

**The Premier
Resource for
Behavioral
HealthCare
and Human
Service
Solutions**



ANNUAL REPORT 2005

CBHNP

Community Behavioral HealthCare Network of Pennsylvania



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President/CEO
- Jason LaFrance,
Director, Human Resources
- Malcolm West,
VP Business Development

■ Regional Referral Office

- Burt Reilly, MA,
Program Director
- Joseph Buttacci, CAC, LPC,
Director of Utilization
Management

■ Capital Area Office

- Robert Bickford, MBA,
Chief Financial Officer
- Scott Daubert, PhD,
Director of Quality
Improvement and System
Integration
- Joellyn Norrie, LCSW,
Director of Clinical
Operations
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Manager of Consumer
and Family Affairs
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Medical Director
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Message from the President

Success can be measured in many ways: customer satisfaction; growth; financial stability; and presence in the marketplace. But for CBHNP, it means more. We certainly want to accomplish all that, but also to remain true to our mission. Every day all of us at CBHNP must ask ourselves not just whether we are “doing our job”, but whether we are doing what we need to do for the community, and the consumers and families who need our assistance.

In this Annual Report and the pamphlet that accompanies it, you will see that CBHNP has continued to grow, in fact quite substantially, while maintaining all our current contractual relationships. Due to this growth we have significantly increased our market presence and recognition while achieving the highest levels of financial results. At the same time, however, you will also read about our continued efforts to involve stakeholders with CBHNP in a meaningful way. We cannot lose that focus, as that type of effort, involvement, and caring is ultimately what distinguishes us as an organization.

This Report provides a moment to step back and thank our current customers: Capital Area Behavioral Health Collaborative and the five Counties it represents (Cumberland, Dauphin, Lancaster, Lebanon, and Perry), HealthAmerica/Health Assurance, BlueCross Northeast PA, Lancaster and Lebanon Counties (MR ISO), McKesson Health and Automated Health Systems (Access Plus), and the PA Turnpike Commission. This Report also allows us to recognize our newest partners: Highmark and Gateway Health Plan. With such prestigious and diverse customers, 2006 should be an exciting year with continued success for CBHNP.



As we enter this next year, we continue to look to satisfy these customers, while reviewing other opportunities. These could be in the private or public sector, and we have also been asked to consider out-of-state opportunities. All such growth efforts will be analyzed carefully, and we will ensure that growth is met with stability, and our mission and quality of service will never diminish.

On behalf of CBHNP, its Board of Directors, and our over 100 employees throughout the Commonwealth, I thank you for your continued interest and support. And I also thank those stakeholders who have been involved with CBHNP over the past year- be it to access services, assist us through providing feedback and input, or being formally involved in our committee/advisory structure. It is only with your effort and involvement that CBHNP can further improve and ensure that we are and remain the “Premier Resource for Behavioral Health and Human Resource Solutions”.

Richard S. Edley, Ph.D.

President and CEO

Message from the Chair

This past year has been quite successful for CBHNP. Richard Edley, our President and CEO has written in his letter about some of the new and exciting opportunities that have presented themselves to us this year. We have clearly grown and expanded our business. Most importantly for our ongoing success and development, we have added to the depth of leadership in the organization. We are still a young company, just entering our second decade, but we are beginning to see the inevitable and positive signs of maturity that characterizes a healthy company.

Richard Edley's leadership during these past 6+ years has been invaluable to our success. He has embraced and operationalized our mission and vision, and has done this in ways that few could have. Due to his background in managed care, his expertise has been successfully utilized to garner new business and continue to maintain existing contracts. In January, Richard moved from a contractual relationship with CBHNP to an employment one. Though functionally there was little change, symbolically the change has been monumental.

Additionally, we have been fortunate to have individuals with leadership roles in other similar companies seeking employment with us. The intellectual capital they bring with them has added to the depth of knowledge and expertise within CBHNP. We have taken advantage of existing employee skills in flexible and creative ways. The culture of a learning organization is emerging and being fed by the empowered employees who understand that we are a different type of organization.

