

Gary Griffin & Associates, Inc.

January 14, 2010

Mr. Alva Lambert
Executive Director
State Health Planning & Dev. Agency
P. O. Box 303025
Montgomery, Alabama 36130-3025

Re: CON 2260-ESRD, Project Modification Request # 1

Dear Mr. Lambert:

Bio-Medical Applications, Inc. d/b/a Fresenius Medical Services Port City owns and operates the Port City ESRD stations located in Mobile County. This letter requests Project Modification # 1 to CON 2260-ESRD for Port City. CON 2260-ESRD was approved for the addition of four hemodialysis stations to the existing Port City ESRD services. The Approved CON was for \$44,000, and the CON Application indicated that the cost was not anticipated to exceed \$50,000.

The Project Modification is being requested due to an anticipated cost increase which may exceed ten percent (\$4,400) of the projected total cost of the project. This Project Modification requests an increase of \$10,000. Please find attached Exhibit One, which presents a comparison of the costs contained in the Approved CON application to the increased costs for which approval is being sought by this Project Modification.

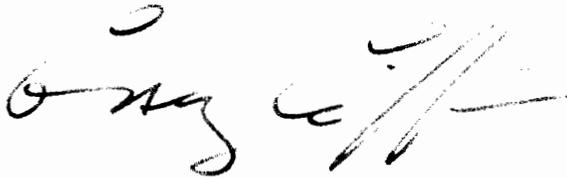
CON 2260-ESRD qualifies for a project modification per CON Rules and Regulations 410-1-10-.03, Project Modifications After Issuance of CON. We believe the Project Modification can be approved by the Executive Director because: the requested modification does not exceed the dollar thresholds above which a CON is required; no change in location from that designated in the CON is proposed; no change in or new services are proposed; no change in the number and types of dialysis stations is proposed; and no other modification is proposed that would otherwise exceed or trigger another CON threshold.

There was no opposition to the Approved CON. As such, there are no parties of record in the underlying administrative proceeding that BMA is required to notify under the Project Modification rule.

Please be advised BMA will be reviewing the feasibility for a replacement facility for the existing Port City ESRD facility including the four stations in CON 2260-ESRD. However, the timing for a replacement facility and the capital commitment for a replacement facility have yet to be decided. Additionally, timing for replacement has been further impacted and extended by the recent inability to replace/relocate an outpatient ESRD facility via a letter of non-reviewability as has been the historical practice¹. BMA understands that new CON authority will be required for replacement of the existing Port City facility and the four stations approved by CON 2260-ESRD since a replacement facility is expected to have a different physical address from the existing facility.

Thank you for your attention regarding this matter. Please contact me should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary Griffin". The signature is fluid and cursive, with a large initial "G" and a long horizontal stroke at the end.

Gary Griffin

cc: Ms. Susan Stanfield
Mr. David Sweet
Mr. Colin Luke
Mr. Carey McRae
Ms. Robin Franco

¹ This pertains to the Supreme Court decision in the Pleasure Island case.

**EXHIBIT ONE
CON 2260-ESRD
PORT CITY ADDITION
REQUEST FOR PROJECT MODIFICATION # 1**

ITEM	APPROVED CON 2257- ESRD	REQUESTED PROJECT MODIFICATION # 1
A. CONSTRUCTION		
1. Predevelopment		
2. Site Acquisition		
3. Site Development		
4. Construction (interior build-out)		
5. Architect and Engineering Fees	\$ 2,000	\$ 5,000
6. Renovation	\$ 10,000	\$ 17,000
7. Interest during time of construction		
8. Attorney and consultant fees (facility related)		
9. Bond Issuance Costs		
10. Other: Plumbing	\$ 10,000	\$ 10,000
11. Other: Electrical	\$ 10,000	\$ 10,000
TOTAL COST OF CONSTRUCTION	\$ 32,000	\$ 42,000
B. PURCHASE		
1. Facility	N/A	N/A
2. Major Medical Equipment		
3. Other Equipment	\$ 12,000	\$ 12,000
TOTAL COST OF PURCHASE	\$ 12,000	\$ 12,000
C. LEASE		
1. Facility Cost per Year ____ x ____ Years =	N/A	N/A
2. Equipment Cost per Month ____ x ____ Months =		
3. Land-only Lease Cost per Year ____ x ____ Years =		
TOTAL COST OF LEASE(s) (compute according to generally accepted accounting principles)		
Cost If Purchased		
D. SERVICES		
1. ____ New Service		
2. ____ Expansion		
3. ____ Reduction or Termination		
4. ____ Other		
FIRST YEAR ANNUAL OPERATING COST (NEW)		
E. TOTAL COST OF THIS PROJECT (Total A through D should equal V-C on page A-4)	\$ 44,000	\$ 54,000