

HealthReach Community Health Centers is a sustainable system of community-based Health Centers dedicated to high quality, affordable health care. Qualified and caring professionals deliver services in response to the diverse needs of those we serve, in collaboration with local organizations. Respectful care is delivered within a rewarding environment that fosters innovation and creativity. We commit ourselves to the rural and underserved of central and western Maine.







Stephen E. Walsh, MHA
President & CEO

Message from the Board Chair & President

On behalf of HealthReach Community Health Centers, we are pleased to present our Annual Report covering fiscal year July 1, 2004 to June 30, 2005.

This was another successful year for HealthReach Community Health Centers. Our team of dedicated providers and staff delivered quality, affordable primary and preventive health care services to nearly 38,000 medically underserved residents of central and western Maine at over 143,000 visits to our health centers.

The publication of this year's report comes as health centers nationally celebrate their 40th

anniversary. The federal health center program started out as a pilot project in President Lyndon Johnson's declared "War on Poverty" in 1965. Now health centers are the family doctor to 15 million people across America and over 125,000 in Maine. No one is turned away for care, regardless of insurance status or ability to pay. Study after study documents the effectiveness of health centers in fighting chronic diseases such as diabetes, heart disease, high blood pressure and asthma — by providing affordable and accessible health care. And health centers are cost-effective. Our delivery of primary



Members of the 2005 HealthReach Community Health Centers Board of Directors

Front row (left to right): Eleanor Jodrey, Rebecca Kendall, Margaret Bean, Judy Leadley

Back row (left to right): Dan O'Halloran, Sophie Glidden, Roger Renfrew, MD, Leonard Dow, Judd Thompson, Robert Sullivan, Maribeth Canning

Not shown: Nellie Blagden, Barbara Covey, MD, Jay Robbins

care services and emphasis on prevention strategies to reduce chronic illnesses lessen the need for more costly hospital and specialty care.

As the national movement celebrates its 40th anniversary, HealthReach Community Health Centers celebrates its 30th. Over the past three decades no fewer than 1,000 employees and volunteers have helped us bring quality, affordable and accessible health care to some of the most rural parts of western and central Maine. Many of those associated with HealthReach Community Health Centers' effort have been involved since its inception in 1975. This is an

incredible testimony to the passion and commitment to community health felt by those involved. As a system of Federally Qualified Health Centers, a majority of members of our governing Board of Directors — all volunteers — are health center patients. This active patient involvement ensures responsiveness to local needs.

In addition to being close to home to the area residents whom we serve, our health centers also improve access by offering services that help patients access care, such as health education, case management of chronic disease and advocacy for patients who are having difficulty accessing other

community resources. A sliding fee program is available to patients in financial need.

As we celebrate our 30th anniversary, we also are announcing our strategic plan for the next five years. We will expand our quality assurance initiatives focused on chronic disease management in order to achieve the best possible health care outcomes for our patients. We will invest in information technology that will enable us to capture outcome data needed to better manage patient care. We will implement new operational strategies to improve efficiencies. And we will take

additional steps to attract new patients and to recruit and retain qualified providers and staff.

Many thanks to our employees, to members of our community and governing Boards, and to members of the community-at-large for your support of our efforts to improve the health and well being of our friends and neighbors.

Margaret Bean

Margaret Bean, Chairperson

Stephen E. Walsh, MHA, President

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Quality Family Healthcare, Affordable and Close to Home



Our Story...

HealthReach Community Health
Centers (HRCHC) has been a vital
part of the health care delivery
system in Central and Western Maine
for years. Through our system of 11
federally qualified health centers, we
provide comprehensive primary care
services for the whole family to nearly
38,000 Maine residents each year —
regardless of insurance status or
ability to pay.

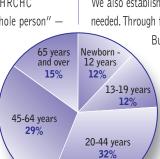
Great Family Health Care

Our health care providers are trained in primary care medicine and are dedicated to meeting the needs of people of all ages living and working in rural communities. HRCHC providers treat the "whole person" — not just physical symptoms, and form partnerships with their patients,

encouraging them to

take an active role

in their care.



Affordable

HRCHC's services are available to everyone, regardless of ability to pay.

We bill all of the major insurance companies, Medicare and MaineCare. We also establish payment plans when needed. Through funding from the U.S.

