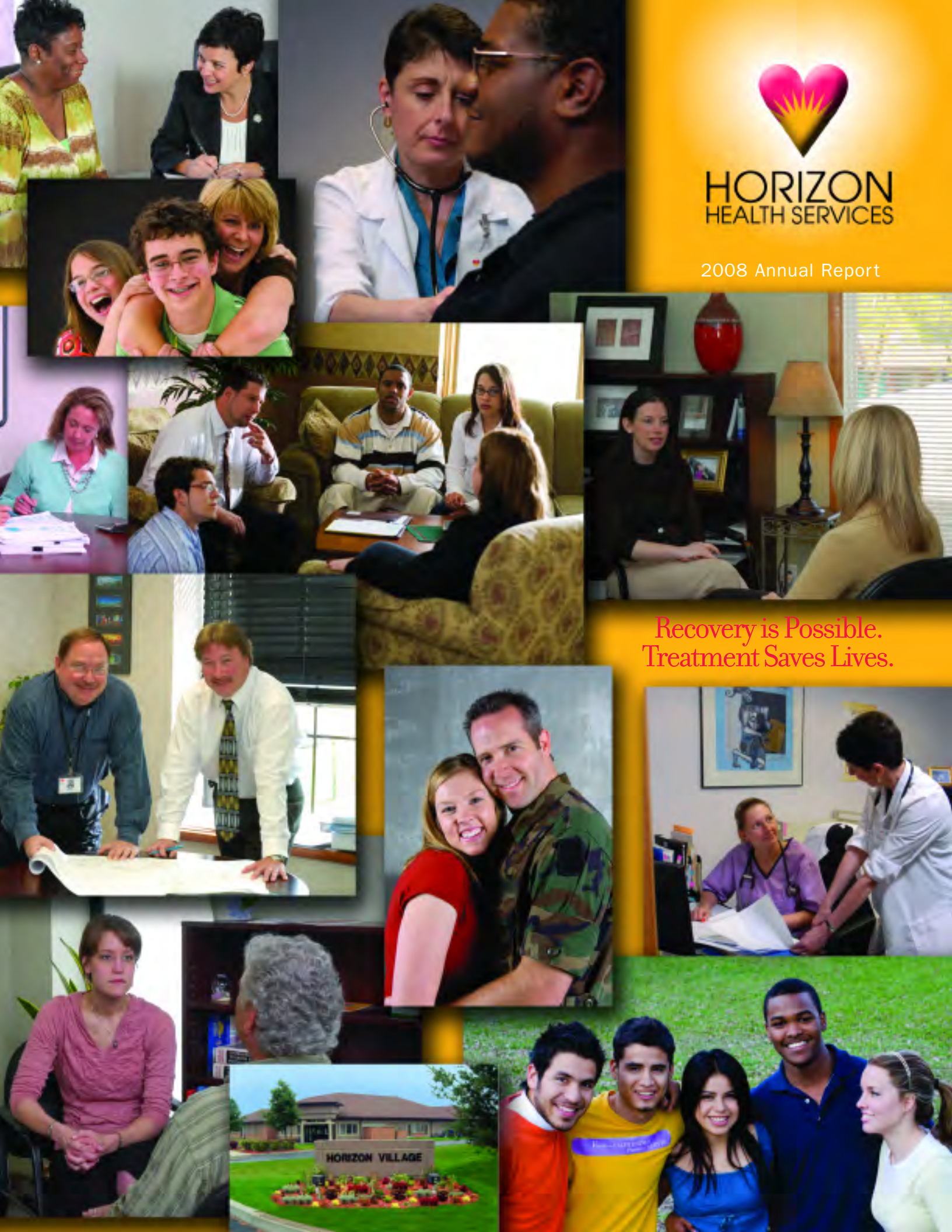




HORIZON
HEALTH SERVICES

2008 Annual Report



Recovery is Possible.
Treatment Saves Lives.



“It is difficult to say what is impossible, for the dream of yesterday is the hope of today and the reality of tomorrow.”

- ROBERT H. GODDARD
AMERICAN ROCKETRY PIONEER

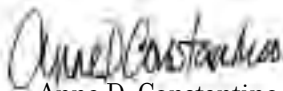
MESSAGE FROM THE PRESIDENT & CEO

Our mission is to “help individuals and their families achieve health and recovery for a better tomorrow.” In 2008, we served more than 9,000 individuals and their families. I know that each one of the individuals we served received a message of hope for recovery and the possibility of a better future. For some, their recovery started in 2008. For others, we have to believe that their recovery will be sometime in the future.

