



Pioneer Behavioral Health Awarded Expanded Contract With Detroit-Wayne County Community Mental Health Agency

January 4, 2005

Contract Expands Pioneer's Scope of Services and Presence for
Michigan Residents

PEABODY, Mass., Jan. 4 /PRNewswire-FirstCall/ -- PHC, Inc., d.b.a. Pioneer Behavioral Health (OTC Bulletin Board: PIHC), a leading provider of inpatient and outpatient behavioral health services and pharmaceutical research, today announced its WellPlace Division has received a \$998,000 expansion of the Company's contract with the Detroit-Wayne County (Michigan) Community Mental Health Agency, for the period from October 1, 2004 through September 30, 2005. As part of the agreement, Pioneer will offer additional services related to the previously-announced \$1.8 million annual contract to provide 24-hour mental health information and referral services through both the telephone and Internet 365 days per year. Pioneer has provided services for the county since its original agreement was announced March 1, 2003 and this amendment and extension increases the Company's contract with Detroit-Wayne County to approximately \$2.8 million per year. This will favorably impact the Company's revenues and earnings beginning during the second fiscal quarter (which began October 1, 2004).

Bruce A. Shear, Pioneer Behavioral Health's President and Chief Executive Officer, commented, "This contract further solidifies our relationship with Wayne County and we believe is a vote of confidence in Pioneer's ability to deliver high-quality, cost-effective services for the county's residents. We are pleased to have the opportunity to expand the scope of our services, as well as our presence to the public sector in Michigan and this county's 2.2 million residents. We will work diligently to further our mutually beneficial relationship with Detroit-Wayne County as we serve the mental health needs of their population."

Pioneer will be providing credentialing services for all mental health providers offering mental health treatment and services in Wayne County in an effort to expand coverage, coordinate benefits and care and improve access for mental health consumers. Pioneer will utilize standardized screening instruments designed to rapidly and consistently determine if an individual is eligible for specialty support services, care, and/or treatment, and further if the condition is emergent, urgent, routine or requires referral or linkage to external resources. The Company will then triage individuals who were deemed eligible, referring patients to community resources for further assessment and care. Individuals deemed not initially eligible for care will be referred to community resources for further action and assistance. The Company will utilize best practice guidelines consistent with Federal, State and agency standards.

About Pioneer Behavioral Health

Pioneer Behavioral Health's core business provides inpatient and outpatient behavioral healthcare services. The company contracts with national insurance companies, major transportation and gaming companies to provide behavioral health services. Pioneer's Pivotal Research division provides clinical research for leading pharmaceutical manufacturers. Pioneer also owns and operates Wellplace.com, a leading Internet-based provider of behavioral health services to consumers and professionals. For more information, please visit our web site at www.phc-inc.com or www.haydenir.com.

This press release may include forward-looking statements that are subject to risks and uncertainties. Forward-looking statements include information about possible or assumed future results of the operations or the performance of the company and its future plans and objectives. Various future events or factors may cause the actual results to vary materially from those expressed in any forward-looking statements made in this press release (or during this conference call). These factors and risks are discussed in the company's annual report on Form 10-KSB for the years ended June 30, 2003 and 2004, copies of which were filed with the Securities and Exchange Commission in September 2004.

For further information, please contact: Bruce A. Shear of PHC, Inc., +1-978-536-2777; or Investor Relations, Matthew Hayden of Hayden Communications, Inc., +1-843-272-4653, for PHC, Inc.

SOURCE PHC, Inc.

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/CONTACT: Bruce A. Shear of PHC, Inc., +1-978-536-2777; or Investor Relations, Matthew Hayden of Hayden Communications, Inc., +1-843-272-4653, for PHC, Inc./
/Web site: <http://www.Wellplace.com> /
/Web site: <http://www.haydenir.com> /
/Web site: <http://www.phc-inc.com> /
(PIHC)

CO: PHC, Inc.; Pioneer Behavioral Health; WellPlace Division; Detroit-Wayne County Community Mental Health Agency

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