Bureau of Primary

Health Care, we also offer a Sliding Fee Program, based on income and family size. In addition, we partner with two hospital-based



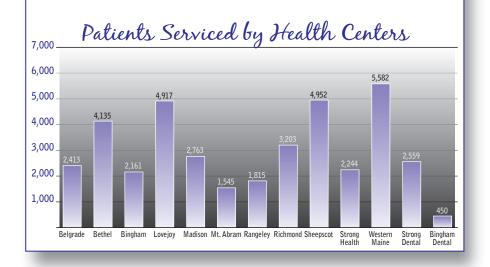
When our Health Centers Joined HRCHC

1975 Bingham Area Health Center established - HRCHC's first community health center opens

1977 Madison Area Health Center opens, becoming the second

HRCHC





programs which enable our patients to obtain specialist care, hospital services, and medication assistance on a sliding scale based on income

Over 11,000 of our patients receive MaineCare. For patients who have Medicare as their primary payor, only a small percentage have secondary insurance. A total of 4,339 (11.3%) of our patients are enrolled in our Sliding Fee Program.

Close to Home

We serve families in over 80 rural communities, primarily in Kennebec, Franklin, Oxford, Somerset, Lincoln, Sagadahoc and Androscoggin counties. Nearly 38,000 people chose us as their primary care provider in 2004, totaling over 143,000 visits.

We work closely with four hospitals located in our service areas: Franklin Memorial Hospital (Farmington), MaineGeneral Medical Center (Augusta and Waterville), Redington-Fairview General Hospital (Skowhegan) and Stephens Memorial

Hospital (Norway). We also collaborate with a number of local organizations, state agencies and individuals who deliver crisis management, health, social service, education and other complementary services to area residents.

Services Provided

HRCHC provides comprehensive primary and preventive care services to children and adults. The core services available to Health Center patients include:

- Care of acute and chronic illnesses.
- Checkups for the entire family
- Routine pediatric care
- · Immunizations for children and adults
- School and sports physicals
- Well-woman exams and routine gynecological care
- Family planning services
- Laboratory services
- Minor surgery
- Referrals to specialty care and community resources
- · Behavioral health services
- On-call emergency coverage, 24 hours a day, 7 days a week
- Sliding Fee Program (for those who qualify based on income and family size)

Some Health Centers also offer general internal medicine, osteopathic manipulative therapy, obstetrics/gynecology, podiatry, dental care, social work services, parenting support and/or WIC Nutrition Services.





