



Pioneer Behavioral Health to Break Ground in Henderson, Nevada for Psychiatric/Chemical Dependency Hospital

March 7, 2006

*** Inpatient/Outpatient Hospital in Henderson to Serve Adults, Adolescents, and Children * Will Increase Pioneer's Total Bed Capacity to Over 300 Nationwide * Hospital to Fill Significant Void in the Growing Las Vegas Metro Area**

PEABODY, Mass., March 7, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- 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, will break ground on March 15, 2006 for its Seven Hills Behavioral Institute, a 60-bed acute care psychiatric and chemical dependency hospital, located in Henderson, Nevada. The groundbreaking ceremony will take place at 11 a.m. (Pacific) on West Horizon Ridge Parkway in Henderson, in the Seven Hills Medical Plaza. A number of federal, state and local dignitaries will address the audience.

The Seven Hills Behavioral Institute will be the first free-standing psychiatric hospital to open in the Las Vegas metro area in approximately two decades, and is scheduled to commence operations in early 2007. It will provide inpatient and outpatient psychiatric care and chemical dependency treatment to various patient populations, including adults, adjudicated and non-adjudicated adolescents, and children.

Located in close proximity to Pioneer's Harmony Healthcare facilities (www.harmonyhc.com), the two-story facility will occupy more than 20,000 square feet and will house 60 beds in three separate patient wings. Each wing specifically has been designed to convey a comfortable, therapeutic environment, taking into account the security needs of both the patients and staff.

"Our facility will be positioned to meet the growing demand in both an underserved and rapidly expanding population in the Las Vegas metropolitan area," said Bruce A. Shear, Pioneer's president and chief executive officer. "Our hospital will provide a valuable service to the community by providing psychiatric and chemical dependency care to residents in the area's communities, and advance the city's efforts to make appropriate care more easily available."

With more than 1.6 million residents, Clark County is one of the fastest growing communities in the United States-growth which has created an increased demand for all services, including health care and education. With the increase in population, the demand for psychiatric and chemical dependency treatment has increased as well. This trend has created a unique and immediate opportunity for the Seven Hills Behavioral Institute to fill a significant void in the market.

Currently, many Las Vegas adolescent patients are referred to healthcare facilities in other states, which often limit the contact the young patients have with their families, and increases the total cost of receiving treatment. When patients are referred to the Seven Hills Behavioral Institute, they will

receive treatment with their families nearby, and the referring insurance companies and payors will benefit with a reduced cost of care.

"Our hospital will enable patients to stay close to their homes and families, which is especially important in the treatment of children," Mr. Shear continued. "Having loved ones nearby helps maintain a sense of stability by retaining daily routines and promotes more treatment successes. We have developed specific areas and tailored programs for these younger patients."

The facility will increase Pioneer's total number of beds to approximately 300 nationwide and is expected to contribute annualized revenue of approximately \$8.5 million. Profit margins are expected to be similar to existing margins within Pioneer's other inpatient facilities. Financing for the build-out of this facility will be provided through cash reserves and Pioneer's available credit facility.

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 www.phc-inc.com or www.haydenir.com.

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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-K for the most recently ended fiscal year.

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