Effort Reporting at Academic Medical Centers

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Topics

- IBS and Full Workload
- 100% Effort on Sponsored Projects
- Faculty with Joint VA Appointments
- NIH Career (K) Awards
- Practice Plans
- Clinical Trial Effort
IBS and Full Workload
IBS: “The annual compensation paid by an organization for an employee’s appointment, whether that individual’s time is spent on research, teaching, patient care, or other activities. Base salary excludes any income that an individual is permitted to earn outside of duties for the applicant/grantee organization”

(NIH Grants Policy Statement, 10/01/2010)
- Total activity for which the individual is compensated by the grantee institution
- Not limited to a certain number of hours
- Appointment letters often used as the basis to determine full workload and IBS
- Institutional policies are strongly recommended to define IBS & full workload
  - Other relevant policies: additional compensation, consulting
What’s In and What’s Out?

- Full workload/IBS typically includes:
  - Instruction, Research, Administration (including appointments as dean, chair, and/or center director), Clinical activity/Patient care*, Clinical trials

- Full workload/IBS typically excludes:
  - Supplemental pay / incentive compensation
  - Outside professional activity such as consulting
  - VA
  - Study sections
  - Leadership in professional organizations

- Clinical practice plans may or may not be included*
- VA may or may not be included (typically not)

- However, sponsors often evaluate reasonableness for available effort based on [University compensated activities + clinical activities + VA]
  - See our later example
100% Sponsored Effort
How Much Effort Can Be Charged to Sponsored Programs?

- Max percentage of faculty salary charged to sponsored project
- Audits have disallowed 100% effort
- Reserve time for:
  - Teaching or Mentoring
  - Patient Care
  - Proposal writing (except for K recipients)
  - Department administrative work
- How to recognize institutional budget pressures and still manage federal compliance expectations
Faculty with Joint VA Appointments
VA Appointments

- Faculty member performs activities at both the VA hospital and the university
  - Clinical Care
  - Research
  - Administration
  - Instruction
- VA + university constitutes 100 percent of total professional responsibilities
VA Memorandum of Understanding (MOU)

- MOU must be established between VA facility and home institution
  - Investigators with joint appointments at a VA hospital and an affiliated university must have an MOU that specifies the title of the investigator’s appointment, the responsibilities at both the university and the VA, and the percentage of effort available for research.
  - Ensures no chance for dual compensation or overlap in scientific goals
- MOU will document VA time commitment ($X/8ths$) and university time (% effort). MOU must be updated, as necessary
- Authorized organization official(s) must sign MOU
- MOUs required by NIH when proposal submitted
VA Challenges

- VA commitment is based on 40 hour work week and defined in X/8ths
- VA salaries change in January (often different from home institution)
- VA salary increase may be offset by University
- VA location and joint space
- Who monitors and maintains MOUs
VA and Applicant Organization Effort

- Home institution’s grant application may only request institution portion of effort and salary
- No salary support may be requested for the VA portion of the joint appointment
- Certified Home institution effort reports exclude VA effort (and salary)
  - IBS = “An individual's institutional base salary is the annual compensation that the pays for an individual's appointment,…” applicant organization
NIH Career (K) Awards
Overview of K Awards

- Provides protected time for research / clinical career development
- NIH ICs implement Ks in different ways; review specific provisions of individual award

General terms and conditions:

- Generally require 75% effort commitment
- Primarily support recipient’s salary & fringe
- Limit salary recovery (so cost sharing often required)
- Modest supply allowance (so supplementation often required)
- Most prohibit recipients from simultaneously recovering salary on any other NIH award in first few years of award
K Awards Can Be Expensive for a Department

- Require substantial effort commitment to research activities, limiting recipient’s ability to spend time elsewhere (e.g., patient care, other sponsored projects)
- Effort for research projects that don’t overlap the K award scope must be supported beyond the K effort and salary must come from non-federal sources
- To meet 75% commitment, clinicians often have to reduce clinical schedule. This can reduce department income and cause scheduling problems
- Salary is capped at a low amount and because many clinician recipients are highly compensated, substantial cost sharing can be required
The Expense of K Awards, cont’d

- F&A recovery is limited to 8% MTDC, far below the university’s negotiated federal rate
- A cost-benefit analysis should be done before proposing on a K. The PI and Chair must understand “economics” of Ks and evaluate whether applying is appropriate
- In endorsing a K award proposal for his/her faculty member, the chair is agreeing that, if awarded, the PI will be permitted to spend the prescribed % of time on K
Relationship between Ks and Other NIH Awards

- Effort on additional research support not related to K award usually cannot be included in the K effort and must be counted in addition to the K effort. Salary can be requested but must come from non-federal sources.

- Effort supported by K award can be used to support other federal projects resulting from K award scope in the later years of the K award
  - Must have PI status on major award such as R01 or program project component
  - May take salary from the new award

- JIT Other Support and effort reporting can become complicated

- Individuals holding K awards may perform clinical activities required by the research-related activities of the K award. Other patient-care effort not required to perform the research under the K must be reported as clinical activities
NIH previously defined effort requirement as encompassing the entirety of the PI’s professional commitments, both within and outside the applicant organization. Designed to protect PI’s time but caused potential over-commitments and effort reporting problems.

