

October 16, 2014

Let me begin thanking the members and staff of the Certificate of Need Ad Hoc Committee for their consideration of this important issue. We greatly appreciate the opportunity to provide input into these deliberations via this written statement.

MedQuest is a leading owner, operator and manager of diagnostic imaging facilities, with a network of approximately seventy-five imaging centers in the Southeastern United States, including, more than a dozen locations in South Carolina, making it South Carolina's largest network of outpatient imaging centers. Diagnostic imaging supports other healthcare practices by using MRI, CT, X-Ray, nuclear medicine and ultrasound technology to identify and diagnose a broad range of medical conditions. We operate on the philosophy that healthcare is primarily a community-based service, thus, all South Carolina Diagnostic Imaging Centers are created to be a permanent fixture in the communities in which they operate. Each of our independent diagnostic imaging centers is staffed and operated at a local level. For the record, MedQuest supports the current CON law as it exists today. In support of our position, we have included the following information as well as the attached four supporting documents. While we support the existing law, we do understand that there may be a desire to look at improvements that may streamline the process while protecting the integrity and goals of the program. We certainly look forward to those discussions and would welcome the opportunity to work with all parties and provide specifics suggestions as to how any such improvements may be accomplished.

As we outline our position, we felt it beneficial to include the first attachment, which is the South Carolina Hospital Association's position paper. (See Attachment One) We have included this paper, with which you are likely familiar, because it succinctly and effectively communicates the importance of keeping the CON program in South Carolina. While the SCHA paper is focused on the entire healthcare system, the same issues are particularly relevant for our industry of advanced imaging.

One of the primary concerns associated with changes to the CON law is the potential for increased physician self-referral. We have attached the latest GAO report on self-referral and diagnostic imaging as well as a letter from the Alliance for Integrity in Medicare, both of which highlight the fact that the increased use of advanced imaging (MRI and CT) by physicians who own their own advanced imaging equipment and "self-refer" to their own facilities costs the Medicare program millions of dollars annually. (See Attachments Two and Three) If the equipment threshold portion of the CON law is raised or eliminated, it will encourage physicians or physician





groups to acquire equipment such as advanced imaging and then self-refer to their own equipment (thus causing increased over proliferation and over utilization) as well as increased healthcare costs.

There is also no patient need to have or allow for additional access to unlimited MRI scanners in South Carolina based on the fact that South Carolina has, in the metro areas identified, more MRI scanners per population than NC by a margin of close to 2 to 1 (See Attachment Four).

The reality is that raising the equipment threshold will cause additional advanced MRI and CT equipment to come on the market (hurting hospitals and existing providers) and result in an increase in utilization of those imaging services, thereby hurting payors and the Medicare program (according to the Government's own studies.) We look forward to working with each of you and your staff, and would like to thank you again for your consideration of our position.

Sincerely,

A handwritten signature in black ink that reads "Per Normark".

Per Normark
General Counsel
MedQuest Associates, Inc.

Attachments: 4

