



PRIME HEALTHCARE MANAGEMENT, INC.

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September 14, 2009

Wendi A. Horwitz
Deputy Attorney General
Office of Attorney General
300 S. Spring Street
Los Angeles, California 90013

Via E-Mail & U.S. Mail

Re: Sherman Oaks Hospital – Burn Center – Request to Amend Condition

Dear Ms. Horwitz:

Prime Healthcare Services II, LLC and Prime A Investments, L.L.C. (collectively, the “Buyer”) hereby request that Condition No. 4 of the Conditions for Transaction Approval by the Attorney General dated December 29, 2005 be amended as follows:

Current Condition

4. For at least five years from the transaction closing date, the Buyer shall maintain the Burn Center at not less than licensed service levels that were in effect on September 21, 2005.

Proposed Amendment to Condition

4. Through October 15, 2009, the Buyer shall maintain the Burn Center at not less than licensed service levels that were in effect on September 21, 2005.

This request is made pursuant to § 999.5(h) and on the following grounds:

- (1) Based on the long standing relationship between Dr. Richard Grossman and the Grossman Medical Group with Sherman Oaks Hospital, Buyers reasonably anticipated in December 2005 that Dr. Richard Grossman and Dr. Peter Grossman, the primary physicians providing services at the Burn Center, would remain affiliated with the Burn Center through at least December 31, 2010;
- (2) On September 1, 2009, Dr. Richard Grossman and Dr. Peter Grossman announced that Grossman Medical Group would be leaving Sherman Oaks Hospital and establishing a Grossman Burn Center at West Hills Hospital & Medical Center. The departure of the primary physicians affiliated with

the Burn Center makes it difficult, if not impossible, for Buyer to maintain the Burn Center at not less than the September 2005 licensed levels as there are very few, if any, burn surgeons not already affiliated with a facility in Los Angeles County, there are high barriers to entry for a physician seeking to establish a burn care practice in the San Fernando Valley given the reputation and practice developed by Dr. Richard Grossman and Dr. Peter Grossman, and there is not a sufficient volume of burn care patients to justify a burn center at Sherman Oaks Hospital and at West Hills Hospital & Medical Center less than fifteen (15) miles away in the same geographical area;

- (3) The community will not suffer from lack of access to care as burn services will be available at West Hills Hospital & Medical Center which is less than fifteen (15) miles and twenty (20) minutes away from Sherman Oaks Hospital and there is no evidence to suggest that the San Fernando Valley has a need for two burn care centers;
- (4) Buyer has satisfied Condition No. 4 for almost four (4) years and had every intention of fulfilling Condition No. 4 through December 31, 2010 as evidenced by Buyer's commitment of financial resources to the Burn Center including monies spent to remodel the Burn Center in the past two (2) years;
- (5) Approving the proposed amendment to Condition No. 4 will allow Prime Healthcare Services II, LLC to use the Burn Center beds for medical/surgical beds and ICU beds for which there is a need in the community; and
- (6) Prime II will continue with its support of the Children's' Burn Foundation through at least December 31, 2010.

Please let me know if you need additional information in order to process this request and, as always, please feel free to contact me should you have any questions.

Sincerely,

Michael J. Sarrao
Vice-President & General Counsel