Concept of total professional effort now called full-time professional effort.
A career award recipient now meets the required commitment of total professional effort as long as:

1) the individual has a full-time 100% appointment with the applicant organization; and

2) the minimum percentage of the candidate’s commitment required for the proposed career award experience is covered by that appointment.

Institutional Base Salary contained in the individual’s university appointment determines the base for proposal

Policy also applies to PIs with VA appointments or with independent practice plan
Challenges Presented by Faculty with Joint VA Appointments

- Does the faculty member have sufficient time available for the 75% commitment to a K award to meet the test of reasonableness?
- What other NIH awards can be concurrently supported by a K award, and when?
New NIH Policy Allows Proposal Costs

- NOT-OD-11-002

Mentored K Award programs provide support with a goal of leading to research independence for an individual. Research independence is achieved through applying for other research support. Consistent with these objectives, the NIH announces that it is allowable for effort devoted to proposal preparation for subsequent research support to be charged as a direct cost to a mentored K.

- This can be considered part of the awarded effort commitment of the K or an increase to that commitment within the allowable salary provided as applicable.
Physician Practice Plans
Physician Practice Plans

- Internal – maintained and operated within the School of Medicine
- Affiliated Entity – separate entity (EIN), but controlled by School of Medicine (often contained within corporate umbrella of University)
Clinical Practice Compensation (Institutional Base Salary): Compensation may be considered in the institutional base salary if the following requirements are met:

1) Clinical practice compensation must be set by the institution;
2) Clinical practice activity must be shown on the institution’s payroll or salary appointment form and must be paid through the university;
3) Clinical practice compensation must be paid through or at the direction of the institution;
4) Clinical practice activity must be included and accounted for in the institution's effort reporting and/or payroll distribution system;
5) The institution must assure that all financial reports and supporting documents associated with the combined IBS and resulting charges to NIH grants are retained and made available to Federal officials.
Common Challenges:

- Determining whether the 5 NIH criteria apply
- If the criteria apply, what specific components of clinical salary should be encompassed in IBS
- Disclosing the basis of IBS and effort in proposals
Difference between Practice Plan Compensation and IBS

- Total Compensation = X + Y + Z
  - X = SOM faculty position
  - Y = Clinical practice plan
  - Z = Additional clinical activity compensation based on productivity or other benchmarks

- IBS = X + Y
  - Z component is excluded from IBS and effort report figures
What Constitutes 100% Effort at Northwestern?

- Includes all effort expended to meet commitments as an Northwestern (NU) faculty member
  - 100% effort not the same as 100% appointment
- Teaching, research, service, administration
- For faculty with clinical foundation appointments, effort also includes practice plan effort
  - Hours will vary for different faculty members, and may also vary during the year, but effort is independent of hours
  - Excludes outside professional activities including consulting
- VA appointments are not included in NU effort
  - Excluded in 2004 definition of full-time professional effort
Dr. ____________ has an appointment with Northwestern University (NU) and with the affiliated Northwestern Medical Faculty Foundation clinical practice plan (NMFF), and with the Veterans Administration (VA). This arrangement is defined in a formal NU-VA Joint Appointment Memorandum of Understanding. The institutional base salary used in this application represents the combined salary from both NU and NMFF, which is paid by NU under a common paymaster system; it does not include salary from the VA appointment. The number of person months in this application represents NU effort on the proposed project in relation to professional effort for the dual NU and NMFF appointments.
Clinical Trial Effort
Effort Reporting Challenges Specific to Clinical Research Activity

- Estimating and proposing effort for an industry clinical trial
- Charging salary to trial accounts
- Certifying effort on trials

Key Principle

➢ Research sponsors and third-party insurers/patients cannot both be charged for physician salary related to the service provided
Estimating and Proposing Effort on an Industry Clinical Trial

- Ideally, estimate some level of effort for PI related to industry clinical trials.
- Effort % should reflect “start-up” time plus estimate of ongoing physician time, as reflected in per patient/per procedure rates, based on assumption that planned number of subjects will be successfully enrolled.
- Recognition that it is nurse coordinators and other personnel who often perform majority of actual subject visits. Therefore, ongoing physician time may be minimal (e.g., 1, 2, 5% . . .).
How to Account for Clinical Trial Effort

- **Bench Research**
  - Effort occurs consistently month-to-month

- **Clinical Research**
  - Effort is dependent on enrollment

- Create a “holding account” that pays for the PI’s effort allocated to clinical trials

- At the end of the month determine effort for each trial based on enrollment

- Then allocate the appropriate expense from the holding account to each clinical trial account

- Requires good communication between RA’s and study team personnel
Certifying Effort on Clinical Trials

- Develop and document reasonable basis for attributing effort between industry trial and patient care activity.
  - Case-by-case determination
  - Review how effort was proposed and cost was estimated
  - Trial administration activities can be isolated and identified as trial activity
  - Where activity is not part of standard care, effort/costs should be isolated and identified as trial activity
  - For other activities with patients/subjects, attribution is matter of judgment
Effort Reporting vs. Medicare Time Report

- **Effort reporting**
  - Effort represents all effort toward institutional base salary for a defined time period

- **Medicare Time Report**
  - Effort is measured in specific categories for a sample of weeks across the year.

- The effort on the Medicare Time Study may not reconcile to the effort on the effort report for an individual. Effort should reconcile for a larger sample.

- Institutions should establish clear expectations for recording time with an emphasis on consistency.
Questions and Discussion

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