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Charles F. Storrow  
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Via Email and Hand Delivery

November 26, 2019

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

RE: Docket No. GMCB-014-19con, Vermont Open MRI, Replacement of MRI System and Relocation of Services

Dear Ms. Jerry,

This is to respond to your letter of November 15 and follow up on the meeting Mr. Kummer and I had with you, Ms. Theroux and Ms. Amerin on November 14.

Accompanying this letter in electronic format (and enclosed with the hard copy original of this letter delivered to your office) are the following:

1. All Access Building, LLC's estimate worksheet dated October 13, 2019 for the renovation work associated with the installation of the new MRI scanner at the new space at 3000 Williston Road in South Burlington. This worksheet reflects the CSI MasterFormat Division List. Please note that the cost of renovation work not associated with the installation of the new MRI scanner will be borne by the owner of the building, and recouped through the lease Vermont Open MRI will enter into for the space.
2. A schematic level floor plan of the new space.
3. Hitachi Healthcare Americas' quote, good through May 31, 2020, for the proposed replacement MRI scanner.

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4. Hitachi Healthcare Americas' specifications for the proposed replacement scanner.
5. A "term sheet" from Highland Capital Corporation for the finance lease for the proposed replacement MRI scanner and the office space renovation costs associated with the scanner. Vermont Open MRI is going to select the 84-month term, i.e., pay \$21,636.75 per month for seven years. Please note that if need be Vermont Open MRI will fund the \$6,500 difference between the \$350,000 in MRI scanner related renovation costs and the \$343,500 of those costs financed via the finance lease.
6. Tables 1, 2, 3A, 3B, 3C, 4A, 4B, 4C, 5A, 5B, 5C, 6A, 6B, 6C, 8 and 9. The electronic versions of these spreadsheets are submitted as both Excel spreadsheets and PDFs.

As we discussed when we met on November 14, in Tables 3-6 for calendar year 2020 the "A" and "B" tables reflect the first and second six month portions of the year, respectively, because the target date to discontinue using the existing MRI scanner is June 30 and the target date to begin using the new scanner is July 1.

7. A spreadsheet (in both Excel and PDF formats) setting forth the assumptions underlying the information in the above referenced tables.

As was discussed when Mr. Kummer and I met with you and your colleagues on November 14, the accompanying tables reflect only the financial information related to the acquisition and operation of the new MRI scanner, renovation of the new space at 3000 Williston Road so that it is suitable for the operation of a MRI scanner, and ongoing costs associated with the provision of MRI scanning services by Vermont Open MRI. Minglewood Medical Imaging Management Company's acquisition, renovation and operation costs for the building located at 3000 Williston Road are not reflected in the accompanying tables.

However, as was disclosed in the narrative application document submitted on October 28 Minglewood will pay \$760,000 for the new building. It will enter into a \$909,560 mortgage, 20-year loan transaction to pay for the building and the cost of renovating a portion of it into medical office space. Please note that the renovation costs Minglewood will incur are not the costs of the renovations associated with the new MRI scanner, which are being financed through the finance lease with Highland Capital Corporation.

In sum, Minglewood will buy the building at 3000 Williston Road and renovate a portion of it, at its own expense, into medical office space. Vermont Open MRI pay, via the finance lease with Highland Capital Corporation, for the renovations that are specific to the MRI scanner proposed in its CON application.

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We would also like to take this opportunity to provide more information on why the proposed project conforms to certain of the statutory criteria and HRAP standards. Please consider this new information as supplementary (and not in lieu of) to the information provided in application narrative submitted on October 28. This new, supplemental information is as follows:

**18 V.S.A. § 8437(1): The proposed project aligns with statewide health care reform goals and principles because the project:**

- A. takes into consideration health care payment and delivery system reform initiatives;**
- B. addresses current and future community needs in a manner that balances statewide needs (if applicable); and**
- C. is consistent with appropriate allocation of health care resources, including appropriate utilization of services, as identified in the HRAP pursuant to section 9405 of this title.**

Vermont Open MRI provides high quality MRI scanner services at considerably lower cost than what is charged by other nearby providers of MRI services.

Additionally, VT Open MRI currently has the only “open” MRI scanner in Vermont, and its proposed replacement scanner will also be an “open” scanner. As a result, Vermont Open MRI is able to better serve bariatric and claustrophobic patients better than other providers of MRI scanning services and thereby serves the needs of the greater Chittenden County (and beyond) community without any negative impact on statewide considerations.

