



Community Behavioral HealthCare Network of Pennsylvania

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

2004 Annual Report





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A Message from the Chair

When the Board of Directors gathered to review the past year's accomplishments and plan goals for the future, we reflected on how far we have come since 1994. We came together with a desire to take charge of our future as an integral part of our communities. And we have met with success in that regard.

As a group we were struck by the evolutionary process we have undergone in these 10 years. We discussed the need to "redefine" our identity. We crafted a new mission statement and accompanying core values, to help people understand who we are and what makes us different from other managed care companies.

Our very strength – provider ownership – brings confusion and wariness in some quarters. We want to articulate a stronger, clearer message about how the values and expertise of the provider community sets us apart from others. Our strength allows us to focus on long term solutions to behavioral healthcare needs, for as part of the communities we serve, we remain committed to them for the long haul. We want to be confident that our members understand the value of being a part of CBHNP, even if we don't currently have business in their area. We want them to realize that CBHNP is a partnership with Members and that the company is

open to new opportunities originating with them or from other sources. We continue to focus on garnering new business across the Commonwealth. We desire that potential partners or contractors recognize that CBHNP hires the best managed care professionals available to lead our efforts.

Our value system sets us apart. We assure that maximum dollars go to care. We seek opportunities to provide creative and innovative services to consumers receiving care in our programs. We provide opportunity for stakeholders to have a real voice in program operation. We are focused on outcomes research and developing paradigms of service delivery to yield promising practices that improve the quality of services.

I believe we have succeeded in refining our identity through our newly created mission statement and core values.

■ CBHNP Mission Statement

CBHNP develops, delivers and manages effective, fiscally sound behavioral health and other human services solutions for individuals, families and communities, utilizing the expertise and values of key stakeholders, partners and providers.

That mission, coupled with our core values, sets the stage for the next

decade of growth and strengthening our communities.

■ CBHNP Core Values

- **Excellence**
Pursuing the highest standards of performance
- **Integrity**
Promoting honest, ethical behavior
- **Accountability**
Utilizing resources wisely
- **Relevancy**
Facilitating access to services that promote best practices and based on principles of recovery and resiliency
- **Innovation**
Pursuing creative solutions

CBHNP has already challenged and changed the definition of managed behavioral healthcare in Pennsylvania. Through the continued commitment to do so, we will create further solutions for individuals, families, and the communities in which they live.

Susan C. Blue, Chair
CBHNP Board of Directors

A Message from the President

This has been an excellent year for CBHNP. All of our major behavioral health contracts were renewed in the past 12 months, there has been expansion of our current business, and there has been a significant increase in commercial and public marketing efforts. New lines of business also have expanded CBHNP's reach into mental retardation services. All signs look for a prosperous coming year as well.

As I speak of our success, it is also important to again be reminded of the mission of CBHNP. We were not created to simply succeed and become yet another "BH-MCO". Rather, while we need to have all the BH-MCO functions and processes in place, we consider daily what it is we wanted to foster: service to the community, innovation, and allocating available dollars to care. I am proud to say that we have met these goals.

As we look back on the history of CBHNP- we have come a long way. From provider idea to provider network to full-service managed care organization with millions of dollars in contracts and reserves. But still governed by the same providers who founded us. This Annual Report takes a closer look at today's CBHNP. Specifically, each functional area of CBHNP is reviewed, along with some interesting data and statistics. We hope that this serves to



update all of you- our Members and strategic partners- as to the CBHNP that you are all part of. A financial report and summary is also provided for your review.

I also want to take this time to thank our many partners: Capital Area Behavioral HealthCare Collaborative, the Capital Five Counties (Cumberland, Dauphin, Lancaster, Lebanon, Perry), HealthAmerica /HealthAssurance, BlueCross Northeast PA, Blair, Huntingdon, Mifflin, and Juniata Counties, Bedford and Somerset Counties, and the Pennsylvania Turnpike Commission, for collectively helping contribute to our success.

