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August 31, 2021

DELIVERED ELECTRONICALLY

Donna Jerry
Senior Health Policy Analyst
Green Mountain Care Board
144 State Street
Montpelier, VT 05602

Re: GMCB-016-21con: Rutland Regional Medical Center Replacement of Existing MRI

Dear Ms. Jerry:

We are writing on behalf of Rutland Regional Medical Center (“RRMC”) with respect to the pending application (the “Application”) for a Certificate of Need (“CON”) to replace RRMC’s existing twenty year old magnetic resonance imaging (“MRI”) machine. RRMC requires the use of a mobile MRI unit (the “Mobile MRI”) while the Application is pending and during the project, if approved. The Mobile MRI is a 1.5 tesla, GE HDxt 23x Mobile MRI, which is the same strength as the existing unit and the permanent unit they are seeking approval to purchase through the Application. The Mobile MRI would provide the same quality and capacity as RRMC’s existing MRI.

Since the submission of the initial Application, which is currently under revision for resubmission to the Green Mountain Care Board (“Board”), RRMC has identified the need to secure and operate the Mobile MRI as soon as possible. The Mobile MRI would be put to use from the time of delivery (following set-up and training) through completion of the proposed MRI project. RRMC is seeking interim approval from the Board to immediately enter into a service agreement for the Mobile MRI and begin operations upon delivery and proper training. With the Board’s approval, RRMC would enter into a 12-month service contract for the use of the Mobile MRI, with a month-to-month contingency to follow, should the timing of the project necessitate an extension in the use of the Mobile MRI due to the uncertainties of the Certificate of Need approval timeline, equipment procurement challenges, and construction deadlines. The Mobile MRI will not be used once the new MRI is operational, and staff have been properly trained.

In support of this request, please see the spreadsheet submitted herewith. The training costs and Mobile MRI maintenance costs are rolled into the monthly contractual service amount for the use of the Mobile MRI. The monthly operating expense associated with the service contract is \$29,500.00, and labeled as line item, Service – GE HDX 23X Mobile MRI – Alliance Radiology.

The spreadsheet overstates the revenue from the Mobile Unit, in excess of \$7.2 Million over the course of a year, as that is the total amount that would be billed if RRMC operated the Mobile MRI as a second

unit for an entire year. RRMC knows that that will not be the case because, at some point during the year, the main (existing) MRI will be shut down for construction.

The references in the spreadsheet to Technologist and Aide Salaries, Payroll Tax, and Fringe Benefits pertain to part-time and per diem staff members whom RRMC would be staffing to meet the additional Monday through Friday, 40 hours per week, needs for the Mobile MRI, while operating simultaneously with the existing MRI.

RRMC submits the following grounds in support of this request for use of the Mobile MRI during the application and construction processes.

First, RRMC is experiencing increased downtime with the existing, twenty year old machine. This MRI project has been included in RRMC's planning process since 2018. Budget considerations in 2018 and 2019 supported plans to upgrade the existing MRI machine. In 2020, on the advice of RRMC's radiologists, RRMC reconsidered the upgrade plans and opted instead to replace the entire magnet along with the new hardware and software. Utilizing the old magnet would have been prohibitive to any future technological advances that would provide improved image quality that are clinical industry standards. The project was included in capital plans as follows:

Budget 2018 – MRI Full Upgrade \$879,589, Included in FY 2019 on 4 Year Capital Plan
Budget 2019 – MRI Full Upgrade \$799,627, Included in FY 2020 in 4 Year Capital Plan
Budget 2020 – MRI Replacement \$3,059,885, Included for FY 2020 (delayed due to COVID)
Budget 2021 – MRI Replacement \$3,218,967, CON, included for FY 2021

Of late, when the existing MRI is inoperable due to the need for an unanticipated repair, the period of inoperability lasts days, rather than hours. The parts necessary for repairs have become more difficult to source, and, when found by the manufacturer, invariably take longer to arrive at RRMC. Frequently, they are coming from outside the United States.

The consequences of these unanticipated and unscheduled down times include, but are not limited to:

- loss of confidence among patients, when their scans have to be rescheduled;
- repercussions to clinical service lines (for example, FCC, Ortho, Neuro) when delays in care result from rescheduling to a later date;
- lengthened stays in some cases where inpatient scans are required; and
- the transfer of some ED patients to other facilities when an MRI is required but delayed.

Second, even without the occasional inoperability of the existing MRI, RRMC is currently experiencing an increased need for the Mobile MRI that is attributed to the backlog in health care services caused by the pandemic. Not only is there an increase in patients seeking delayed treatment from their primary care providers, which is resulting in increased MRI orders, but also RRMC's Emergency Department ("ED") is experiencing an increase in volume. An increase in ED patients places further demands on the already-taxed MRI schedule. RRMC, while operating the existing MRI 7 days a week, at 10 to 12 hours a day, is unable to keep up with the current demand, which RRMC expects will subside by the time the proposed project requires the existing MRI to shut down.

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Being able to operate the Mobile MRI and the existing MRI simultaneously (while the Application is pending and before the project starts), is anticipated to have the following benefits for RRMCM and the community it serves:

- Restoring access to services, so that outpatient MRIs are scheduled and completed within 3-5 days of the request, as opposed to the current delays, which have increased to up to two weeks (with a handful of appointments held open for more urgent cases);
- Providing for a back-up when the existing MRI has periods of inoperability; and
- Having staff fully trained on the Mobile MRI before the existing MRI goes offline permanently.

Based on the foregoing, RRMCM seeks the Board's interim approval to proceed with procuring the Mobile MRI, on a temporary basis, and operation of the Mobile MRI while the Application is pending and the project is underway.

Thank you and the Board for considering this request.

Respectfully submitted,

/s/ Shireen T. Hart

Shireen T. Hart

Enclosure

Rutland Regional Medical Center
Statement of Revenue and Expenses
MRI Mobile Truck - 40 Additional Tests per Week
8/30/2021

	<u>per month</u>	<u>total six months</u>
OPERATING REVENUE		
Inpatient Revenue	\$0.00	\$0.00
Outpatient Revenue	\$606,688.33	\$3,640,130.00
TOTAL PATIENT SERVICE REVENUE	\$606,688.33	\$3,640,130.00
Less Deductions for contractual allowances	-\$297,414.67	-\$1,784,487.99
NET PATIENT SERVICE REVENUE	\$309,273.67	\$1,855,642.01
Other Operating Revenue	\$0.00	\$0.00
TOTAL OPERATING REVENUE	\$309,273.67	\$1,855,642.01
OPERATING EXPENSES		
Technologist and Aide Salaries	\$9,559.00	\$57,354.00
Technologist and Aide Payroll Tax	\$753.93	\$4,523.58
Technologist and Aide Fringe Benefits	\$1,864.01	\$11,184.03
Medical Supplies (PPE, Contrast, Hazardous Waste Disposal)	\$4,000.00	\$24,000.00
Non-Medical Supplies (office products)	\$250.00	\$1,500.00
Utilities (Electric*)	\$2,000.00	\$12,000.00
Service - GE HDX 23X Mobile MRI - Alliance Radiology**	\$29,500.00	\$177,000.00
Mobile MRI mileage fee†	\$1,000.00	\$1,000.00
TOTAL OPERATING EXPENSE	<u>\$46,676.94</u>	<u>\$280,061.61</u>
NET INCOME FROM OPERATING	<u>\$262,596.73</u>	<u>\$1,575,580.40</u>

* estimate only. 480 volt, 3-phase electric requirement. This expense may vary

** staff training is covered in the monthly service cost. Alliance is responsible for maintenance

† \$4/mile estimated for 250 miles