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John E. Meeker -Executive Director

May 24, 2010

Re: SLS/CES Provider Billing Changes

Dear SLS/CES Clients, Families, and Guardians,

This letter is to inform you of changes Development Pathways, Inc. is instituting for the processing of payments to Supported Living Services (SLS) and Children's Extensive Services (CES) providers beginning August 1, 2010. **These changes will have no effect on your services and you are not required to take any action.** However, because these changes will impact your SLS/CES providers we believe it is important you are aware.

Effective August 1, 2010, Pathways will be charging a 4% processing fee to process SLS/CES provider invoices electronically. The fee will be 5% for processing non-electronic billing. SLS/CES providers also have the option of billing Medicaid directly. However, to do so they must first become approved by the state Division for Developmental Disabilities (DDD) as Program Approved Service Agencies (PASA's). Large agencies and day programs are already PASA's.

Pathways receives no funding for the processing of SLS/CES provider invoices. The changes to the waivers have made the processing of invoices more difficult, costly, and labor intensive. Pathways works with approximately 275 SLS/CES providers for about 500 clients with a total of 1,800 monthly invoices. Many invoices are for multiple clients. Reconciliation and payment of the billings with state and other data systems are a major undertaking with multiple steps. Pathways can no longer absorb these costs.

A majority of the other CCB's have already instituted processing fees.

Pathways has tried over the years to accommodate client and family requests for independent contractors/providers. The result was Pathways clients had a wide range of possible providers

from whom to choose. However, the sheer number of providers as well as the fact that these persons are often family friends, para-professionals, and others who work part time to supplement their income makes managing the billing process difficult, time consuming, and costly. Under prior waivers Pathways had greater flexibility and resources to assist these providers with business and billing issues. Under the new waivers, Developmental Pathways does not have the resources to provide the prior level of support. We are struggling like everyone else to adjust to the constantly changing realities.

We are hopeful that these changes will have little or no direct effect upon clients and their families.

Sincerely,

/s/ Bob Ward

Bob Ward

Director – Client/Family Relations

Developmental Pathways, Inc.

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