In Richard's letter, he takes the opportunity to thank our partners. I would like to join in expressing my appreciation as well. I would also like to



thank all of the providers who stepped up 12-13 years ago, from across the state. Together we have helped to create an organization that lives, day in and day out, the commitment to excellence in service delivery to people who rely on us. In addition, the organization continues its commitment to maximizing dollars to care, assuring quality, and minimizing unnecessary administrative complication. This is all done with a long term view of health for our consumers and our communities. I especially want to acknowledge those providers who have continued their support despite our lack of current business that might directly affect them. To date, we have been unable to do more than say thank you. With your continued support and that of our partners and employees, our intention is to provide a return on your investment in the near future. This, too, is the mark of an emerging, healthy, and mature organization.

A handwritten signature in blue ink that reads "Susan C. Blue". The signature is written in a cursive, flowing style.

Susan C. Blue

Chair of CBHNP Board

■ Highmark and CBHNP — Providing 24 Hour Access

Beginning July 1, 2005, Highmark assumed internal responsibility for all behavioral health managed care services, after previously having a sub-contractual arrangement. Highmark then contracted with CBHNP to ensure continuous 24/7 capability Monday through Friday 4:45 PM to 8:30 AM and all day weekends and holidays. CBHNP's Harrisburg operations center answers telephone calls, provides Member assistance, and facilitates admissions and utilization management for Inpatient Services. CBHNP also serves as a telephonic and UM backup for Highmark in the event that temporary emergency assistance is needed during working hours. Highmark chose CBHNP because of our recognized experience and expertise in behavioral health, and our operational readiness to take on the additional call volume. Highmark's mission, "— to provide access to affordable, quality health care enabling individuals to live longer, healthier lives" makes them an excellent partner for us.

The CBHNP call center was covering over 750,000 public sector and commercial Members in Pennsylvania prior to the Highmark contract. The new contract added responsibility for an additional 2.5 million Members after hours. To accommodate the contract, CBHNP acquired rights to McKesson's InterQual™ Behavioral Health Medical Necessity Criteria, a nationally accepted care management solution. Our local area network was linked to MaxMC, Highmark's Care Management Information System, allowing seamless data exchange. CBHNP also hired additional licensed Clinical Care Managers and expanded our panel of physician advisors. CBHNP highly values our new relationship with Highmark and all of our primary contractors, and pledges to continue to

provide the highest quality services with low administrative overhead.

■ Gateway Health Plan Offers Providers a New Business Opportunity

CBHNP was recently selected to partner with Gateway Health Plan to provide the behavioral health services for their new Medicare Advantage Plan, Gateway Assurance. The Plan will cover twenty three (23) counties across the state and is scheduled to go live in January, 2006. Membership is anticipated to be approximately 30,000.

CBHNP is pleased to offer our Member Providers this new business opportunity. Member Providers were sent an introduction package detailing the product, credentialing procedures, and contractual standards. Providers must be contracted and credentialed quickly as the network must be ready to accept Members beginning January 1, 2006. Member Providers are key to development of a comprehensive statewide network.





ACCESS Plus

CBHNP is a proud partner in the Department of Public Welfare's ACCESS Plus Program. This enhanced Primary Care Case Management and Disease Management Program is a hybrid of Fee-for-Service and Managed Care delivery systems in Pennsylvania. CBHNP was chosen by McKesson Health Solutions and Automated Health Systems to be the Behavioral Health partner to ensure collaboration and coordination of physical health and behavioral health services.

ACCESS Plus is operating in the 42 non-HealthChoices Counties in Pennsylvania, serving approximately 280,000 Pennsylvanians. CBHNP provides training and education directly to ACCESS Plus staff and the community at large, and has assisted in the development of policies and procedures to ensure behavioral health collaboration and coordination. CBHNP has also developed the Letter of Agreement to be signed between ACCESS Plus and County MH and SCA Administrators. CBHNP provides support and expertise on behavioral health issues at the Regional Advisory Committee meetings held throughout the state and is working with the County Commissioners Association of Pennsylvania to promote county input and participation.

