Clinical Researcher—January 2020 (Volume 34, Issue 1)

GOOD MANAGEMENT PRACTICE

You've Earned It! 10 Tips to Help Clinical Research Sites Recognize Earned Revenue in 2020

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As a manager for a clinical research site, you dedicate a lot of time to negotiating budgets and performing your other duties. Now it's time to follow through, stop leaving money on the table, and recognize all the revenue you have earned.

Here are 10 steps you can take to help collect all your research program revenue:

1. Budget Review: Prior to a fully executed contract, thoroughly read through the budget and payment terms. Identify any areas that are vague or not clear. For example, your site may have "combination" visits (e.g., Visit 1 and Visit 2 could occur on the same day). How will the sponsor pay for multiple visits on the same day? Will the sponsor pay the full amount for both visits, or will it pay less because of the timing? Other budget areas that can be vague are payments for screen failures and unscheduled visits. How will they be paid (flat amount/per procedure) and when? Some sponsors will delay payment until trial end for screen failures; not only will this reduce the revenue you have available now, but you could have less leverage at trial end to dispute how the sponsor paid for those screen failures and what procedures should be covered.
2. Track and Reconcile Payments: It's a common misconception that sponsors and contract research organizations (CROs) do not pay on time. However, you will probably find that roughly 72% of payments are paid in accordance with the terms in the contract.{1} Setting up a process to track activity and payments before work begins is critical.

Frequently, patient visit payments are made upon monitored data (no invoice required). This leads many sites to put off tracking and reconciling these payments. Do not fall into this trap—you will be scrambling at the end to reconcile a mountain of data. It also may be too late to receive sponsor payments on any discrepancies found at that point. The process should include tracking every item on the budget, along with its cost, patient activity, any non-patient activity you should be compensated for (audit fees, dry ice, etc.), invoices, and payments. Additionally, be sure to include periodic audits of your site's receivables management performance.

3. <u>Stay Organized:</u> Keep all finance-related matters in one place. Establish a "research only" lock box or another way of isolating study payments so that co-mingling of funds between business operations and/or departments is minimized. Create a reconciliation report for every study for tracking purposes. Scan copies of invoices, checks, etc., and store them on a computer in dedicated folders. Use a consistent naming convention for those files so that everything can be found quickly and easily. For example, keep all scanned checks along with payment details for those checks in one folder with the file name containing the check date, amount, payor, etc., so your team can quickly find a copy of any prior check. It is important to have check details stored and easily accessible along with the checks; a copy of the check is of little use if you do not know what it covers.
4. <u>Assign Resources:</u> Entrust the receivables management process to a study coordinator who is responsible for entering/managing/reporting activity to your finance team. Identify someone on your team who likes working with data and numbers. Assign collections to someone on your team dedicated to following through until payments come in. Have a collections schedule in place for that resource, and establish an escalation process for use when payments are delayed and/or there are disagreements regarding amounts paid.
5. <u>Be Aware of Billable Items:</u> Patient visit payments often are automatically paid (no invoice required); however, this is not always the case. Frequently, there are items that require invoices to be submitted, and those can vary greatly from study to study. Carefully review the budget and identify items that require invoices; ensure that a dedicated resource on your team is notifying your financial person that these items

occurred so they can promptly submit an invoice for them. Once you receive payment for billable items, ensure it is accurate.

6. Review Invoice Requirements: Be aware of each CRO's/sponsor's invoicing requirements; some of them are very specific. If your invoices do not match their requirements exactly, some sponsors/CROs will simply reject your invoice without even notifying you. Don't be surprised if approximately 33% of invoices need to be resubmitted.{1} Even if you re-submit the invoice (which will cost your staff additional time and effort), you may have to wait until the next payment cycle for the sponsor to review it again. Set up an invoicing template right away that includes all necessary formatting/information in your accounting software or alternatively in Excel/Word if you do not have specific software.
7. Communication: Good communication is critical between finance staff and coordinators who enter the data. The finance staff will not know to invoice for serious adverse events, unscheduled visits, etc., if they are not informed when those events occur. This goes back to having a system in place for communicating all events that are reimbursable.
8. Push Back: You can generally expect that only about 70% of all payments will be paid correctly.{1} Even with well-negotiated budget and payment terms, there can still be items for which payment is unclear. If a sponsor declines to pay for something that you should be compensated for, or you feel it is under-compensating your site in some way, push back. It does not hurt to ask, and many times you will find that the sponsor is willing to be flexible for high-performing sites that make reasonable requests.
9. Escalate: If you push back and the request is still denied, bring in a senior-level manager; sometimes an extra push from management can help sponsors re-consider.
10. Final Audit: At the end of a study, have specific staff members assigned to perform a final audit in order to ensure that all costs have been captured. Often, studies come to an end and sites simply forget to invoice for close-out/archiving or don't follow up on withheld payments. This seemingly small oversight can result in thousands of dollars not being collected.

While many of these steps may not be considered high priority, missing even small items can result in significant lost revenue over time. Ensure that your site recognizes all revenue available in 2020—you've earned it!

Reference

1. WCG PharmaSeek 2019 aggregated client audit results.

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The full issue of this publication is available at https://acrpnet.org/clinical-researcher-january-2020/