**CON STANDARD 1.4: If an application proposes services for which a higher volume of such service is positively correlated to better quality, the applicant shall show that it will be able to maintain appropriate volume for the service and that the addition of the service at the facility will not erode volume at any other Vermont facility in such a way that quality at that facility could be compromised.**

VT Open MRI does not contend that a higher volume of MRI scanning is, in and of itself, positively correlated to better quality. VT Open MRI expects the volume of scanning services it performs to increase at the same rate of increase, 6.5% annually, that it has experienced since it began operation in 2011. As opposed to being positively correlated to better quality that rate of increase simply reflects the natural increase in utilization of MRI scanning services on a statewide basis.

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Because VT Open MRI is an existing provider of MRI scanning services and is essentially a successor to a previous facility (Vermont Radiologists) that began providing MRI scanning services in 2000, its continued operation will not erode current or future volume at any other facility.

**CON STANDARD 3.5: Magnetic resonance imaging (MRI) capacity shall not be increased until current capacity is in excess of valid state, regional and/or national benchmarks for medically necessary exams per year and sufficient additional need is demonstrated based on such benchmarks. An applicant proposing a project involving MRI shall provide information on current use, document the effectiveness of the internal program utilized by the applicant to prevent overuse, and verify that the applicant does not have financial incentives in place to encourage MRI utilization.**

The proposed MRI scanner does not represent an increase in current capacity as it will merely replace VT Open MRI's existing MRI scanner, which is nearing the end of its useful life.

VT Open MRI only performs MRI scans as a result of valid requests from licensed health care professionals. VT Open MRI nonetheless reviews each patient's medical history to ensure the appropriateness of the ordered scan. It also reviews scans previously conducted for a patient, both by VT Open MRI and other providers, in order to prevent duplicative or unnecessary MRI scans.

In order to be reimbursed by commercial insurers or the Vermont Medicaid program for providing an MRI scan to one of their insureds/beneficiaries VT Open MRI is required to obtain pre-authorization from those payers.

VT Open MRI does not have any financial arrangements with licensed health care professionals who refer patients to VT Open MRI.

**CON STANDARD 3.20: Applications to purchase diagnostic or therapeutic equipment, or to expand facilities to accommodate major medical equipment purchases, shall address the appropriateness of such distribution as compared to population, the availability of appropriately trained personnel, an evaluation of patient need versus convenience, urgent versus non-urgent use, and appropriate protocol to reduce the risk of repetitive testing (both within the facility purchasing the equipment and within the health care system).**

Vermont Open MRI is an existing provider of MRI scanning services and thus its provision of such services in appropriate relation to the population of the greater Chittenden County (and beyond) area. It already employs the necessary number of trained personnel needed

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for its operations. Vermont Open MRI only performs MRI scans as a result of referrals from licensed health care professionals and it employs the utilization management techniques described in the response to HRAP Standard 3.5, above. Accordingly, adequate steps are in place to ensure that Vermont Open MRI's services are provided on an urgent, as needed basis, as opposed to being provided only for a patient's non-urgent convenience. Those steps also reduce the risk of repetitive MRI scans.

**CON STANDARD 3.23: In addition to proving need, applicants seeking to add or expand diagnostic or therapeutic equipment shall show that the equipment reduces costs and/or improves quality.**

Vermont Open MRI is not proposing to add or expand diagnostic equipment. Instead, it is proposing to replace its existing MRI scanner, which is nearing the end of its useful life, with a new MRI scanner. The new MRI scanner will have twice the field strength of the existing scanner, which will result in improved resolution of the scans it performs, and thereby improve the quality of health care for the patients it serves.

**18 V.S.A. § 8437(2)(C): Less expensive alternatives do not exist, would be unsatisfactory, or are not feasible or appropriate.**

Vermont Open MRI believes that it is important that there be an "open" MRI scanner in the greater Chittenden County area (and, indeed, in the whole state). The proposed Hitachi Oasis 1.2T Open MRI scanner is the only "open" MRI scanner available on the market.

**18 V.S.A. § 8437(5): The project will not have an undue adverse impact on any other existing services provided by the applicant.**

Vermont Open MRI only provides MRI scanning services and replacing its current MRI scanner with the proposed new MRI scanner will allow it to continue providing the service it currently provides.

**18 V.S.A. § 8437(7): The applicant has adequately considered the availability of affordable, accessible transportation services to the facility, if applicable.**

The front door to the building at 3000 Williston Road is 287 feet from a bus stop on Williston Road.

Please let me know if you have any questions or comments regarding the foregoing information and the accompanying/enclosed materials.

Donna Jerry, Senior  
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Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Charles Storrow". The signature is written in a cursive, slightly slanted style.

Charles F. Storrow, Esq.