

Magnetic Resonance Technologies of Maine, L.P.
498 Essex St.
Bangor, Maine 04401
207-941-9609

May 26, 2009

Catherine Cobb
Director
Division of Licensing and Regulatory Services
Department of Health and Human Services
State House Station #11
41 Anthony Avenue
Augusta, Maine 04333-0011

Re: Letter of Intent
Replacement of Major Medical Equipment
Magnetic Resonance Technologies of Maine, L.P.

Dear Ms. Cobb,

On May 22, 2009, Bruce Roscher and I outlined, at our meeting with Steven Keaton, Phyllis Powell and Dr. Josh Cutler, the intent of Magnetic Resonance Technologies of Maine, L.P. to replace an MRI system with new equipment. The present long bore magnet, installed in December 1991, is no longer manufactured and will be replaced by a short bore 3T MRI system.

We are requesting a ruling from the Department regarding the applicability of the Certificate of Need Program to this request.

This equipment is "Replacement Equipment" as defined in 22 M.R.S.A. Sec 328(26), Maine CON Procedures Manual, Chapter 3: Definitions, p.11, # 41

This equipment will perform all of the procedures done on the existing equipment during the last year. No new procedures are being added. No "New Health Service" (as defined by Maine CON Procedures Manual, Chapter 3: Definitions, p.8, #29) will be provided. The existing services will be at an improved quality, and faster.

This acquisition of major medical equipment is not subject to review under 22 M.R.S.A. Sec. 329 2 B.(1) "Major Medical Equipment being replaced by the owner."

The following facts apply to this equipment purchase:

1. The same applications are available for both the 1.5T and the 3T MRI systems.
2. 3T MRI is the most recent MRI advance of the past 30 years, starting with 0.35T, through 0.5T, 1.0T and 1.5T. It provides improved image sensitivity and specificity at faster speed.
3. It provides improved patient comfort (short bore, quieter, wider bore, easier maneuvering of larger patients up to 500 lbs.)
4. State of the art imaging for the northern half of the State of Maine.
5. Our costs will not increase significantly due to this upgrade.

6. Our charges will not increase due to this upgrade.
7. Our reimbursement for MRI services will not increase due to this upgrade.
8. This system will be maintained state of the art for at least 9 years.
9. This platform should be available at major medical centers such as Maine Medical Center and Eastern Maine Medical Center.

This project will be executed at:

Magnetic Resonance Technologies of Maine, L.P.
489 State St.
Bangor, Maine 04401
(on the campus of Eastern Maine Medical Center)

We are presently providing more than 9100 MRIs on the 2 units at Magnetic Resonance Technologies of Maine, L.P.

We are the only MRI center providing emergency MRI services, MRI services under general anesthesia, and MRI services to adults and pediatric patients under sedation, in the northern half of the state.

The capital expenditure will be about \$2,000,000 (bid range is currently \$1,800,000 to \$2,200,000). \$2,000,000 has been used as the capital cost assumption in Addendum A, mentioned below. Utilization is projected to be between 4700 and 5000 procedures per year.

The third year operating cost analysis is included with this letter as Addendum A.

We believe that this replacement equipment should not require a certificate of need.

At this time, we have bids from three vendors and they are time-limited. I appreciate your earliest possible response.

Sincerely,



Francis I. Kittredge, Jr., M.D.
Authorized Representative
Magnetic Resonance Technologies of Maine, L.P.

ADDENDUM A

**MAGNETIC RESONANCE TECHNOLOGIES OF MAINE, L.P.
THIRD YEAR INCREMENTAL NON-CAPITAL OPERATING COSTS ATTRIBUTABLE TO 3T UNIT**

DEBT SERVICE INTEREST	50000
SALARIES AND BENEFITS	0
DEPRECIATION (ESTIMATED CAPITAL COSTS - \$2000000)	400000
DRUGS & MEDICINES	0
PAYROLL TAXES	0
INSURANCE	2000
RENT	0
EQUIPMENT LEASES	0
TRAVEL,ENTERTAINMENT	0
TELEPHONE,UTILITIES	5000
MAINTENANCE,REPAIRS	14667
OFFICE SUPPLIES,SERVICES,POSTAGE	0
PROMOTION	0
PROPERTY TAXES, SALES TAXES	13148
PROFESSIONAL READING FEES	0
PROFESSIONAL DEVELOPMENT	0
FILM & MISC SUPPLIES	0
MISC PROFESSIONAL FEES	<u>0</u>
TOTAL	484815