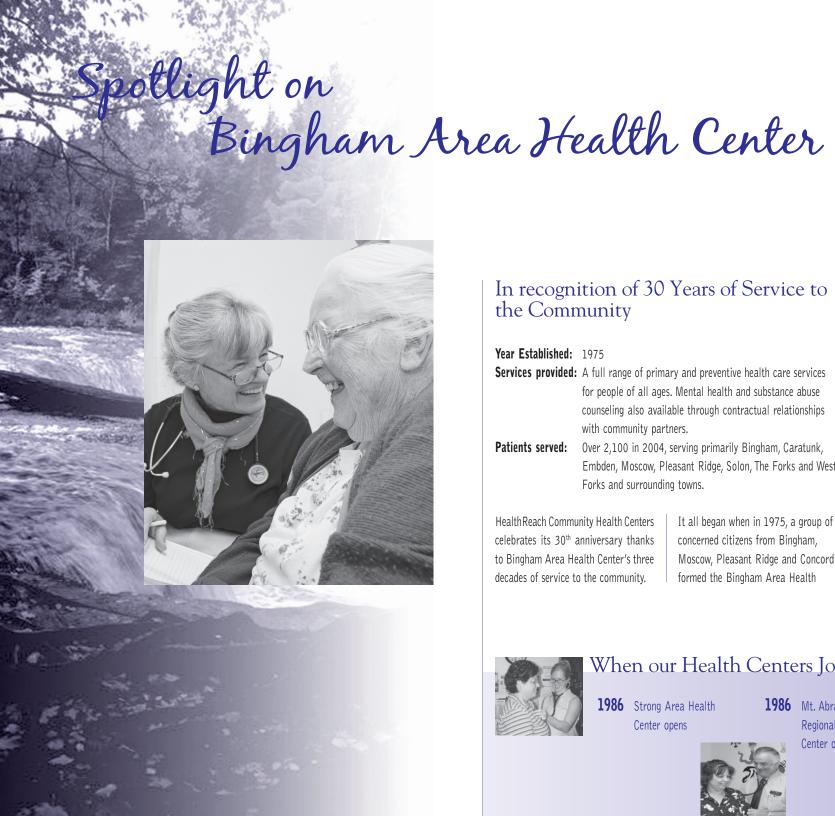
Richmond Area Health Center opens



1978 Lovejoy Health Center opens



1980 Sheepscot Valley Health Center opens



In recognition of 30 Years of Service to the Community

Year Established: 1975

Services provided: A full range of primary and preventive health care services

for people of all ages. Mental health and substance abuse counseling also available through contractual relationships

with community partners.

Patients served: Over 2,100 in 2004, serving primarily Bingham, Caratunk,

Embden, Moscow, Pleasant Ridge, Solon, The Forks and West

Forks and surrounding towns.

HealthReach Community Health Centers celebrates its 30th anniversary thanks to Bingham Area Health Center's three decades of service to the community.

It all began when in 1975, a group of concerned citizens from Bingham, Moscow, Pleasant Ridge and Concord formed the Bingham Area Health

Council. The only doctor in the area had moved to Skowhegan, leaving the community without medical care. This left local residents no choice but to travel 25 miles or more to receive primary and hospital care. Seeing the need to regain access to care close to home, the Health Council worked with Kennebec Valley Regional Health Agency of Waterville (now HealthReach Community Health Centers), to bring health care back to the community. Founding health center staff members were hired in



When our Health Centers Joined HRCHC

1986 Strong Area Health Center opens

1986 Mt. Abram Regional Health Center opens



1987 Western Maine Family Health Center opens



"Having lived in the Bingham area most of my life, I know that having the health center in our community means a lot. We are grateful that we don't have to travel elsewhere. I feel very fortunate that my family can receive the kind of quality care that the health center provides. It is harder and harder for people around here to keep up with health care costs, with the loss of industry and the higher paying jobs and benefits that have left with it. Having this health center here makes a real difference, as there is a great need for the services. It makes the community a better place."

- Jay Strickland, patient of Bingham Area Health Center

late 1975. Soon after, the first The practice has grown over the years patients were seen. Robert Girard, and adapted to meet the growing PA-C, was the provider caring for needs of the community. In 1990, the patients in those early days, with original site on Main Street was Robert Kaschub, MD, from expanded to add a business Skowhegan on site part-time office and new exam reviewing patient charts. room. Despite this HealthReach Community Health Centers

modest expansion, the space, which was formerly a private residence, was quickly outgrown. In the fall of 2002, the health center relocated down the street to a much-needed newly built facility at 237 Main Street. This accomplishment is credited to the diligent efforts of members of the local Health Council, who own the building.

Today a health center staff of 16 offer a full range of primary and preventive care services to children and adults, regardless of insurance status or ability to pay. Over one-half

of the health center's staff, including veteran provider Cindy Robertson, MD, have served for over 20 years, special connection with the community.

1994 Rangeley Region Health Center



Bethel Family Health Center, which opened in 1979, joins HRCHC



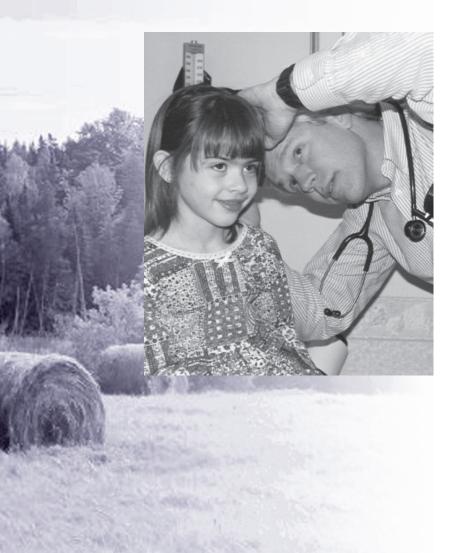
2003 Dental Center opens at



2004 Part-time dental program

Strong Area Health Center

Making a Difference: A Promise Kept





"The health center has benefited area residents in many ways. We all value having a role in ensuring that health care services remain available right here in the community."

