

## **It’s About Time We Get Serious About Timely Payment to Clinical Research Sites**

*John P. Neal, Founder and Chairman of PCRS Network, LLC  
talks with Norman Goldfarb, Editor of the Journal*

### **John, what do you think it’s about time for the clinical research enterprise to start doing?**

Norm, it’s about time for study sponsors and CROs to get serious about paying sites in a timely manner.

### **How can that still be a problem?**

When sites don’t seem to know what they are owed and keep doing business with slow paying sponsors and CROs, what message are they sending? Sponsors and CROs won’t get serious about paying until sites get serious about collecting.

### **Do any sponsors or CROs pay on time?**

Yes, some sponsors and CROs have recognized that timely payments help them get priority attention from good sites. And, they have noticed that many well-performing sites are closing for financial reasons.



### **Why do so many sponsors and CROs pay quarterly and not monthly?**

Companies naturally want to keep the cash in their own bank account. Other than that, I can’t think of any reason. It might take a big company a year or two to re-engineer their payment systems, but, after that, there are no excuses. If companies can’t get their internal systems and processes set up for monthly payments, there are plenty of payment services companies that can do it for them.

Sponsors talk about limitations in their computer systems, but they pay everyone else monthly, if not more frequently. Computers don’t care whether they issue payments monthly or quarterly. In fact, for computers, real-time processes are easier to manage than batch processes. EDC, CTMS and electronic funds transfer (EFT) systems can deliver near-real-time payments. Other industries have been doing it for decades, so there is no reason we can’t do it too. With good sites, there is no valid reason to hold payments until after site monitoring has confirmed the site has done its work correctly.

### **Are there other payment problems?**

Yes, many sponsors and CROs do not seem to take their contractual payment responsibilities seriously. Even with a quarterly payment schedule, they still routinely pay late. Some sponsors and CROs withhold payments until they receive invoices, even when the clinical trial agreement (CTA) says no invoicing is required. And then, when some sponsors and CROs make payments, they do not explain what exactly the payments are for, making it difficult or impossible for sites to know which payments are overdue.

### **What can sites do to get paid faster?**

They need to get serious about collections. Many, if not most, sites follow such poor accounting practices that they do not know how much they are owed for the work they have conducted, or when amounts due should be received. They just assume the sponsor or CRO will pay them correctly. Many sites are also reluctant to push for payments for fear they will be viewed as a difficult site and will be passed up for future study opportunities.

Sites that can't manage their own collections can get help from companies that provide those services and have a reputation with sponsors and CROs for highly professional dealings.

### **What can we do to speed up collections?**

Five things: First, sponsors and CROs should accept that sites need to be paid monthly, if not more frequently. Second, sponsors and CROs should make their payment systems transparent to sites. Third, sponsors should make sure their CROs are adequately funded to make timely site payments. Fourth, sites should maintain their own comprehensive record of services performed on every study, and provide sponsors and CROs with timely information regarding what the site believes is owed to them, for what, and when those amounts are due. Fifth, sponsors, CROs and sites should expect and apply the same high ethical standards to their financial dealings that they demand in the conduct of clinical studies.

### **We've been talking about this problem for years, if not decades. Why should anything change now?**

I can think of four reasons: First, many sponsors and CROs have finally realized that they need long-term relationships with the good sites, and are working hard to build those relationships. Second, the good sites are consolidating into companies and networks that are professionally managed, won't put up with sponsors and CROs that do not meet their commitments, and are large enough to have market power. Third, CTMS and EDC systems are maturing. Fourth, payment services providers are building efficient and reliable systems to deliver timely payments.

### **So, John, you think we might be emerging from the dark ages of slow payments?**

Yes, Norm, and it's about time.

### **Interviewer**

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