CBHNP and I also want to thank all the community provider members for their continued support and interest over the years. Without the efforts of community mental health, substance abuse, and mental retar-

ation providers throughout the state- and PCPA- we would not be here today. As we look forward to another successful year, I also want to remind all providers of keeping CBHNP in mind. If there is ever any way you believe our organization can help you or your community, I would ask that you pick up the telephone, send a quick e-mail, or drop us a line. We want to expand our business base- but not just for the sake of expansion. The whole point was to bring our shared philosophy to each community in Pennsylvania and to help bring quality services to those in need.

A handwritten signature in blue ink, reading "Richard S. Edley, Ph.D." The signature is written in a cursive style.

Richard S. Edley, Ph.D.

President and CEO



contractual requirements, and that we maintain our fiduciary responsibility to our Members, providers, and business associates. In order to fulfill this responsibility, CBHNP's board has established a Corporate Compliance Committee that regularly reviews monthly standing reports, and notes emerging trends that may indicate a departure from our mission. A second priority is to monitor provider and recipient activities to ensure that we are protecting the organization's interests, and those of our primary contractors, against fraud and abuse.

Corporate Compliance activities and accomplishments during the preceding year include the following:

- Establishment of a comprehensive range of standing reports that incorporate both internal and external monitors.
- Approval and implementation of all Policies and Procedures required for compliance with HIPAA Privacy Standards.
- Submission of all required Quarterly Reports and Incident Reports to the Bureau of Program Integrity.
- Code of Conduct and HIPAA Training for all personnel.
- Audits and investigations to uncover fraud and inappropriate claims, and to recover revenues.
- Provider training available to all providers to promote internal prevention, detection and self-reporting of inappropriate claims submission.

■ Expanding our Business

With the success of CBHNP's programs and operations in place, we continue to aggressively look at ways to expand this expertise.

Some of the increase in business over the past year has come from an increase in our Member enrollment in current contracts. Our business in the northeast, the Regional Referral Center, has seen membership climb to over 600,000 commercial lives. And our Capital area HealthChoices membership is now up to nearly 90,000 Medicaid lives.

CBHNP is also excited to have been selected by Blair, Huntingdon, Mifflin, and Juniata Counties as well as Bedford and Somerset Counties to collaboratively develop a HealthChoices approach. While the Office of Mental Health and Substance Abuse Service has delayed HealthChoices expansion, we continue to work with these counties in developing unique models to be ready for any possible expansion of managed care into these areas.

In addition, we have developed an important new business line over the past year, assisting counties and families through our Mental Retardation Intermediate Service Organization (ISO) initiative. CBHNP has already contracted with several counties, and hopes to continue to grow this line of business.

CBHNP is also continuing to pursue both commercial and public sector ventures and to grow our business within Pennsylvania and beyond. To increase our competitiveness, we have been actively working towards eventual NCQA accreditation. Our current efforts include an intensive review and revision of policies and procedures at the corporate level, to ensure their compliance with NCQA as well as HIPAA and all applicable regulations and standards.

■ Corporate Compliance Report

CBHNP's Corporate Compliance program has as its first priority the important responsibility of continually auditing all operations to ensure that we comply with all regulatory and

For the upcoming year we are committed to continuing the progress we have made, and to finalizing our implementation of a Physical and Electronic Security program that will comply with HIPAA standards and mandated timeframes.

Human Resources

Human Resources is a corporate function that supports CBHNP at its multiple sites. Its primary role is to work with management to identify human resource needs to support our current programs and to prepare us for our future growth. We have been very successful in recruiting, hiring and training a staff of professional, motivated employees who possess not only the skills and experience to support our mission, but the values as well.

In just a few years, CBHNP has grown from having just a handful of employees to its current roster of over one hundred at three different locations. While growth has been welcome, it can be challenging. Human Resources is responsible for meeting many of those challenges through its efforts to support EEO, policy development, recruiting and staffing, training & development, organizational development, employee relations, health and safety, and compensation and benefits administration. It provides orientation, wellness programs, development counseling, diversity and cultural competency training, and

consultation to management on all employee-related issues.