- Chester Hibbard, President of Bingham Area Health Council (Community Board)

This year, Community Health Centers nationally mark 40 years of service and contribution in America's health care.

It is an historic anniversary made possible by the vision and hard work of people who continue to believe that health care is a right of all people and that good health is indispensable to the future of this nation.

We stand proud of all that has been accomplished as one of the largest provider systems in the country.

National leaders, policy makers, academia, and the press recognize that our model of care – rated among one of the top most effective programs in the federal government — is not only an intrinsic part of the nation's health

delivery system, but part of

the solution to meeting community health needs while stemming the tide of rising health care costs.

The health center movement is an incredible story of human spirit and passionate belief that we can improve the human condition. None of it came easy, nor did it happen by chance. It took commitment and advocacy. It took dedication to work within our communities as providers to learn how best to care for patients suffering from multiple needs and environments of hardship.

by the federal government in the turbulent decade of the 60's, a program evolved out of the nation's "War on Poverty." This was a social

experiment that harnessed the resources of the government and the creative thinking of a few reformminded physicians and nurses and community activists and organizations to expand access to health care.

The step was historically significant and revolutionary. For the first time, federal resources were committed to lay the groundwork for the development of community based, primary care infrastructure to serve medically underserved populations. It confronted the reality that even with expansion of public insurance to cover broad segments of the poor and elderly under Medicare and Medicaid, millions of Americans and their families would still lack access to basic health services because of poverty, cultural, or geographic barriers.



Congressman Mike Michaud visits with a patient at Bingham Area Health Center, Feb. 2005.

It all started as a small federal grant program in 1965 that provided seed money to activate community initiative – to empower people and communities themselves to find partners and resources to develop centers, to recruit doctors and needed health professionals, and to build their own point of entry into the health delivery system. By the end of that first year, 25 "neighborhood health centers" were in operation. By the mid-70s, about 100 centers were up and running. In 1975, health centers were made a permanent program of the Public Health Service Act.

Today, federally qualified health centers serve over 15 million

Americans under a program administered by the Health Resources and Services Administration (HRSA),

Bureau of Primary Health Care (BPHC), U.S. Department of Health and Human Services.

America's health centers are one of the nation's great success stories, thanks to dedicated teams of doctors and health professionals, volunteer community Board Members and administrators who believe in the mission and stand as a living testament to the work, initiative, and ideals of many who believe that we must take responsibility to address problems and work together to find solutions to improve health and the quality of life for all people.

(Source: National Association of Community Health Centers (NACHC), excerpts from "Community Health Centers History," by Thomas J. Van Coverden, President & CEO, NACHC. For more information, visit www.nachc.com)



"I've been a patient of the health center since I was a child, and now my four children are patients as well. I appreciate that the providers and staff here truly know their patients and are in tune with our health care needs. Having health care available here close to home means we don't have to travel the distance to the hospital or elsewhere, which has been especially important to me."

- Heidi Dow, patient of Lovejoy Health Center



"One of the primary reasons I joined the health center is because I wanted to practice medicine in an underserved area. We have a caring staff, and we all find it rewarding to provide care to a community that is truly appreciative of our health center's services."

- David Ferris, DO, Madison Area Health Center





"We care for patients regardless of their income or insurance. I really believe we put the patients' welfare first. I feel this is how medicine should be practiced. I can't imagine working anywhere else."

- Richard DeCarolis, DO, Bethel Family Health Center and HRCHC's Operational Medical Director

Why Community Health Centers Succeed

Community health centers have succeeded because of the men and women who have never given up the dream of affordable and close-to-home health care and who have dedicated their lives to making this program work for the people of their communities. But success is also attributable to the unique structure of the health center model with its strong ties to the communities it serves:

- Health centers are built on a solid foundation of public-private partnership. They are partnerships of people, governments and communities working together to meet local health needs built bottom up, by community initiative.
- Health centers are uniquely governed by consumer Boards representing the community and the patients served. This link to the community has been all-powerful.
- Health center programs from the beginning have focused on prevention and outcomes. Health centers continue to be about early interventions, outreach, and patient education. Studies document that health centers save billions of dollars for the nation keeping people healthy and out of hospitals and emergency rooms.

