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**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**

May 2, 2013

Alva Lambert
Executive Director
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104

RE: CON 2676-PSY; Laurel Oaks Behavioral Health Center
Project Modification Request

Dear Mr. Lambert:

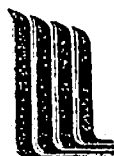
Pursuant to our telephone conversation on March 13, 2013, related to the above referenced Certificate of Need and in compliance with the requirements of Chapter 410-1-10-.03 of the Rules and Regulations of Alabama's Certificate of Need Program, (the "Rules"), please accept this request for Project Modification on behalf of Laurel Oaks Behavioral Health Center ("Laurel Oaks"). A fee, equivalent to twenty-five percent (25%) of the original Certificate of Need filing fee, in the amount of one thousand dollars (\$1,000.00), is enclosed.

Background

Laurel Oaks submitted a Certificate of Need application (AL2012-018) for 12 child/adolescent psychiatric beds that was deemed complete on January 26, 2012. The total cost of the project was estimated to be \$891,041.00, of which \$95,000 was for constructions and related costs. Because the project proposed the conversion of existing psychiatric residential treatment facility ("PRTF") beds to acute psychiatric beds, the construction included only the installation of a double, fire-rated door between an existing 8-bed acute psychiatric unit and an existing PRTF unit.

Laurel Oaks' application was subject, along with four other applicants, to a Contested Case hearing. As a result of a settlement agreement between the parties, Laurel Oak's project was reduced from 12 beds to 6 beds and subsequently approved at the lower number.

During the renovation process, it was discovered that in order for the new fire doors to function properly and not partially obstruct the patient bedroom doors, installing the doors was going to be more complicated than original believed. The fire doors had to be located to prevent interference with patient bedroom doors located on either the acute hospital side or the residential side when they were fully opened. The existing doors and door frame had to be removed and replaced. Additionally, a bathroom wall, door, and doorframe had to be relocated by approximately 15 inches. As a result of these changes, the construction and renovation costs increased from \$95,000.00 to \$187,837.00. Although the construction cost nearly doubled, the increase was only \$92,837, which is equivalent to about 1.7% of the 2013 construction threshold amount of \$5,395,703.



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Project Modification

Paragraph 1(a) of Chapter 410-1-10-.03 of the Rules defines a project modification as a “change in a project” for which the Agency has previously approved a Certificate of Need and where such change includes a change in bed capacity or use, the addition of a health service or services, an increase in the cost of the project, or a change in financing methods which results in an increase in the cost of a project. In this instance, the change in the project is limited to an increase in the cost of the project resulting from unforeseen circumstances arising during the construction and renovation process. Supporting documentation of the cost increase is attached hereto.

Therefore, on behalf of Laurel Oaks, we respectfully request the modification of CON 2676-PSY to reflect an increase in the cost of construction from \$95,000.00 to \$187,837.00. This results in a modification in the total cost of the project from \$891,041.00 to \$983,878.00, reflecting the increase of \$92,837.00 in construction and renovation costs.

If you have any questions, please contact me at your convenience.

Sincerely,

Noel Falls
Consultant to Laurel Oaks Behavioral Health Center

CC: Derek Johnson

Enclosures