By balancing employee advocacy with the business' performance and productivity goals, CBHNP strives to become an "employer of choice". By putting people first, our turnover rate thus far through 2004 is under 5%. We strongly believe our employees are the key to our overall success. In return we provide our employees with a friendly and flexible place to work and an excellent total compensation package.

CBHNP also provides continuous ongoing orientation and training programs to all new hires and existing employees throughout their entire career here at CBHNP. Timely and well planned orientation and training activities provide a strong foundation on which to build a rewarding and productive employment relationship. Since employee development starts from day one and is a career long, company-wide endeavor, CBHNP has developed several policies and initiatives regarding orientation and training to help us achieve our overall goals and objectives. We also

strongly support and reimburse employees for job related educational opportunities that will benefit both the employee and the company through our external Tuition Reimbursement and Training Reimbursement program.

In today's competitive job market a company needs a reputation as a "preferred" employer. CBHNP will continue to strive to be innovative and unique and will always provide quality behavioral health services to our Members. We will also continue to strive to hire and retain the best of the best in order to become an "employer of choice" all the way around and create a climate for success for our employees, both personally and professionally.

The Regional Referral Center CBHNP's Northeast Office

In 1997, CBHNP contracted with BlueCross Northeast PA (BC NEPA) and opened our northeast operation, referred to as the Regional Referral Center (RRC). The RRC pro-



vides behavioral health triage and referral for Blue Cross of NEPA, managing the HMO line of business (First Priority Health) since 1997 and the Indemnity products since 2001. CBHNP has developed a proprietary MIS system for this business which conforms to rigorous reporting requirements.

A unique aspect of the First Priority Health contract is the alternative reimbursement and risk sharing methodology that includes Blue Cross-NEPA, CBHNP, and our provider members. This innovative approach has contributed to a partnership model that aligns fiscal incentives and results in a concerted effort to provide enrollees with the most effective care in the least restrictive setting. The cornerstone of this model is to maximize dollars available to care, effectively and efficiently managing programs while keeping administration costs to a minimum. This past year, CBHNP received a Blue Cross National Award for its successful partnership with Blue Cross NEPA in the shared risk/reward program.

CBHNP currently manages over 600,000 covered lives; including over 140,000 First Priority Health Members and over 460,000 indemnity Members. The contract was just renewed from August 2004 and includes several Quality/Performance Indicators and benchmarks as required by DOH. The Regional Referral Center consistent-



ly meets contract deliverables and oversight reporting requirements that are vital in anticipation of, and preparation for, the next NCQA on-site accreditation survey at Blue Cross scheduled for the Fall of 2004. The program is in compliance with NCQA standards and has received high satisfaction marks from consumer surveys.

CBHNP ISO

CBHNP has entered into a new business area which focuses on mental retardation services. We are working with Pennsylvania counties to implement one or both Intermediary Service Organization (ISO) models as required by the Office of Mental Retardation. In addition to strength as a provider-based organization, CBHNP has staff experienced in mental retardation services and is knowledgeable

about the requirements and activities of an ISO.

The Office of Mental Retardation (OMR) originally required counties to implement one of two ISO models by July 1, 2004 with the second model available by July 1, 2005. An extension could be obtained from OMR by counties for 2004; however, some have decided to move forward. Lancaster and Lebanon counties have contracted with CBHNP to serve as the ISO Vendor/Fiscal Agent. These programs went live starting July 1, 2004. In Juniata County, CBHNP is serving as a consultant to implement the Agency With Choice model as a pilot program to prepare for July 2005. Other counties are considering joining Juniata in this pilot program.

The ISO program that CBHNP offers includes a Mental Retardation Program Specialist staff position, which offers local presence and support for the families and county. CBHNP has conducted outreach with all PA counties to offer assistance with implementation and those efforts continue as the implementation status varies greatly across counties. We have the infrastructure and resources to complete all required activities of an ISO, including payroll, fiscal oversight, claims payment, and training. With the potential for additional changes as the ISO process moves forward CBHNP has flexibility in its design to adjust and adapt to such mandates.

