

**Technology and Equipment Committee  
Agency Report  
Petition to Remove Need Determination for  
One Fixed Magnetic Resonance Imaging Equipment (MRI) in  
Davie County Service Area  
2019 State Medical Facilities Plan**

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**Petitioner:**

Davie Medical Center  
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**Request:**

Davie Medical Center (DMC) requests the need for one fixed MRI scanner in the Davie County service area be removed from the *2019 State Medical Facilities Plan (SMFP)*.

**Background Information:**

Chapter Two of the 2019 SMFP allows for “[a]nyone who finds that the North Carolina State Medical Facilities Plan policies or methodologies, or the results of their application, are inappropriate may petition for changes or revisions. Such petitions are of two general types: those requesting changes in basic policies and methodologies, and those requesting adjustments to the need projections.” The SMFP annual planning process and timeline allow for submission of petitions for changes to policies and methodologies in the spring and petitions requesting adjustments to need projections in the summer. It should be noted that any person might submit a certificate of need (CON) application for a need determination in the Plan. The CON review could be competitive and there is no guarantee that the petitioner would be the approved applicant.

The standard methodology for MRI scanners 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, including need determinations from previous SMFPs for 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. Application of the methodology to utilization data in the Proposed 2019 SMFP generated a need determination for one additional fixed MRI scanner in the Davie County service area.

**Analysis/Implications:**

The Proposed 2019 SMFP reports that one mobile scanner, owned by Alliance Healthcare Services (Alliance), operates in Davie County at only one site in Bermuda Run. That site is Davie Medical Center (DMC), the only provider that offered MRI services in the Davie County service area as reported for the Proposed 2019 SMFP. The need determination in the service area is driven by DMC's MRI utilization of 1,864 MRI procedures reported for the Proposed 2019 SMFP. The threshold for a service area with one fixed machine is an average of 1,716 scans per machine. Therefore, the Davie County service area surpassed the threshold for a need by 148 weighted scans.

DMC has applied for a CON under Policy TE-3: Plan Exemption for Fixed Magnetic Resonance Imaging Scanner (MRI) which permits hospitals to apply for a fixed MRI Scanner if they do not have one. DMC is eligible in that it is a licensed North Carolina acute care hospital with emergency care coverage 24 hours a day, 7 days a week, and does not have an existing fixed MRI as reflected in its inventory. The hospital has to demonstrate that the proposed fixed MRI scanner will perform at least 850 weighted MRI procedures during the third operating year.

DMC's CON application under Policy TE-3 has created a unique situation in Davie County this year. As the Petitioner points out,

...until adoption of Policy TE-3 in 2017, there was no likelihood that two fixed MRIs could be developed in the same service area and the same time frame despite the fact that existing weighted MRI utilization in the county was well below half of the capacity of one fixed MRI. (page 3).

DMC represents in its CON application that it can meet the performance standards under Policy TE-3. The facility projects to perform 2,790 MRI procedures by the end of the third year of operation.

In the last five years, the Davie County service area has demonstrated substantial growth in the number of MRI procedures. The largest increase was between data years 2014 and 2015 when the utilization more than doubled (see Table 1). However, the projections do not indicate that the county could support two fixed scanners. The standard need methodology threshold for two fixed MRI scanners is 3,755 fixed equivalent scans.

**Table 1: Service Area and Statewide Trends in MRI Procedures, Data Years 2013 - 2017**

	2015 SMFP	2016 SMFP	2017 SMFP	2018 SMFP	Proposed 2019 SMFP	Total Percent Change	CAGR
<b>Davie County Service Area</b>	274	425	1,078	1,526	1,864	580.29%	61.5%
<b>Annual Change in Service Area</b>		55.11%	153.65%	41.56%	22.15%		
<b>Statewide</b>	777,633	800,182	848,142	852,633	859,552	10.53%	2.54%

Source: 2014 – 2018 License Renewal Applications

Note: The data in the SMFP is two years earlier than the publication year of the SMFP.

No other applicant in Davie County is eligible to apply under Policy TE-3. However, the CON is not likely to be issued until after the final SHCC meeting of the year. If DMC receives the CON, then Davie County would have no need determination. Certificate of Need must issue a decision no later than September 28, 2018, after which there will be a 30-day appeal period. The certificate of need cannot be issued before the end of the 30-day appeal period. The SMFP typically goes to the Governor by November 1. The certificate of need is not likely to be issued before the last SHCC meeting, but could be issued before the SMFP goes to the Governor.

**Agency Recommendation:**

The agency supports the standard methodology for fixed MRI equipment in the Proposed 2019 SMFP. However, in consideration of the above, the agency recognizes that the Davie County service area will not likely have sufficient MRI procedure volume to support two fixed MRI scanners. Given available information submitted by the August 9, 2018 deadline date for comments on petitions and comments, and in consideration of factors discussed above, the agency recommends approval of the petition to remove the need determination for one unit of fixed MRI equipment for the Davie County service area in the final 2019 SMFP. However, the Agency would like authorization to leave the need determination in the SMFP should DMC not be issued the CON under Policy TE-3. The CON is not likely to be issued before the last SHCC meeting but it could be issued before the SMFP is submitted to the Governor. Therefore, the final result of this process would be either (1) a placeholder for one fixed MRI scanner based on a CON issued to DMC pursuant to Policy TE-3 or (2) a need determination for one fixed MRI scanner.