We will continue to meet our mission of helping individuals and their families achieve health and recovery for a better tomorrow. We have a bright, committed team that operates with integrity and the highest ethical and professional standards. I would like to thank my talented team and the boards of directors for your dedication and support.

In these difficult economic times it is satisfying to know that we continue to operate as a financially strong not-for-profit organization. Our commitment, accomplishments and quality have distinguished us as a vital resource for behavioral health care in the Western New York community.

I am looking forward to 2009— “the best year ever”!



Anne D. Constantino

President & CEO

“I am happy to report that 2008 was a year of growth and success. We met and exceeded our financial goals, we made significant progress in the area of service and program development and we improved quality based on specific metrics that we have targeted and tracked.”



2008 Highlights

Health Management Group

Health Management Group (HMG) provides all fiscal, executive, quality improvement, personnel management, facility management/development, contract development, corporate compliance, information management and corporate development services to Horizon Health Services and Horizon Village.

2008 Highlights

- Received recognition as one of the top 20 large “Best Companies to Work for in NYS” through staff nominations and surveys.
- Significant improvement in the reduction of open positions. Number of vacancies at year end was five as compared to 23 at the beginning of the year.
- Installed new computers and monitors with standard operating systems that optimized the hardware technology at the individual user level.
- Renegotiated higher reimbursement rates with key third party insurers.
- Introduced creative productivity incentive plans to counseling staff, which contributed to the 14% productivity growth.
- Reduced uncollected cash for unpaid co-pays/ deductibles by 50%.
- Through process improvement project of accounts receivable department, significantly improved “Days Accounts Receivable Outstanding” from 48 in 2006 to 38 in 2008.
- Converted billing of all major payors from manual submissions to electronic.

2009 Goals

- Implement overhaul of reimbursement for all service lines.
- Convert company to electronic, web-based time and attendance system.
- Secure balance of funding for construction of Horizon Village Wellness Rehabilitation Center.
- Expand employee training programs through the initiation of Horizon University.
- Enhance employee compensation through Performance Pay and Incentive Pay Systems.
- Become one of the very best places to work in Western New York (and beyond) by making Horizon the most rewarding professional experience for our employees.

In 2008, Horizon grew in size to \$16.1M in revenue.

Horizon Health Services

Established in 1975, Horizon Health Services was founded to provide community-based mental health counseling services in the Buffalo area. Today, Horizon is the largest and most comprehensive provider of behavioral services in Western New York. We provide a comprehensive menu of services including mental health and addiction outpatient counseling, primary care, vocational training, case management and housing services across Erie, Niagara and Genesee Counties.

Continued growth is slated for 2009, including a 25-bed expansion on the Horizon Village campus dedicated to serving veterans with substance abuse issues.



2008 Highlights

Horizon Village

Horizon Village (HV) is a 50-bed treatment program that provides intensive residential addiction services to residents of all eight counties of Western New York. The program is designed for chemically-dependent individuals who have been unable to establish and maintain abstinence through outpatient or traditional inpatient treatment.

Residents participate in a comprehensive, individualized recovery program that includes educational, vocational, family and mental health recovery components designed to assist individuals in developing the core skills necessary to live a substance-free life.

We have expanded our employee base to 300 and decreased turnover by 50%.

2008 Highlights

- Awarded two significant grants (approx. \$4.5 million) that will allow us to expand addiction treatment and medical services at Horizon Village. Funding will be used for the development of a new residential treatment facility for veterans and the development of a primary care center that will serve the medical and mental health needs of HV residents and the local community.
- Awarded a grant from the Grigg-Lewis Foundation for capital development of the HV campus.

2009 Goals

- We will continue campus expansion, adding a residential facility for young adults, an educational center to provide GED and college training for campus residents and supportive housing.
- The vision of Horizon Village acknowledges that addiction treatment must include holistic, individualized care that supports the person in recovery, his or her family and the community. As the campus expands, we are actively seeking to provide our community with the type of care that will allow individuals in recovery the opportunity to build or rebuild a life with purpose, meaning and esteem that benefits all.