Capital Area

CBHNP began its HealthChoices operations in 2001, with the award of a contract to serve the behavioral health needs of Medicaid recipients in south central Pennsylvania. CBHNP manages the program as a subcontractor to the Capital Area Behavioral Health Collaborative, Inc. (CABHC), a not for profit corporation created by Cumberland, Dauphin, Lancaster, Lebanon, and Perry Counties, and HealthAmerica/HealthAssurance (HASPA), the licensed subcontractor in this arrangement. At the end of this fiscal year, the program covered nearly 90,000 lives and was still growing. This contract was recently renewed effective October 2004.

Implementing the program contributed to a rapid expansion of CBHNP. The company has grown to a BH-MCO with revenues of approximately \$100 million annually. In addition, in the process of expanding we developed the resources and infrastructure commensurate with our increased business and responsibilities. Along with developing the highly sophisticated Management Information and telephone systems, we have a talented and professional team of staff as part of an efficient organizational structure.

We are extremely proud of our HealthChoices accomplishments, and the individuals and organizations that

have made our enterprise a success. We also value the extremely positive working relationships we have developed with our partners, CABHC and HASPA, as well as community stakeholders. Together we have ensured that the Capital Area HealthChoices program provides the highest quality, cost effective, program for Members and their families. A major section of this Annual Report is dedicated to describing the many internal

CBHNP departments that have worked collaboratively to accomplish our goals.

Member Services

The Member Services Department receives calls from Members, families and providers. Calls are either handled by the department immediately, or routed to the appropriate staff as indicated. Depending on the nature of the inquiry, calls may be directed to Quality Improvement, Care Management, Complaints and Grievances, or any of the other departments. Member Services Representatives have a bachelor's degree in a clinical discipline, and are carefully trained to respond to callers with professionalism, courtesy and respect, while carefully protecting the confidentiality of our Members' health information. Member Services has staff on site 24 hours a day every day of the year.

Should it be a caller wishing to access care or receive a treatment referral, or a provider calling on behalf of a CBHNP Member, the Member Services staff gather the initial assessment information and perform a basic risk assessment. Language line interpreter services and TDD are available, and there are direct links to crisis programs and 911/emergency services.

No automated menus or recordings are used by Member Services. All





calls are directly answered by our staff. Member Services has answered more than 114,000 calls over the past year, averaging more than 400 per business day.

Care Management

CBHNP is committed to providing our Members with the highest quality care. Providing the right treatment at the right time is the most clinical and cost-effective approach, and results in consistent consumer satisfaction. This is the responsibility of the Care Management Department.

The Care Management process is designed to assure that clinically necessary treatment occurs in the least restrictive environment that is available, safe, and clinically appropriate. This treatment should be appropriate for the diagnosis and presenting condition and consistent with recognized standards for professional care.

CBHNP's approach includes an initial review performed by a Clinical Care Manager who is a licensed mental health professional and will typically make a determination of

need and a referral for treatment. If a Clinical Care Manager is not able to determine the medical necessity of the services requested, the case is referred to the Medical Director or a Physician Advisor for review and determination. Almost 130,000 requests for care were processed by CBHNP Clinical Care Managers in the last year.

CBHNP uses stakeholder input to review and design all care management processes. Focused stakeholder groups have worked on areas such as defining the use of BSC, MT and TSS services; and setting the standards for Targeted Case Management and Family Based Mental Health services.

Quality Improvement

The QI Program is responsible for monitoring and continuously improving both the services and functions completed by CBHNP, and monitoring and evaluating the treatment delivered to Members by the CBHNP Provider Network.

