



PHC, Inc. Announces Plans to Open New 60-Bed Psychiatric and Chemical Dependency Hospital Near Las Vegas

September 6, 2005

Facility to Serve Green Valley and Las Vegas Metro Areas

PEABODY, Mass., Sept. 6 /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 that it plans to open a 60-bed psychiatric and chemical dependency hospital in Henderson, Nevada, located in Green Valley. The hospital will be named Seven Hills Behavioral Institute and will be located at the Seven Hills Medical complex. This hospital, the first free-standing psychiatric center to open in the region in two decades, is anticipated to open in the fall of 2006, pending final approval of all regulatory licenses and permits.

"This facility will meet the growing demand for an underserved and rapidly growing population in the Las Vegas Metro area which now totals approximately 1.6 million," commented Bruce A. Shear, Pioneer's President and Chief Executive Officer. "With no free-standing psychiatric hospitals or inpatient beds in Henderson, we are well positioned to fill a void in this market. Pioneer is committed to bringing effective inpatient psychiatric services to populations in need, providing a valuable service to this community. Hospital emergency rooms are currently unable to meet demand in many regions across the country and Seven Hills Behavioral Institute will help ease this burden by serving the psychiatric and chemical dependency needs of residents in the area from all age groups."

The facility will increase the total number of beds Pioneer operates to approximately 300 nationwide. The Company expects the Seven Hills Behavioral Institute to begin contributing to Pioneer's revenue by the quarter ending December 2006 with annualized revenue of approximately \$8.5 million. Margins are expected to be similar to existing margins within the Company's other inpatient facilities. Pioneer has entered into an agreement with a well-established local healthcare real estate developer to lease the facility with an option to purchase 50 percent of the real estate. Pioneer will finance the operation through cash reserves and its available credit facility.

Mr. Shear further commented, "We continue to evaluate new ways to increase and diversify our revenue base. The need for inpatient psychiatric services is expanding nationwide, and this need has garnered attention at the highest levels, as evidenced by public statements and mandates from various elected officials, including President Bush. Pioneer is well positioned to leverage its core competencies to meet this demand professionally, compassionately and efficiently."

About Pioneer Behavioral Health

Pioneer Behavioral Health operates companies that provide inpatient and outpatient behavioral health care services, clinical research and Internet- and telephonic-based referral services. The companies contract with national insurance companies, government payors, and major transportation and gaming companies, among others, to provide such services. For more information, please visit <http://www.phc-inc.com> or <http://www.haydenir.com>.

Statement under the Private Securities Litigation Reform Act of 1995:

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. For a discussion of these factors and risks, see the company's annual report on Form 10-KSB for the most recently ended fiscal year.

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