doshier has submitted a petition requesting a new policy, TE-2, which allows a certificate of need to be issued to a licensed hospital that provides full time MRI services pursuant to a service agreement with an MRI provider, without regard to the MRI need in Chapter 9: Magnetic Resonance Imaging. The proposed verbiage reads:

A certificate of need may be issued to a hospital which is licensed under GS 131E, Article 5, has only one MRI scanner, and offers MRI services on a full-time basis pursuant to a service agreement with an MRI provider, without regard to the MRI need shown in Chapter 9: Magnetic Resonance Imaging, if:

- 1. The hospital replaces the existing contracted service agreement with a fixed MRI scanner under the hospital's ownership and control.*
 - 2. The existing service agreement can and will terminate prior to the date the new fixed MRI begins service.*
 - 3. The acquisition and operation of the facility's own MRI scanner will allow the hospital to reduce its cost of providing the MRI service.*
- The threshold tier of adjusted MRI scans for such a replacement shall equal that of a service area with no MRI scanners*
 - With addition of **Policy TE-2**, remove from SMFP Chapter 9, "Magnetic Resonance Imaging," "Basic Assumptions of the Methodology, 4" (Assumption 4), thus eliminating redundancies.*

Conversely, the petition provides an alternative to the proposed policy that requires a revision to the MRI need determination methodology. Either approach would serve the same end. This reads as follows:

Add the following Basic Assumption:

5. If a hospital that operates only one MRI scanner on a full-time basis pursuant to a service agreement can demonstrate that owned equipment will be less costly than leased equipment, it should be permitted to replace the leased with owned equipment. The replacement MRI scanner should not be required to provide more MRI scans than an MRI scanner in a service area with no fixed MRI scanners, the lowest tiered planning threshold.

Add the following Steps:

Step 13: Identify hospitals with only one full time MRI operated pursuant to a service agreement.

Step 14: For those hospitals identified in Step 13, identify a need for a replacement MRI for the service area in which the hospital is located.

Modify the need determination Table 9R to represent the change.

The fixed MRI utilized by Doshier is owned by a vendor who is contracted with the hospital to provide MRI services. The petitioner states, "There is no mechanism in the SMFP by which a hospital can successfully replace a full-time contracted MRI service with a full-time owned fixed MRI service. An MRI replacement of this nature would be a one to one swap that would not change the total inventory of MRI equipment in the service area." Thus, Doshier is requesting a change that would allow for equipment replacement independent of the forecasted need in the service area.

In Brunswick County, the service area for the petitioner, the 2015 SMFP shows there were two fixed MRI machines and one mobile machine in the 2015 MRI inventory. Table 1 below shows the specific procedure totals for each location as well as the totals for the county.

Table 1: Brunswick County 2015 SMFP MRI Fixed and Mobile Procedures					
Site	No. of Machines	Total Scans	Adjusted Procedure Totals	Area Average Procedures	Threshold
J. Arthur Doshier Memorial Hospital	1	1,110	1,246		
Novant Health Brunswick Medical Center	1	3,064	3,542		
NHRMC Health and Diagnostics – Brunswick Forest	0.16	653	752		
Totals	2.16	4,827	5,540		

2015 SMFP

Analysis/Implications:

There are a number of issues to consider regarding the proposed policy and the requested change to the methodology. First, as Table 1 demonstrates, there are two fixed MRI machines in the county and one mobile machine. The number of procedures performed in the Brunswick County service area in the 2015 SMFP is 62.3% of the number of procedures needed to generate a need for a new MRI machine. Doshier performed 22.5% of the adjusted procedure total, or 1,246 weighted procedures. The petitioner performed fewer than the number of procedures to meet the threshold for a need determination of one machine in a county without an existing fixed MRI, which is 1,716 weighted procedures.

Also, the petitioner requests in the proposed language that, “The threshold tier of adjusted MRI scans for such a replacement shall equal that of a service area with no MRI scanners.” This proposed change would require an applicant to meet the minimum threshold of 1,716 weighted procedures for zero fixed MRI scanners. Table 1 illustrated that in the 2015 SMFP the current threshold for the Brunswick service area is 4,118, the threshold for two fixed scanners. The petitioner states by using the minimum amount, this policy, if approved, would, “...provide a limited option for cost-effective replacement of leased MRI equipment at community hospitals.”

If this policy were approved, the lower threshold requirement with the condition that MRI services must be offered full-time has the potential of being perceived as inequitable treatment. In many instances, certain facilities that have higher utilization than the petitioner (i.e. those in a multi-scanner service area that are in contract with a vendor for part-time services) would not be able to replace their contract with a fixed scanner under this policy. In addition, the wording of this policy limits the type of applicants to hospitals only and not all types of facilities that provide MRI services, such as independent diagnostic centers.

Finally, if this policy were to be enacted, and the petitioner qualified under the conditions as they are currently written, the resulting outcome would not increase the number of fixed scanners in the Brunswick County service area. They would be replacing one machine with another, but the MRI scanner located at Doshier is a grandfathered scanner. Thus, this equipment was approved prior to the time that the requirement for a certificate of need for MRI scanners came into effect. The vendor will be able to locate the equipment in any other service area in the state. Thus, while it may not increase the inventory in the petitioner's county, it would increase the overall statewide inventory. Furthermore, this machine has the potential to be placed in another health service area that already has excess capacity. This could be considered duplication of services, which is counter to the third Basic Principle, Value, governing the SMFP.

Agency Recommendation:

Given available information submitted by the March 20, 2015 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the Agency recommends that the petition for a policy and revisions to the methodology for MRI scanners be denied. The proposed changes would increase statewide capacity and would offer differing advantage to providers of MRI services. The Agency supports the standard MRI methodology.