Health centers are true community builders. In every sense of the word, health centers
are more than providers of care, they are catalysts, empowering communities with
resources, jobs, education and strong futures. Today, most of the 78,000 employees of
health centers are community residents. A total operating budget of over \$6 billion
generates more than \$15 billion in community economic development. Every \$100
million invested in health centers brings another \$300 million in new investment and
other resources to local communities nationwide.

In these and so many other ways, health centers have provided a true model for community development, not just in theory – but in reality. In their 40-year history, they have provided a lesson on how consumer involvement in health care can make a difference and succeed.

Source: National Association of Community Health Centers

"Providing health care to folks who live in a rural community is rewarding. People know us and are reassured that we know them and their health situation and history and that we are here for them. We enjoy seeing entire families."

– Ellen Tewksbury, LPN, 27 years at Bingham Area Health Center



Focus on Quality: Management of Chronic Disease

One area in which community health centers excel is in the management of chronic disease. A focus on preventive care and treating the "whole person" and not just symptoms contributes to successful outcomes. One example of how HRCHC demonstrates our commitment to quality assurance is through participation in health care initiatives that match the clinical needs of our patients.

Across the Health Reach
Community Health Centers system,
diabetes consistently ranks among the
most commonly diagnosed conditions.
Since January 1, 2005 Lovejoy
Health Center (LHC), located in
Albion, has participated in the U.S.
Department of Health and Human
Services, Bureau of Primary Health
Care's Health Disparities
Collaborative on Diabetes Care. The
Health Disparities Collaborative is a
multi-year initiative that seeks to
determine a more efficient and
effective model of care to manage

chronic diseases. It uses a Chronic Care Model for Improvement that results in changing behaviors in four easy steps: Plan, Do, Study and Act (PDSA Cycles). The Chronic Care Model is based on identifying which patients have an illness,

patients have an illness, ensuring that these patients receive evidence-based care and actively helping patients to participate in their own care. Forrest West, MD, is the leader of Lovejoy's Diabetes Collaborative team.

Much has been accomplished since the beginning of the year. Participation in this Diabetes Collaborative has enabled Lovejoy's team members to try new ideas and new ways of doing things and to test these ideas before putting them into action. A new electronic registry has enabled Dr. West to monitor the effectiveness of each patient's treatment plan and to help educate patients and support their participation in management of

their own health. The team has also developed collaborative relationships with other organizations, agencies and systems within our communities, counties, state and the BPHC Northeast Region.



Additionally,
Barbara Moss,
DO, of Sheepscot
Valley Health
Center in Coopers
Mills, has
completed a year
of participation in
the Maine Health:
Chronic Disease

Diabetes Collaborative. We are proud that HRCHC has had both national and state involvement in Chronic Disease Collaboratives, demonstrating our strong commitment toward improving the way we approach prevention of chronic illnesses and how we treat them once they occur.



"Our goal is to close the gap between what's the known treatment and what is the best actual treatment, by using the chronic care model to actively take care of people with chronic diseases. We also get the patient more involved in their care so that he or she knows as much as possible and can play a more active role in the management of their disease."

- Forrest West, MD, Lovejoy Health Center

Working Together to Do More for Our Communities



In order to fulfill our mission of providing first-rate medical care that is affordable and close to home, HealthReach Community Health Centers work closely with community partners who have overlapping visions for healthier Maine communities. Together with community members, providers and organizations, we assess the ever-changing local health care needs, develop workable solutions, generate new resources, and evaluate our efforts and successes.

In the fall-winter of 2004-2005,
HealthReach completed a Community
Health Needs Assessment across our
entire system of eleven health centers.
We surveyed patients, Community and
Governing Board members, employees
and others. Identified needs have
since been incorporated into our
Strategic Plan, which will guide our
organization over the next five years.

We maintain partnerships with the committed local citizens who comprise our Community Boards, and they are beginning to work more closely with each other. Many of our

health centers and the communities we serve face similar challenges, and coming together to exchange ideas enables us to find solutions that benefit all. The Boards continue to work directly with the individual health centers on facility enhancement and community education forums. Last year, Richmond's Community Board facilitated remodeling the facility for increased patient and staff comfort. Belgrade's Community Board completed a capital campaign for a new facility slated for the winter of 2005. In addition, a number of health centers provided community forums for seniors on negotiating the health care maze.