As an example of these efforts within our programs, the CBHNP Capital Area QI Program was developed in conjunction with stakeholder feedback and review, and is organized around 10 initiatives that guide the monitoring, analysis and improvement of performance:

- Access to Care
- Appropriateness of Care
- Competency in Care Delivery
- Consumer and Family Involvement
- Continuity and Continuation of Care
- Diversity and Cultural Competency
- Outcomes and Efficacy
- Prevention and Community Outreach
- Safety and Risk Reduction
- Service Excellence

There were 72 criteria measured as part of the QI Program. Some highlights are:

- 98% of telephone calls to CBHNP were answered within 30 seconds while call volume increased to over 10,000 calls per month.
- The time needed by CBHNP to resolve administrative appeals was reduced from 45 days to 11 days.
- Member Services triage of Member calls improved from 86% to 96% compliance with established standards.
- Clinical Care Management medical necessity review documentation improved from 80% to 94%

compliance with established standards.

- Working collaboratively with providers, over 300 Critical Incidents were reported, and 86 specific quality of care issues were investigated and resolved.
- Timely access for Members with in HealthChoices standards for Emergent and Urgent treatment was met in over 94% of cases.

An important component of QI is the Complaint and Grievance Unit. Staff identify, track and resolve Member and provider complaints which are considered opportunities to improve service. Grievances (appeals of medical necessity decisions) are processed to assure that the appropriate level and intensity of services are authorized and provided to Members. Over the past year, 192 complaints were processed and resolved. The average time to resolution was 12 days, and 98% were resolved within 30 days. In the same time period, 294 grievances were successfully completed. The average time to resolution for an initial grievance decision was 13.5 days, and 92% were resolved within 30 days.

Provider Relations Department

CBHNP has a special relationship with providers. Our organization was created 9 years ago by community behavioral health providers as a means of continuing their contribu-

tion to treatment and maintaining an influence in the field in a new environment of managed care. In addition, providers constitute the governing body of CBHNP, and provide significant consultation on innovations in mental health and substance abuse treatment, and cost-effective, community-based care.

Provider Relations activities includes recruitment, selection, contracting, and credentialing, as well as ongoing quality monitoring and provider profiling. Our provider relationships put us at an advantage when it is necessary to create additional capacity in the network, or to develop alternative services that are in the Members' interests and make good fiscal sense.

As the organization successfully acquired business contracts, we have carefully developed a comprehensive provider networks to meet payor access and quality standards. Although our original provider members are an important component of this network, we have included over 300 organizational and individual providers operating at nearly 450

sites throughout 47 counties statewide. CBHNP contracts with providers for the complete continuum of behavioral health services. It includes hospitals, substance abuse facilities, group practices, and other behavioral health specialists who have experience serving the population covered under our programs. In addition to managing our network, the Provider Relations Department is responsible for ensuring out-of-network services are available to our Members as required.

The Provider Relations Department also assists our providers, offering significant training opportunities as well as consultation on such topics as varied as Corporate Compliance and Claims submission. The Provider Relations staff acts as a liaison, either helping programs directly or referring them to other CBHNP departments as appropriate. It also provides a conduit by which providers can be assured input to our organization.

CBHNP has always regarded our providers as our most important partners in ensuring access to con-





venient, high quality treatment for our Members, and Provider Relations is the department that makes the partnership work.

The Finance Department

CBHNP's Finance Department incorporates Accounting & Finance, Reporting, Information Systems and Claims Processing. We have had an exciting year with our share of challenges.

The CBHNP Finance staff has been very stable with very minimal turnover. Each area of responsibility has absorbed additional responsibilities without adding any additional staff, which is a credit to the increased efficiency and dedication of the staff.

CBHNP's Accounting & 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. All internal and external reports, including DPW reports, Financial Statements, and actuarial reports have been produced both timely and accurately.

CBHNP continues to improve in claim payment turnaround with the average turnaround time improving by 5 days during this fiscal year. This was the result of increased efforts in receiving claims from providers electronically. A separate report on that department is included in this annual report.

CBHNP continues to upgrade hardware in the IS area. Even though we have experienced absolutely no unscheduled system down time, we have recently undergone a significant upgrade in network server capacity. This is described more fully in the description of the MIS Department.

MIS Department

The primary mission of the MIS Department is to provide a secure, reliable network environment that manages and protects the integrity

of all CBHNP information systems. The MIS Department is responsible for CBHNP's managed care application, eCura™, and for maintaining our ability to capture and retrieve all data necessary to meet contractual mission and reporting obligations.