Proposed Horizon Village Master Plan



Proposed Veterans Facility



Helping individuals and their families

Mental Health Services

One in five individuals each year needs treatment for a mental health disorder. Mental illness does not discriminate. It can affect persons of any age, race, religion or income. Any mental health disorder can have a profound effect on a person's thinking, feeling, moods, ability to relate to others and capacity for coping with the everyday demands of life.

The good news is that mental illnesses are treatable and recovery is possible.

Our five mental health clinics provide individual, family and group solution-focused treatment, as well as supportive counseling, to individuals who have a diagnosable mental health disorder. Individuals served include those ranging from consumers with transient situational crises to those with serious and persistent mental illness.

2008 Highlights

- Implementation of Dialectical Behavioral Therapy (DBT) groups designed to assist individuals with personality disorders.
- Recognition by the Office of Mental Health (OMH) Services as the leader in person-centered Family Consultation. Several staff members and consumers were featured in a DVD being used statewide for OMH program training purposes.
- Expanded mental health and psychiatry capacity at all licensed clinics.

2009 Goals:

- Expand education and support services to family members.
- Integrate primary care into behavioral health clinics with a goal to increase engagement and linkage with the primary care center.
- Increase psychiatry services scope and practice to allow consumers to have continuing access to psychiatry and medications throughout their recovery.
- Continue staff development in the areas of DBT (dialectical behavioral therapy) and trauma.
- Expand services to women who are pregnant or post partum.

Laurie S. suffers from paranoid schizophrenia.

She overcame many personal obstacles to contact potential employers with the hope of finding a job. Staff members at our Career Opportunity Center (COC) helped by reviewing her work history, skills, resume and career goals and creating a plan to reach her goal.

With hard work and determination, Laurie found a job she loves at a local collection agency, where she has received numerous excellent reviews. "Laurie is a fast learner and extremely conscientious," says Tina, her supervisor. "She's been a great help to me and we really enjoy having her here."

Dean Ciofani, supervisor of placement at the COC, accompanied Laurie to work for the first few weeks until she felt comfortable with the job. Now, he visits her at work on a monthly basis.

"Laurie is extremely resilient," says Dean. "She overcame her fears and was willing to get rejected 100 times just to get that one 'yes.' She epitomizes success through resolve."



achieve health and recovery for a better tomorrow.

Addiction Services

Addiction or chemical dependency is a progressive disease. Long-term drug and alcohol abuse can cause devastating physical and psychological problems. It interferes with relationships, work, health and more. Persons with addictions can often stop for awhile but, without professional help, usually revert back to the need to resume alcohol or drug use. Recovery from addiction is possible. Horizon's outpatient addiction treatment programs provide opportunities for people to recover.

Horizon operates 10 outpatient clinics that provide addiction treatment services to adolescents, adults and their families. The overall goals of treatment are the establishment and maintenance of abstinence from all mood-altering substances and improvements of consumers' family and community functioning.

2008 Highlights

- Opened our newest addiction outpatient clinic in Batavia, Genesee County.
- City Market addiction clinic became a fully-licensed addiction clinic program.
- Implementation of nationally-recognized addiction curriculum at several clinics.

2009 Goals

- Open a new addiction clinic in Cheektowaga first quarter 2009.
- Expand Suboxone services for opiate addiction.
- Open a family recovery center in northern Erie County.

Rehabilitation & Recovery Services

Rehabilitation and Recovery (R&R) services are designed to assist consumers with their ongoing rehabilitation and recovery and to achieve psychiatric stability. Often these services provide an alternative to hospitalization. For individuals recently discharged from inpatient facilities, these programs offer structure, intensive treatment monitoring and supervision. These programs help individuals to develop social supports, daily living and pre-vocational skills. Most services are provided in the context of modules within a programmed but flexible weekly schedule, with adjunct individual supportive counseling as appropriate.

2008 Highlights

- Merging of Hertel R&R into Bailey Kensington R&R program.
- Enhanced staff skills through participation in a variety of training opportunities such as OMH Wellness Self Management, Family Consultation, Wellness Recovery Action Plans (WRAP) and Group Skills.

2009 Goals

- Implement Personalized Recovery Oriented Services (PROS) program to provide support in a community-based setting to assist consumers in achieving their personal rehabilitation goals.