CBHNP also provides case by case consultation and quality reviews. CBHNP is committed to the partnership with McKesson and Automated to ensure that all Pennsylvanians enrolled in the ACCESS Plus program have access to appropriate and coordinated behavioral health services.



Capital Area Highlights

The Capital Areas HealthChoices Program continues to be our most prominent business venture. The program is a result of a partnership with HealthAmerica/ HealthAssurance (HASPA) and the Capital Area Behavioral Health Collaborative, Inc. Providing behavioral health services for Medical Assistance recipients in Cumberland, Dauphin, Lancaster, Lebanon and Perry Counties, the program is described in detail in the pamphlet that accompanies this annual report. What follows are some 2005 highlights.

Capital Area Reorganizes Care Management for Children's Services

The past four years' experience has resulted in changes in the structure of care management that will improve service and increase efficiencies. Many of these changes apply to our special focus on children's treatment. For example, CBHNP has established care management positions that are specifically dedicated to autism evaluation, referral and treatment. Other "special expertise" positions specialize in children requiring Residential Treatment Facilities and Crisis Residential Host Homes. Two other innovations will also enhance our approach to children. One is clinical training for Specialized Evaluators, and the other is a series of presentations for parents that are new to the system or those that require more information on obtaining quality treatment. This series, featuring parents as presenters, has one part that is autism spectrum disorder focused.


Children's Outcomes Monitoring Program

CBHNP and the University of Maryland-Baltimore (UMB) continue to roll out the Children's Outcomes

Monitoring Program (COMP) in Capital Area HealthChoices. The program was initiated in late 2002 to assure that services authorized and supported by CBHNP provide the highest quality care to children and youth with the least amount of intrusion. Beta-testing of the COMP began in 2003 with four provider agencies and two levels of care, Behavioral Health Rehabilitation Services (BHRS) and Family Based Mental Health Services (FBMH). These four providers offered critical input about the system that led to the development of the monitoring system, referred to as KIDnet, in late 2004. This new system supports the goal of collecting treatment progress data while providing specific clinician and provider aggregate data to report program performance and overall evaluation.

CBHNP uses several standardized tools to collect valuable data about treatment. The Child and Adolescent Functional Assessment Scale and the Child and Adolescent Needs and Strengths are used to measure function at intake and over time. Other tools include the Family APGAR, Clinical Global Impression Scale Multidimensional Adolescent Satisfaction Scale the Youth Services Survey-Family and Global Assessment of Function CBHNP and the University monitor accuracy, completeness, timeliness, validity and reliability of all





data collected. The autism scale from the Autism Research Institute is also included in the system.

Currently, there are now six participating providers, representing two levels of care and serving 245 children, including 40 who have been discharged throughout the course of the program. It is important to keep in mind that this program is voluntary for children/ youth and families. Five additional providers representing BHRS and FBMH network providers have been invited to join the Children's Outcomes Monitoring Program. These agencies will be trained and ready to begin full participation by January 2006. CBHNP and UMB also plan to be expanding the program to the residential level of care.

Consumers Play an Essential Role for CBHNP

Consumer and family input is very important to CBHNP. We constantly look for ways to ensure quality consumer and family participation on our committees and through our community outreach programs.

In the past year we focused on convening meetings with families concerned about improving care for their loved ones. For example, our Autism Advisory Group convened to explore parents' concerns about availability of appropriate care and ways to ensure timely access. Input from families made it clear that there were ways that CBHNP

could provide improved community education and assistance in navigating the system. Information provided by CBHNP on utilization and access from CBHNP demonstrated our continuing commitment to this population. The meetings helped to increase trust and mutual support and we are comfortable that the participating families will continue to work with CBHNP to improve services.