During the past fiscal year, the network did not experience any unplanned down time and continued to run smoothly with minimal down time for maintenance and general upgrade and repair.

The MIS Department successfully, and on-time, implemented all standardized Code Sets on October 16, 2004 as required by the HIPAA Administrative Simplification Act, while maintaining encounter data reporting requirements in the old proprietary format still required by DPW. At the same time, CBHNP was prepared to accept electronic claims in the new 837 EDI file format and was in the testing process with several of our larger providers. During the past year 765 EDI files were successfully processed in the production environment for a total of 134,825 claims. The number of electronic claims is steadily rising. Currently eight providers are sending electronic claims using the 837 EDI files and nine additional are in the testing phases. An application was developed to test each electronic claim prior submission for the purpose of communicating *Processing Confirmation Reports* to providers

and reducing errors. Other HIPAA EDI Transaction sets are in testing.

The MIS Department works in collaboration with our Claims Department to accommodate the Department of Public Welfare's new PROMISe system. The effort requires significant work to complete data conversion rules, audit new Master Provider Index (MPI) numbers and develop the functional specifications to handle the data elements and edit rules that are required with PROMISe.

On the horizon, the MIS Department has begun work on a major upgrade of the network that will provide redundancy of mission critical servers and is expandable to 6 Terabytes of space. In addition to improving data storage capability to allow for business expansion, it provides the necessary capacity to implement an electronic document storage and retrieval system. Implementation of this system will drastically reduce the large volume of records that must be stored on site for ready retrieval.

■ Claims Department

As an organization founded and governed by providers, CBHNP places special emphasis on paying claims on a timely basis. The Claims Department is responsible for meeting this obligation, and has succeeded beyond industry standards and

contract requirements. CBHNP processes clean claims in an average of 18 days and we are always reviewing ways to further improve processes such that providers can be reimbursed even more promptly.

During the past fiscal year, the Department processed either electronically or manually over 400,000 claims, averaging more than 8,000 per week. Ninety-two percent of all submitted claims were paid. Our

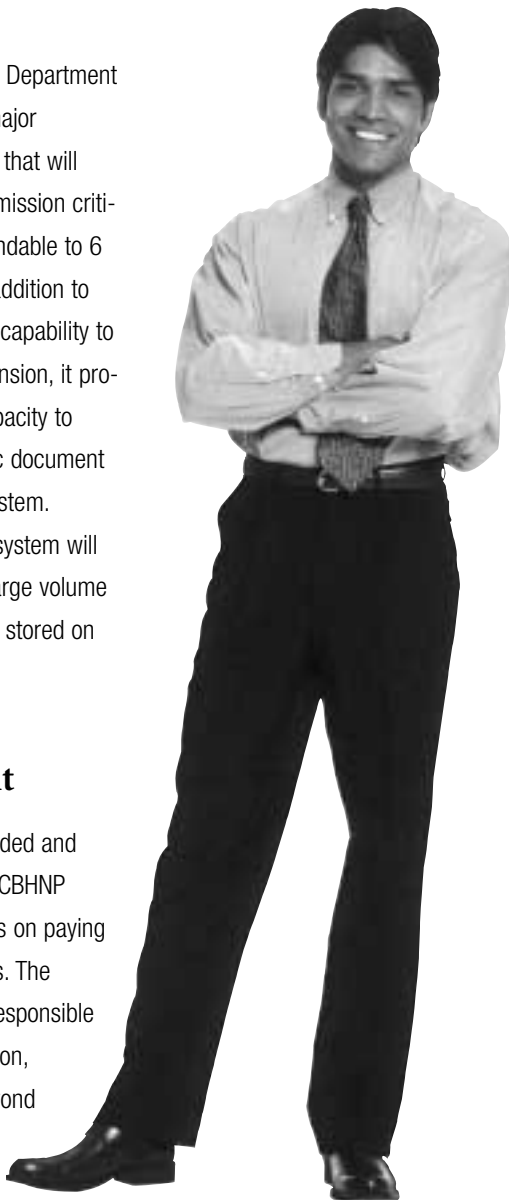
low rate of denial is due at least in part to the intensive training and consultation with providers furnished by our Claims and Provider Relations Departments.

