

June 2, 2005



**SAINT JOSEPH**  
Regional Medical Center  
South Bend

Mr. John R. Madera  
Chief, Materials Inspection Branch  
Division of Nuclear Materials Safety  
United States Nuclear Regulatory Commission  
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Dear Mr. Madera:

Per your discussion with Chris Karam on Friday, May 27, 2005, this letter serves to highlight the issues discussed subsequent to our closing meeting on Thursday, May 26, 2005.

We fully recognize the seriousness of the violations as identified by the inspection team subsequent to the AIT review by the NRC. The safety of our patients and our ability to deliver high quality services remain our primary mission. Therefore, the issues we discussed last week reflect an anticipated broad and long-term corrective action plan to our radiation safety program.

We recognize the shortcomings of our Radiation Safety Officer ("RSO") during and throughout the management of the specific medical events, and, as licensee, we recognize that it is our responsibility to ensure that the RSO is vigilant and aggressive in the pursuit of radiation safety. Therefore, we plan on replacing our current RSO in not less than 120 days. Additionally, we will be retaining an independent firm, Radiation Oncology Resources ("ROR"), which is based out of McMinnville, Oregon. ROR is charged with performing an extensive independent audit of our radiation safety program before the end of June 2005 and will continue to do so on an annual basis. Additionally, we intend to establish a monthly external independent review of radiation safety activities until our current RSO is replaced.

Until such time as we have appointed a new RSO, and to heighten and ensure management's commitment to radiation safety, we are changing the Radiation Safety Committee's meeting schedule from quarterly to monthly. Additionally, structured weekly meetings will take place with the RSO; Chris Karam, Senior Director of Clinical Services; Jon Frazier, M.D., our Medical Director; Teresa Langley, Director of Radiation Oncology, and me. Additionally, daily communication will also take place between the RSO and Teresa Langley.

JUN 03 2005

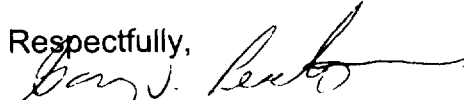
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Regarding physicist support in the department of radiation oncology, we currently retain a contracted vendor, Advanced Radiotherapy Consultants ("ARC"), to fill this need. We recognize the issues with this vendor (i.e. numerous physicists rotating through the department). As such, we have given notice to ARC that we are pursuing our own in-house physicist to be employed by the hospital. We have already retained a search firm to assist us with the recruitment. We feel that this initiative affords us greater control of medical physicist activities and allows us to develop an engaged "teammate" in this critical role.

We hope this letter clarifies both our understanding of the pertinent issues and our intent for long-term corrective action to ensure the radiation safety of our patients and employees. We will provide you with updates to the corrective action initiatives that cannot be implemented immediately.

If you have any questions, please contact me at (574) 251-8299.

Respectfully,



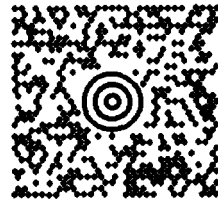
Gary Perecko  
President

jmm

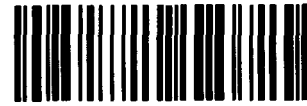
cc: Robert G. Gattone, Jr.  
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Nancy Hellyer  
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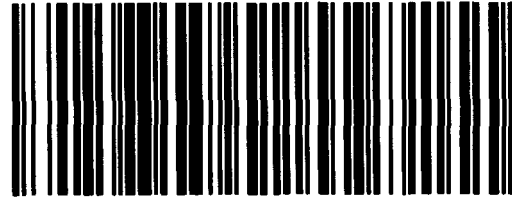
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**UPS NEXT DAY AIR 1**

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