CBHNP is designing (for fall implementation) a Parent Series that will cover what parents need to understand about HealthChoices Behavioral Health Care, CBHNP and their own rights and responsibilities under the program. We will discuss how they can better access and participate in care for their children. Parents have been recruited to help design and participate in this series, and will, in fact, serve as co-presenters.

CBHNP continues to enjoy tremendous participation on our Stakeholders Steering committee, and we have other vehicles for involvement as well. For example, our "Huddle Groups" are held at locations our Members already frequent and feel comfortable such as Social Rehabilitation Centers, Drop-In Centers, Club Houses and Partial Hospitalization programs. There is a lively and productive exchange of information that benefits both the stakeholders and CBHNP. We share the input from these Huddle Groups with the larger Stakeholders Steering Committee and often recruit representatives from involved participants.

Much of our interaction with consumers and families takes place on a one-to-one basis. Community Relations has assisted over 140 callers during the past year. Callers phone in regularly seeking assistance that may go beyond typical Member Services ability to address. They seek guidance with the complaint and grievance system or help understanding how the behavioral HealthChoices system works. Questions are



answered; advocacy is offered; and referrals are made to specialized community resources.

CBHNP has reached out to over 30 new groups in the five counties we serve, including support groups, civic and religious organizations, clubhouses and senior centers. These groups are instrumental in helping our stakeholders navigate the

social services system and receive the care and assistance they need and deserve.

By ongoing interaction with our Members, their families and communities, CBHNP will stay attuned to stakeholder issues and continue to enhance our quality of care.

CBHNP's Regional Referral Center Sets Standards of Excellence

CBHNP's first major business opportunity came in the fall of 1997 when we contracted to provide triage and care management for Blue Cross of Northeastern PA. Operations for the program are located at the CBHNP Regional Referral Center in Scranton. CBHNP currently manages two distinct programs: a risk-sharing behavioral health program for First Priority Health, the HMO subsidiary of BC-NEPA (135,000 lives), and an ASO program providing for BC-NEPA indemnity coverage (410,000 lives).

Blue Cross is an NCQA accredited organization, and the rigorous standards apply to CBHNP as well. On November 4, 2004, Blue Cross received an Excellent Accreditation rating. Special mention was made in the closing summary of CBHNP's performance. In addition to NCQA standards, Blue Cross applies its own performance targets to CBHNP as well, on such indicators as follow-up care provided post-discharge from a hospital, PCP coordination in substance abuse care, and appropriate referrals to the BlueCross depression disease management program.

In order to continue to meet high performance standards, an organization must have the right tools. This year IT staff from CBHNP's Corporate Call Center performed a major overhaul and upgrade of the computer servers at the Regional Referral Center. The overhaul improved the operating efficiency and stability of the Northeast operations, and enabled the system to conform to improved security standards. Through direct linking with Harrisburg, the Regional Referral Center is also able to receive online technical support and upgrades directly from our call center technical support staff.



2005 Finance Report

CBHNP's Financial Results have continued to be positive throughout the period July 2004 – June 2005. CBHNP has recorded a positive net income for nine consecutive fiscal quarters beginning in April 2002, with the full enrollment of Capital Region HealthChoices Members.

CBHNP's Accounting and Finance Staff continues to interact positively with multiple groups of auditors and actuaries and has developed several new procedures to ensure the accuracy and timeliness of internal and external reporting. During this fiscal period, CBHNP required no significant audit or IBNR adjustments which is a credit to the effectiveness of the staff.

For the second consecutive year, CBHNP improved average claim payment turnaround time by 5 days, going from 17 days to 12 days. This was the result of increased electronic submissions and processing. As of June 2005, approximately 50% of claims are received electronically compared to 30% in June 2003. CBHNP continues to upgrade hardware in the IS area. All personal computers were replaced this year, which was a monumental effort by all the staff involved.