These successes have been achieved despite a very challenging claims environment. The complications arising from implementation of HIPAA are well known in the industry, and involve significant changes in claims procedures and billing codes, and have involved development of sophisticated "crosswalk tables" to convert type of service and place of service. In addition, the implementation of the new PROMISe system by the Department of Public Welfare has required new protocols and staff training.

■ Children's Outcomes

In keeping with the commitment to assure that services authorized and supported by the corporation provide the maximum care to the Member with the least amount of intrusion, CBHNP has designed a comprehensive Children's Outcomes Monitoring System. The corporation hired the University of Maryland-Baltimore, Children's Outcomes Monitoring Center, to assist in the development of a comprehensive outcomes program for children and adolescents that would be applicable across all levels of care.

Monitoring outcomes for Members is a three-part process. At intake





beta-testing, providers are able to suggest changes to and improvements of the Outcomes Monitoring System prior to full implementation. CBHNP and the stakeholder committee are excited to expand the scope of the outcomes program throughout the remainder of 2004 and in 2005 to ensure system effectiveness and adequate and appropriate care to CBHNP Members.

and every three months through discharge from the system, the Child and Adolescent Functional Assessment Scale (CAFAS) is scored by the Member's lead clinician. On the same schedule, the clinician completes a comprehensive clinical outcomes interview and records the responses to that interview in a secure, electronic database managed by CBHNP and the University of Maryland. As well, each Member and their parent (s) provide information into the system about functional outcomes of the child through self-report surveys. A three-month follow-up with Members post-discharge also occurs.

The CBHNP outcomes monitoring program allows the corporation to collect data about progress made by Members during treatment. In turn, this information can be used to determine what treatment approaches and levels of care have greater success than others depending on the presenting problem of the Member. CBHNP will also be able to benchmark outcomes and progress of Members in treat-

ment against information collected from other states. Collection information- which can be reported by Member, by provider, by diagnosis, and by level of care- allows CBHNP to review the entire continuum of care, expanding effective services to meet Member needs- Although the child/adolescent behavioral continuum of care is fairly robust in Pennsylvania, there has been little effort anywhere in the state to collect data that can show what treatments work best. By instituting the Children's Outcomes Monitoring System, CBHNP can provide that information to others.

Over the last year CBHNP has begun beta-testing of the Children's Outcomes Monitoring System. Four providers, inclusive of two levels of care, Behavioral Health Rehabilitation Services (BHRS) and Family Based Mental Health (FBMH) are included in the beta-test. CBHNP has provided training on the Outcomes Monitoring System and CAFAS for all clinical staff as well as the certificates and access to the web-based data system. Through

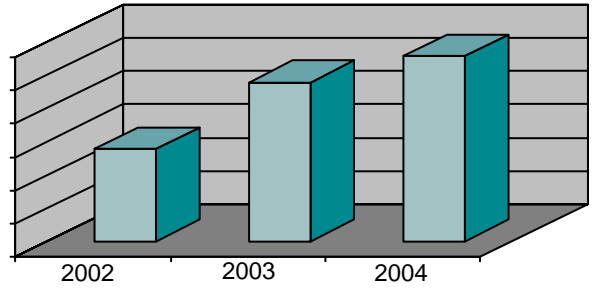
Financial Performance-2004

CBHNP's Financial Results have continued to be positive throughout the period July 2003 – June 2004. CBHNP has recorded a positive net income for 9 consecutive fiscal quarters beginning in April 2002, with the full enrollment of Capital Region HealthChoices Members.