Mark C. started drinking excessively when he was in his mid-40s.

After many years as an alcoholic, Mark found his way to Horizon and, with the help of the Niagara Falls City Market Counseling Center staff, quit drinking. But his addiction led to health problems, such as high blood pressure and weight gain. Luckily for Mark, the City Market Center also houses one of our two primary care medical units, and he was able to get his health issues under control as well. Under the watchful eye of the primary care staff, who offered guidance for better nutrition and exercise, Mark quit smoking, lost more than 100 pounds and lowered his blood pressure to within a healthy range. Today, at 52, Mark has been sober for 18 months, lives in supportive housing and has a job he loves. He credits the dedication and professionalism of the City Market addiction and primary care staff with the turnaround in his life.

"Mark realized he needed to make healthier choices in his life and was very disciplined about doing just that," says Christene Amabile, a certified family nurse practitioner at City Market. "He's successfully made some dramatic changes and I am very pleased at his progress."



Helping individuals and their families

When Qalam A. first started in the Horizon program, she was addicted to crack cocaine and suffered from anxiety disorder.

Once she began to understand the relationship between her mental health issues and her addiction, she embraced the program and began to thrive. She's been clean and sober for more than a year. She recently left her volunteer job to focus on pursuing her CASAC certification. While she, at times, struggles with anxiety and cravings, Qalam continues to utilize all the resources available to her to achieve her goals.

"Qalam is very brave and, as a result, has grown so much," says Jennifer Gall, MA-Counselor 3 at the Bailey Kensington Rehabilitation & Recovery Center. "She's compassionate, empathetic and totally willing to share her story to help others. I think she'll make a great counselor!"

Medical Services

Horizon's Department of Health certified medical diagnostic and treatment unit provides primary medical care to individuals in Erie and Niagara Counties. While we serve the general community, Horizon medical services specialize in primary care for individuals with chemical dependency and mental illness. Our dedicated board certified physicians, nurse practitioners and registered nurses, as well as other healthcare professionals, deliver these services in a compassionate and comfortable environment at our two clinic locations.

2008 Highlights

- Increased new business to medical unit by 22% from 2007.
- Increased RN productivity by 94% from 2007.
- Reduced overall no-show rate for visits from 25% in 2007 to 18% in 2008.

2009 Goals

- Provision of fully-integrated primary and behavioral health care services.
- Establishment of a walk-in clinic.
- Expansion of Suboxone services for opiate addiction.



achieve health and recovery for a better tomorrow.

John K. is in his early 50s and suffers from depressive disorder and schizoaffective disorder.

He wasn't working because of his fear of going out into the community and his lack of social support. He was hesitant to try anything new and resisted the idea of "seeing what was out there" in terms of a job or volunteer position. The Career Opportunity staff worked with John, eventually finding him a volunteer position at a local hospital. Within a short time, John reported that he loves his position and his life has become more meaningful now that he is able to help others.

"John really pushed himself outside his comfort zone," says Jennifer Gall, MA-Counselor 3 at the Bailey Kensington Rehabilitation & Recovery Center. "He found a talent he didn't know he had – working well with people – and it gave his life new meaning to be able to help others."

Support Services

We continue to offer a variety of support services to assist our consumers with their recovery and a successful return to the community, work and school. These services include:

Mental Health Comprehensive Case Management Services are designed to serve persons residing in Niagara County with serious mental illness and significant impairment in their ability to function independently and effectively in the community. Intensive Case Management is provided to persons requiring the availability of services 24 hours per day. Supportive Case Management is provided to individuals who require less intensive support. Funds are also available to assist recipients in addressing daily living needs.

Transitional Case Management provides services for participants in the City of Buffalo Mental Health Court. Case managers and a peer counselor assist and advocate for persons with mental illness adjudicated by the Court to ensure their access to treatment and rehabilitation services.

The Psychiatric Diversion Team works with non-violent individuals who have been arrested and links them to community resources to divert them from the criminal justice system.

The Career Opportunity Centers provide comprehensive vocational abilities and interest testing, hands-on assessment, job preparation, skills training, job placement and post-employment support services to individuals with mental illness and/or addiction. Trainees are placed in meaningful and permanent competitive employment settings paying livable wages. The Centers are certified providers for NYS Vocational and Educational Services for Individuals with Disabilities (VESID).