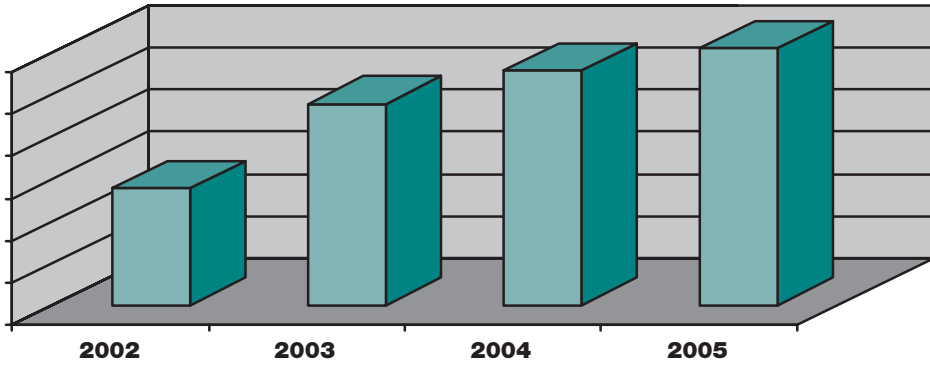
■ CBHNP to Build New Operations Center

With the expansion of HealthChoices membership and several new commercial and public contracts, CBHNP has outgrown its current Harrisburg facility at 5425 Jonestown Road. This has already led us to move Claims, Accounting, and Provider Relations to a second building nearby. To accommodate this growth, reunite our staff, and to prepare for new business opportunities, CBHNP is planning to build a new 20,000 square foot Operations Center in Harrisburg which is scheduled to be completed in September 2006 when our current leases expire. The new building will represent a capital investment for the company which should pay future dividends in efficiency, stability in the community, and future growth potential.

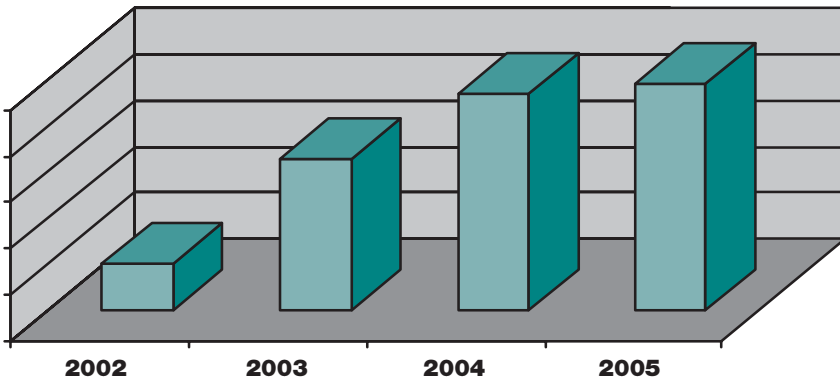


Financial Graphs 2005

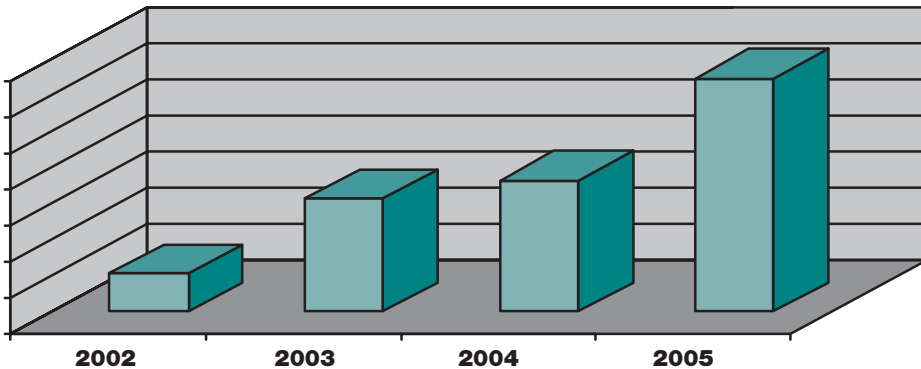
Cash (unrestricted)



Investments



Equity





Community Behavioral HealthCare Network of Pennsylvania

2400 Park Drive
Harrisburg, PA 17110
717-545-9741
www.cbhnp.org