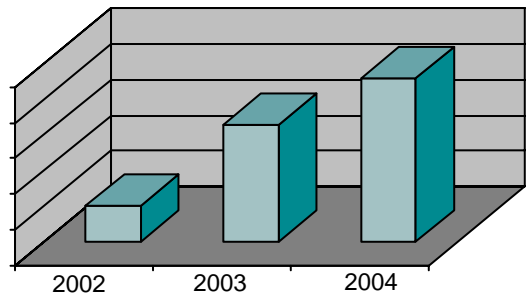
CBHNP has continued to expand our existing product lines of Commercial Managed Care, Public Sector Managed Care, Employee Assistance Program (EAP), and with the introduction of an Intermediary Services Organization (ISO) line of business. It has been our goal to decrease the administrative contribution for all existing products by expanding product lines and increasing the revenue in existing product lines.

With tightening budgets and the overall financial condition of the State, the Capital Region premium rates per Member per month decreased effective October 2004. Even with this decrease, CBHNP showed performance improvement in Cash, Investments, and Corporate Equity, as well as several other financial indicators, and we anticipate continued performance improvements for next year. While Capital Area HealthChoices is a large portion of our corporate financial report, we continue to carefully monitor the performance of all our lines of business.

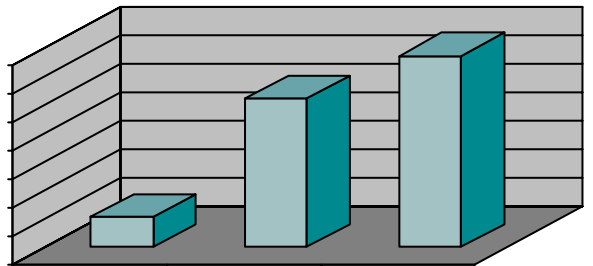
Cash (unrestricted)



Investments



Equity



We also stay focused on our overall financial goals of building necessary financial strength and reserves, while staying true to our corporate goal of ensuring that all dollars are available for medically necessary care and community services.

Member Providers

- Achievement Center
- Adams-Hanover Counseling Services Inc.
- Aldie Counseling Center
- Allegheny East MH/MR Center Inc.
- Allied Services
- Alternative Program Associates
- Behavioral Health Services of Wyoming Valley
- Carbon Monroe Pike D&A Commission Inc.
- Centerville Clinics Inc.
- Central Montgomery MH/MR Center
- Charles Cole Memorial Hosp. Dept of CMH
- Chartiers MH/MR Center
- Chestnut Ridge Counseling Services Inc.
- Child Guidance Resource Centers
- Children's Service Center of Wyoming Valley Inc.
- Clearfield-Jefferson Community MH Center Inc.
- Community Counseling Center of Mercer County
- Community Medical Center
- Community Services Alternatives Inc.
- Community Services Group
- Community Services Management Corporation
- CONCERN
- Cumberland Valley MHC
- Devereux - Mapleton Center
- Dickinson Mental Health Center
- Drug and Alcohol Treatment Service
- Eagleville Foundation
- Family Guidance Center
- Family Svcs of Western PA
- Familylinks, Inc.
- Friendship House
- Glade Run Lutheran Services
- Greater Erie Community Action Committee
- Helpwise, Inc.
- Holy Family Institute
- Home Nursing Agency
- Human Services Center
- Human Services Inc.
- Indiana County Guidance Center
- Intercommunity Action Inc. (INTERAC)
- Jewish Family and Children's Service of Phila.
- Keystone Service Systems Inc.
- Lenape Valley Foundation Inc.
- Lourdesmont, Good Shepherd Youth/Family Svc.
- MAPS Behavioral Health
- Marian Community Hospital
- Mercy Behavioral Health
- Northeast Counseling Services
- Northern Tier Counseling Inc.
- Penn Foundation Inc.
- Pennndel Mental Health Center
- Pennsylvania Community Providers Association
- Philhaven
- ReDCo Group
- Sarah A. Reed Children's Center
- Scranton Counseling Center
- Serenity Hall Inc.
- Silver Springs - Martin Luther School
- The Trehab Center
- Threshold
- Tri-County Human Services Center Inc.
- Turtle Creek Valley MH/MR Inc.
- Wordsworth Academy
- Wyoming Valley Alcohol & Drug Services Inc.
- Youth Advocate Program





CBHNP

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