We continue collaborative relationships with hospitals, health care entities and social service organizations to prioritize needs, join forces on vital projects, attract additional funding to the area, and ensure health care access to both citizens and visitors. Currently, for example, we are working

collaboratively with the Area Agencies on Aging and Social Security to assist patients with understanding and enrolling in the new Medicare D drug benefit.

We participate in State of Maine initiatives and coalitions to ensure that the health and dental needs of rural citizens are recognized and addressed. Current memberships include Maine Primary Care Association, Maine Dental Access Coalition, Healthy Maine Partnerships - Center for Tobacco Independence and Maine Public Health Association.

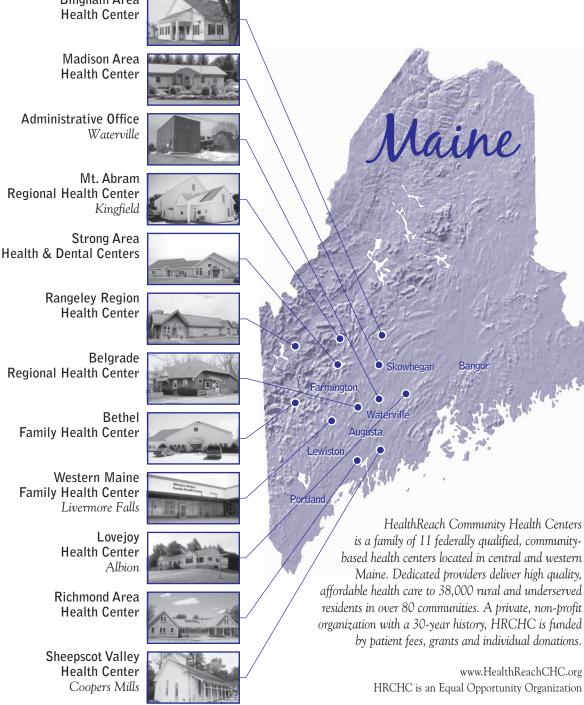
Some examples of how the practices of HealthReach Community Health Centers currently participate in statewide and regional initiatives are listed below:

All of our Health Centers offer
 Nicotine Replacement Therapy
 through partnerships with the
 Maine Primary Care Association,
 the Center for Tobacco
 Independence and a number of
 local Healthy Maine Partnerships.



- Mental health and substance abuse programs are made available to our Health Center patients on-site and in partnership with local behavioral health providers.
- Eight HRCHC practices participate in health access programs (CarePartners and Franklin Health Access Program) to ensure that patients receive Sliding Fee Services for health care needs beyond their individual health centers.
- · Through our involvement with Maine Dental Access Coalition and Maine Oral Health Program, we have been able to launch dental practices at two of our Health Centers (Strong and Bingham).
- WIC (Women, Infants and Children Nutrition Program) is available onsite at many of our Health Centers. Families obtain education and nutritious foods in their own communities.
- · Several of our Health Centers participate in health care Collaboratives to ensure that patients with chronic conditions are more involved in their own treatment and receive increased screening and education. Lovejoy and Rangeley, for example, have entered into a partnership with the Maine Primary Care Association's (MPCA) Tobacco Treatment Program to track tobacco treatment efforts. Lovejoy has also partnered with the MPCA and the local hospital to assess diabetic patients' understanding of the disease and to further that knowledge in order to better manage their health.





Giving Opportunities at HealthReach Community Health Centers



HealthReach Community Health Centers offers numerous giving opportunities for residents and visitors, local businesses, vendors, foundations and organizations to support our mission of providing firstclass health care that is close-tohome and affordable.

Since opening our first community health center 30 years ago, we have received a number of generous grants from federal, state and private sources as well as contributions from individual donors. This support has enabled us to offer a Sliding Fee Program to those who qualify, as well as to initiate a variety of outreach and education services - parenting programs, dental services, domestic peace initiatives and health education programs.

With the generous support of donors, we will continue providing compassionate medical care to improve the lives of Maine children, adults and families. Additional resources are needed now more than ever, as the needs of our patients continue to grow, while insurance and government subsidies decline. In this rapidly changing and increasingly difficult health care environment, donations are

essential to fund patient service improvements, patient education and community health programs, and technology advancements necessary to continue the HealthReach tradition of excellence in delivering family health care to our rural neighbors.

