



BALCH & BINGHAM LLP

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Colin H. Luke
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April 6, 2011

BY HAND DELIVERY

Mr. Alva Lambert
Executive Director
State Health Planning and Development Agency
P.O. Box 30325
Montgomery, AL 36130-3025

**RE: CON 2197-H-MOD (Project Number AL 2007-0008);
Request for Project Modification**

Dear Mr. Lambert:

This letter requests a project modification to CON 2197-H-MOD. The CON Review Board originally approved CON 2197-H on May 3, 2007, for the replacement and relocation of a 40-bed hospital that ceased operating on April 30, 1993 with a 25-bed Critical Access Hospital at an estimated cost of \$20,963,112. On May 2, 2008, the Executive Director issued a project modification (CON 2197-H-MOD) to the CON to reflect an increase in estimated project costs to \$22,294,908.

Rush Hospital/Butler, Inc. d/b/a Choctaw General Hospital (the "Hospital") now respectfully requests the issuance of a project modification to CON 2197-H-MOD to permit the continued construction of the replacement hospital, which will be located at 401 Vanity Fair Lane, Butler, Alabama 36904-3032, consistent with the CON application.

This project modification is required to reflect an increase in estimated construction, major medical equipment and first year operating costs that will raise the total estimated project cost for the replacement hospital from \$22,294,908 to \$30,171,200 (see **Exhibit A**). Increased costs from the suppliers, contractors and service providers engaged to construct the Hospital, as well as increased labor costs and general inflation, have necessitated this project modification request. The proposed cost increases will not exceed the current indexed cost threshold for any capital expenditure category set forth in CON Rules and Regulations Section 410-1-2-.07.

CON 2197-H-MOD qualifies for a project modification pursuant CON Rules and Regulations Section 410-1-10-.03 (project modifications after issuance of CON). We believe that this project modification can be approved by the Executive Director because: (1) the requested modification does not exceed any CON cost thresholds; (2) there will be no change in location from that designated in the original CON; (3) no changes in services or new services are being proposed; (4) no change in bed capacity is being proposed; and (5) no other modification is proposed that would otherwise exceed or trigger another CON threshold.

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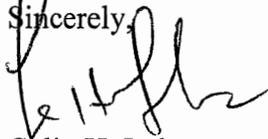
STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

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There was no opposition to the approved CON. As such, there are no parties of record in the underlying administrative proceeding that must be notified regarding this proposed project modification.

Thank you for your attention regarding this matter. If you have any questions or concerns, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Colin H. Luke". The signature is fluid and cursive, with a large initial "C" and "L".

Colin H. Luke

Enclosure

EXHIBIT A

Request for Project Modification to CON 2197-H-MOD

Category of Expenditure	Estimated Costs under CON 2197-H-MOD	Requested Costs under Project Modification
Construction	\$11,282,359	\$16,421,200
Major Medical Equipment	\$3,367,396	\$5,150,000
Annual Operating Costs	\$7,645,153	\$8,600,000
TOTAL	\$22,294,908	\$30,171,200