Supportive Housing Services Horizon has 40 supportive housing slots for the placement of individuals who are homeless and have a documented behavioral health disability. Horizon case managers provide identification and assistance in consumers' relocating to these apartments.

2008 Highlights

- Often one of the biggest obstacles our consumers face is being uninsured and unable to access quality health-care services. We are fortunate to have a strong team advocating for our consumers in this area, using their skills to assist our consumers in obtaining benefits. Our Medicaid application success rate is 92%.
- We continue to obtain competitive employment for our consumers. Some examples of jobs obtained in 2008 are: \$72,000 in a computer field, a welding supervisor at \$17 an hour, a sales job making \$15 per hour.



2008 Demographics

Horizon Health Services (HHS) Individuals served (excluding medical)	9,035
Number of calls taken at Central Intake	6,130
(average of 24/day)	
Addiction	5,234
age 27 and younger	40%
Mental Health/ Rehabilitation & Recovery	3,801
age 40 and older	70%
Veterans served in 2008	401
Horizon Village (HV) Admissions	242
age 27 and younger	32%

WHO COMES TO HORIZON?

Gender		Race	
Male	67%	Caucasian	68%
Female	33%	African-American	26%
		Other	6%

OUTCOMES

Average Length of Stay (months)		Positive Treatment (Discharge Status)	
Addiction	3.3	Addiction	50%
Mental Health	11.6	Rehabilitation & Recovery	79%
Rehabilitation & Recovery	14.5	Mental Health	48%
Horizon Village	2.4	Residential (Horizon Village)	57%

WHERE DO REFERRALS COME FROM?

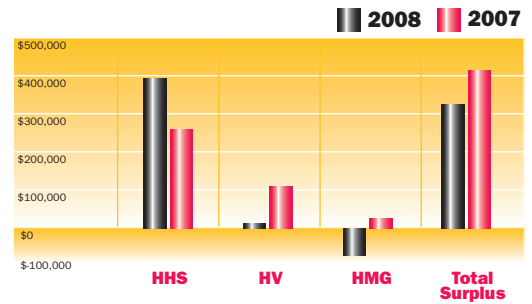
Mental Health		Addiction		Rehab & Recovery	
Self/Family	33%	Criminal Justice	49%	Health/Hospitals	33%
Health/Hospitals	26%	Self/Family	17%	Self/Family	12%
Criminal Justice	17%	Health/Hospitals	12%	Criminal Justice	5%
Other	24%	Other	22%	Other	50%

2008 Financial Report

PROFIT/(LOSS)

The following summarizes the overall Horizon Corporation results for the 2008 year as well as other key information:

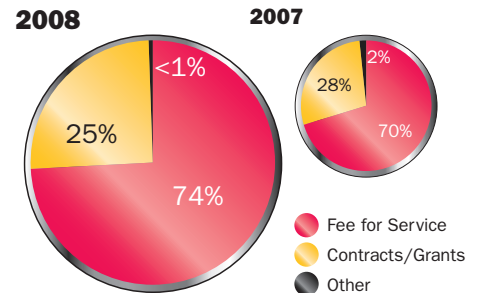
	2008	2007	Variance
HHS	\$392,285	\$267,413	\$124,872
HV	17,026	110,175	\$(93,149)
HMG	(90,414)	32,005	\$(122,419)
Total Surplus	318,897	\$409,593	\$(90,696)



REVENUE

Total revenues for 2008 were \$16,273,401 compared to \$15,535,970 for 2007, which represents a 4.7% increase. Fee for Service revenue increased primarily due to fewer clinical staffing vacancies, a new clinic in Batavia and increased productivity per clinician which resulted in \$14,049 or 14% more outpatient units. Contract/Grants revenue decreased as a result of discontinuing several 2008 jail-based services in Niagara County. Other revenue significantly decreased due to poor performance of investments.