Giving opportunities for individuals at HealthReach Community Health Centers include donations of time, money, goods or services to the organization or to an individual health center. Our goal is to match donors' interests and values with the needs of individual health centers. As a 501(c)(3) non-profit organization, financial donations to HealthReach are tax deductible under IRS rules.

Employee Giving - The employees of HealthReach Community Health Centers take pride in the daily work of providing high quality medical and dental care to area residents and visitors. In addition, we have a wellestablished practice of contributing time and money to important causes – international disaster relief (e.g. 2004 tsunami tragedy), local annual United Way Campaigns, medical leave bank for fellow employees in crisis, and community volunteerism.

In this our Thirty-Year Anniversary of providing healthcare, we want to specially thank local businesses and vendors who contributed generously to our Annual Employee/Volunteer celebration. We are grateful for the tremendous support of the quality health care we provide every day.

Play a meaningful role in ensuring that residents of your community obtain the health care they deserve by becoming involved with HealthReach Community Health Centers. We invite you to:

- Make a financial contribution
- Give a donation of goods or services
- Participate in one of our special events
- Volunteer vour time

For more information about how you can contribute or to learn about our current priorities and opportunities, you may contact our Development Office at (207) 861-3466 or by e-mail at HRCHC@HealthReach.org.

Financial Statements

2005

2004

Years Ending June 30, 2005 and 2004

STATEMENT OF FINANCIAL POSITION

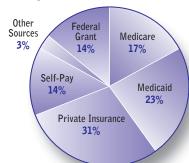
ASSETS

\$2,097,118	\$1,982,155
582,118	547,072
<u>425,326</u>	<u>398,830</u>
\$3,104,632	\$2,928,057
\$1,493,971	\$1,303,671
<u>426,434</u>	<u>11,417</u>
1,920,405	1,315,088
1,184,227	1,612,969
\$3,104,632	\$2,928,057
	582,118 425,326 \$3,104,632 \$1,493,971 426,434 1,920,405 1,184,227

STATEMENT OF ACTIVITIES

REVENUE	2005	2004
Gross revenues, gains		
and other support	\$16,633,848	\$16,326,394
Deductions from revenues	2,568,282	2,641,253
Net revenues, gains and		
other support	\$14,065,566	\$13,685,141
EXPENSES		
Salaries, wages,		
employee benefits	\$ 9,495,869	\$ 9,300,060
Supplies and other	4,038,119	3,888,247
Provision for bad debts	456,939	479,944
Total expenses	13,990,927	13,668,251
Income/(loss) from recurring		
opperations	74,639	16,890
Nonrecurring operating expense	* <u>503,976</u>	
Net operating income/(loss)	(429,337)	16,890
Nonoperating gains/(losses)	21,298	55,139
Increase (decrease) in		
unrestricted net assets	(\$408,039)	\$72,029







*Nonrecurring operating expense relates to the cost of malpractice insurance conversion which was financed through long-term debt

Our eleven Health Centers serve residents of over 80 rural communities:

Belgrade Regional Health Center Belgrade Lakes, Maine (207) 495-3323

Bethel Family Health Center Bethel, Maine (207) 824-2193

An Equal Opportunity Organization www.HealthReachCHC.org

Bingham Area Health Center

Bingham, Maine Health Center: (207) 672-4187 Dental Program: (207) 672-3519

Lovejoy Health Center Albion, Maine (207) 437-9388

Madison Area Health Center Madison, Maine (207) 696-3992 Mt. Abram Regional Health Center

Kingfield, Maine (207) 265-4555

Rangeley Region Health Center

Rangeley, Maine (207) 864-3303

Richmond Area Health Center

Richmond, Maine (207) 737-4359

(207) 549-7581

Sheepscot Valley Health Center Coopers Mills, Maine Strong Area Health Center

Strong, Maine Health Center: (207) 684-4010 Dental Center: (207) 684-3045

(207) 897-4345

Western Maine Family Health Center Livermore Falls, Maine

Administrative Office
Waterville, Maine
(207) 861-3400 or 1-800-427-1127

HealthReach Community Health Centers P.O. Box 1568

Waterville, Maine 04903

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