

**University of Rochester
School of Medicine and Dentistry
Service Agreements Policy**

BACKGROUND

For many years there has been an inconsistency in the treatment of agreements providing reimbursement for activities other than research, training, or clinical drug studies. These service agreements generally serve as a contractual vehicle for work to be performed at University facilities or at community hospitals, health centers, clinics, etc., on behalf of an external agency or institution. The workscope i.e., statement of work, services to be provided, etc., is generally defined by the sponsoring agency or contracting party. Clinical service contracts may be entered into for the purposes of completing specified tests or assays, rendering patient services or for providing clinical consulting or other professional services.

POLICY

The following policy and procedure consolidates existing policies and is provided to clarify the review and administration of School of Medicine and Dentistry (SMD) service agreements. Strong Memorial Hospital service agreements must be reviewed through normal SMH channels. All service agreements and their description of services must be reviewed and approved by the appropriate University offices. This review will assure the following:

1. That appropriate department, school, Medical Center, and University offices are aware of the terms, conditions, reporting requirements, financial obligations and service requirements of the agreement.
2. That all revenue and expense associated with the provision of the services are appropriately classified and accounted for.
3. That the contract language is acceptable to the University.
4. That appropriate internal University policy concerning use of human subjects, patent rights, indirect cost recovery, space charges, etc., are complied with.

This policy is effective immediately.

TYPES OF SERVICE AGREEMENTS

While there are many specific arrangements for the provision of services, generally they could be described as one of the following types:

1. Outreach Services

These agreements are usually limited as to the amount of service provided and/or commitment of UR faculty or staff time. Individual agreements are often physician-specific. An individual physician, for example, agrees to provide a specific medical service on a periodic basis to a clinic at an area hospital.

2. Comprehensive Service Agreements

These agreements are usually broader based or perhaps more comprehensive than outreach services. They may involve arrangements between a department/unit and a governmental agency, for instance, for the supervision and operation of a specific clinic, program, or array of laboratory services.

3. Affiliation Agreements

These are usually School or perhaps Medical Center level agreements that describe the relationships between the University and another institution or government agency relative to the provision of teaching, patient care, administrative or other services.

CLASSIFICATION

Depending on the nature of the service and the provisions of its accompanying agreement, the contract will be administered either as a sponsored project (Ledger 5) or organized activity (Ledger 3). The determination of where the account will be established will be made at the contract review stage by the Dean's Office and ORPA. The Office of Counsel to the Medical Center and Hospital Financial Services will be consulted as needed. Once these determinations and reviews are complete and the proposed agreement is found acceptable, the agreement will be signed and the department/unit will be informed of the account number and ledger determination.

The service agreement will generally be established in a Ledger 5 account if any of the following conditions apply:

1. Payment is contingent upon delivery of a specific tangible item, such as a report, samples, a data set, assays or prototype, to the achievement of specific performance targets.
2. There is a line-item budget detailing or limiting expenses by activity, function, or project period or limiting the freedom to transfer funds among expenditure categories.
3. A detailed fiscal activity report, approved voucher, A-133 audit or external audit is required. (The exception to this rule includes agreements providing for services that are components of Strong Memorial Hospital's approved patient rates, reimbursement rates, or other audited Hospital approved service rates. Other exceptions include various outpatient laboratory service contracts. These agreements will be administered by the Hospital).
4. Any unexpended funds must be returned to the sponsor at the end of the project period.
5. The proposed activity involves the use of human research subjects, laboratory animals, radiological hazards, biological hazards, or recombinant DNA.
6. The proposed activity involves government-supported construction, alteration, renovation or acquisition of equipment or facilities.
7. The proposed budget includes payment of University indirect cost by the Sponsor. See Attachment 1 for types of sponsored projects.

Most local government service contracts will contain one or more of these criteria, and will therefore be set up in Ledger 5 accounts. It is recognized that County vouchers often must be accompanied by information that can only be provided by the department or unit, and it is expected that information for vouchering will continue to be prepared at the department level, but coordinated with the Office of Research Accounting and Costing Standards.

Selected examples of agreements that will generally be set up in Ledger 3 accounts are the following:

1. Professional service agreements that reimburse the University either on an hourly basis for physician time, or a lump sum payment for personnel hours; physician fee for service activities conducted either on or off site.
2. Testing services that reimburse for direct time and materials, or in lump sum payments. (Does not apply to existing outpatient laboratory service agreements administered through SMH)
3. Affiliation agreements.