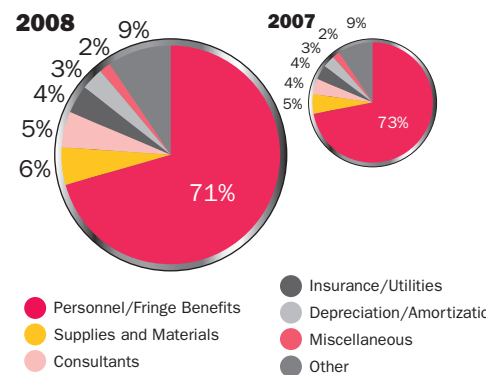
	2008	2007	Variance
Fee for Service	\$12,071,170	\$10,929,418	\$1,141,752
Contracts/Grants	4,131,901	4,360,073	(\$228,172)
Other	70,330	246,479	(\$176,149)
Total	\$16,273,401	\$15,535,970	\$737,431



EXPENSES

Total expenses for 2008 were \$15,954,504 compared to \$15,126,377 in 2007, which represents a 5.5% increase. A 3% increase in Personnel/Fringe Benefits reflect annual performance raises given to employees. The notable increase in consultants is a result of securing necessary additional physician time in 2008 which was unusually low in 2007. Additional supplies, insurance and property costs were incurred in 2008 as a result of opening an additional addiction clinic in Batavia, and preparing for the opening of a clinic in Cheektowaga in early 2009.

	2008	2007	Variance
Personnel/Fringe Benefits	\$11,285,764	\$10,909,233	\$376,531
Supplies and Materials	879,966	798,719	81,247
Consultants	850,271	614,056	236,215
Insurance/Utilities	647,454	610,559	36,895
Depreciation/Amortization	550,650	494,681	\$55,969
Miscellaneous	276,417	278,787	(2,370)
Other	1,463,982	1,420,342	43,640
Total	\$15,954,504	\$15,126,377	\$828,127



Boards of Directors

Health Management Group, Ltd.

Paul J. Candino
Palladian Muscular
Skeletal Health

Dan DiPofi
Hockey Western New York, LLC
The Buffalo Sabres

Gretchen Fierle
Invisionit LLC

William Glass
Evans National Bank

Pete Grum
Rand Capital Corporation

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NYS Energy Research
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Niagara County
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Horizon Health Services

Randyll P. Bowen
Niagara County Community College

Mark Cramer, Esq.
Attorney at Law

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Counseling Center

Katie Kenney
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Michael Maxwell, Esq.
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Catholic Charities of Buffalo

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Chair, Niagara County Legislature
Eighth District Representative

Dennis Walczyk
Catholic Charities of Buffalo

Stefanie Zakowicz
Community Representative

Believe in Recovery.

OUR MISSION

Helping individuals and their families achieve health and recovery for a better tomorrow.

OUR VISION

We envision a future where all individuals who need and want help can easily access Horizon's effective health and recovery services.

Using emerging technologies and best practices, we are providing innovative services beyond the boundaries of WNY.

In this future, Horizon is widely recognized as a great employer, having the highest quality staff and providing state-of-the-art effective services.

OUR VALUES – RESPECT

Respect for consumers, company, co-workers and self

Excellence. Every day. Effort 100%

Success through teamwork and personal accountability

Progress through innovation, and efficient and effective business practices

Equality in our standards for hiring, promotion and service delivery

Care that is high quality and person centered

Truthfulness in all actions

Locations



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716.831.1800 fax 716.831.1818



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716.731.2030 fax 716.731.3010



3020 Bailey Avenue, 2nd Floor, Buffalo, NY 14215
716.831.1800 fax 716.831.1818

Bailey Kensington Center

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716.831.0200
fax 716.831.0206

Bailey LaSalle Center

3297 Bailey Avenue
Buffalo, NY 14215
716.833.3622
fax 716.834.4557

Boulevard Center

1370 Niagara Falls Boulevard
Tonawanda, NY 14150
Addiction 716.833.3708
fax 716.833.3711
Mental Health 716.833.3792
fax 716.833.5646

Hertel Elmwood Center

699 Hertel Avenue Suite 350
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716.831.1977
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**Hertel Elmwood
Medical Center**

699 Hertel Avenue Suite 330
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716.834.0282
fax 716.834.1613

Batavia Recovery Center

314 Ellicott Street
Batavia, NY 14020
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fax 585.815.0251

Lockport Center

36 East Avenue
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Main Amherst Center

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Niagara Falls Center

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**Niagara Falls
City Market Center**

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**Niagara Falls City
Market Medical Center**

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Tonawanda Center

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Union Losson Center

Union Losson Plaza
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