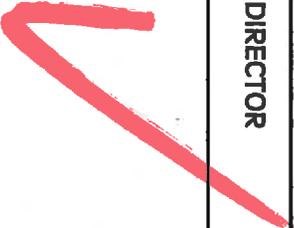


**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Wells</i>	DATE <i>7-16-07</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000025	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR 	<input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> I FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			



Wallace Thomson Hospital

A Union of Compassion + Healthcare
322 West South Street
Union, SC 29379
Phone 864 427 0351
Visit us at www.wallacethomson.com

Log: Wells

McC. ext

RECEIVED

JUL 16 2007

July 12, 2007

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Robert M. Kerr
Executive Director
South Carolina Department of Health and Human Services
P.O. Box 8206
Columbia, SC 29202-8206

Dear Mr. Kerr:

I would like to provide you with our written accountability for the use of the Fiscal Year 2007 grant monies of \$387,500. The original request designations of these funds were to purchase a CR (computed radiography) and PACS (Picture Archiving and Communications System) equipment. During the transition of our management companies, Administration, with the approval of the Board of Trustees, changed the designation to purchase three clinics to promote physician retention and recruitment.

In a combined effort to retain our current family practice and internal medicine physicians, Union Hospital District purchased the Center for Family Medicine and the two Piedmont Medical Associates clinics at a combined cost of \$193,076. The purchase of these clinics included their fixed assets. The Union Hospital District created Carolinas Health Associates, an entity operating under the Union Hospital District umbrella, enabling the four physicians, M. John Flood, MD, Tonya R. Washington, MD, Robert A. Yametti, MD and Vijay Pamar, MD, to become employees of the Union Hospital District. The retention of these physicians provides a fundamental basis to recruit new physicians to our community.

With the establishment of the Carolinas Health Associates, we were able to recruit Dr. Stephen Muehlenbein, MD, from Ohio to South Carolina as our full time Radiologist and medical director for Imaging Services. The remaining \$194,424 was used to establish Dr. Muehlenbein's licensing and fees for himself and Radiology Consultants of Union, PA billing services. Furthermore, we have signed employment agreements for an OB/Gyn, Family Medicine, and Internal Medicine physicians to join our practice before the end of this fiscal year.

With the future support of the Rural Health Grant, Union Hospital District will continue to improve upon our services to our community. The financial support from the Department of Health and Human Services is extremely helpful toward our provision of health care services to the citizens of Union County. Please express our appreciation and gratitude to all parties involved.

Sincerely,

William H. Leonard
Chief Executive Officer