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Division of Licensing and
Regulatory Services

Mount Desert Island Hospital
Critical Access to Quality Care

March 31, 2009

Phyllis Powell, CON Manager
Division of Licensing and Regulatory Services
41 Anthony Avenue
11 State House Station
Augusta, Maine 04333

Re: Letter of Intent and Non-Applicability Determination Request – MRI Service
Reconfiguration at Mount Desert Island Hospital

Dear Ms. Powell:

Mount Desert Island Hospital (“MDIH” or “Hospital”) and NEHE-MRI, LLC (“NEHE”) submit this Letter of Intent and Non-Applicability Determination Request with respect to a proposed reconfiguration of the MRI services now being provided to MDIH by NEHE so that the Hospital will be the Medicare provider and not NEHE (“MRI Reconfiguration”). Randy Bacon, Executive VP of NEHE-MRI has authorized me to convey that NEHE joins in this filing.

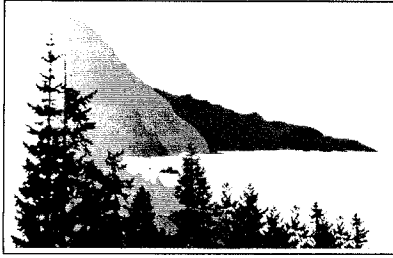
This Letter of Intent fulfills the requirements of Chapter 6, Section 1 (A) and (B) of the CON Procedures Manual, and requests a non-applicability determination consistent with Chapter 6, Section 2(4).

We request a ruling from the Department that the Certificate of Need program is not applicable to the proposed MRI Reconfiguration.

Background

Since 2002, NEHE has provided mobile MRI services at MDIH facilities to Hospital inpatients and to others in the Hospital’s service area needing MRI services. MDIH has billed for services to its Medicare inpatients and to other inpatients where payors so require. NEHE has billed the technical component (or global fee where applicable) to all others receiving MRI procedures. NEHE has paid MDIH a monthly fee for the lease of pad space and related services.

Under the proposed MRI Reconfiguration, NEHE will provide a mobile scanning unit to MDIH for two days per week. NEHE will provide these services through an



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existing mobile unit which will also serve other hospitals consistent with existing approvals.

The Hospital will carry out all billing of the technical component (or global fee where applicable). MDIH will pay NEHE a monthly fee for the scanning unit, the services of an MRI technologist, and optionally for all needed supplies, scheduling and precertification services and certain related services. Additional fees may be charged for overtime and discretionary services.

There are no estimated new capital expenditures related to this project.

There is no anticipated date for a CON application, as we do not believe an application is required.

CON Review Standards

We do not believe the MRI Reconfiguration is subject to CON approval because:

- This is not a new health service;
- It does not involve the acquisition of “major medical equipment” above the current review threshold of \$1,535,444;
- It does not involve a capital expenditure above the current threshold of \$3,070,888.


Conclusion

We hope to receive a non-applicability ruling in the near term in order to permit us to fulfill our business goals effective May 1st, 2009.

Should you have any questions, please do not hesitate to call me at 207-288-5608 or e-mail me at ablank@mdihospital.org. Please also feel free to check in with Randy Bacon of NEHE or the respective counsel for our organizations.

We look forward to hearing from you.

Sincerely,


Arthur Blank
Chief Executive Officer

Cc. Randy Bacon
Julius Ciembroniewicz, Esq. (counsel for MDIH)
John P. Doyle, Jr., Esq. (counsel for NEHE)

10 Wayman Lane • P.O. Box 8
Bar Harbor, Maine 04609-0008

207-288-5081 • FAX 207-288-8119
www.mdihospital.org