

Nurse Practitioner Overhead Guidelines and Principles

This document is provided to assist nurse practitioners (NPs), health authorities, Divisions of Family Practice, primary care network administrators and other partners understand the intent, principles and guidelines related to the NP overhead allocation provided within the NP service contracts.

Nurse Practitioners (NPs) on service contracts are independent contractors and not employees, and funding allocation for compensation/benefits and “overhead” are provided in the NP service contracts.

The contract payment provisions for NPs under the service contract was set with the intent to be equitable with the salary rates, benefits coverage, and overhead coverage of NPs currently working in B.C. employed by health authorities.

Within the NP service contract, the funding allocation for salary is expected to provide income and benefits as needed (such as medical/dental/pension, etc.). Since these benefits are normally provided by the health authority for employed NPs, the NP contract payment rates were competitively set to provide the contracted NP with the ability to purchase their own benefits. Each NP will need to determine what benefits are most relevant for their own personal situation.

For employed NPs, health authorities cover the costs of overhead. As such, a separate block payment for overhead is provided under the service contract to acknowledge that NPs will incur overhead costs in operating their practices, and to ensure they are able to equitably contribute to the group practice’s overhead costs.

The rates provided under the service contract (\$75,000 for urban/rural and \$85,000 for metro) are considered to be reasonable rates for an NP practicing in a group practice and are intended to generally cover the cost of the operational necessities to practice within a primary care clinic/patient medical home. It is important to note that, for the purposes of the NP contracts, the amount provided for “overhead” is meant to include some professional expenses such as liability and continuing education. While these would not normally be considered “overhead” by GPs, we have included them here with the recognition that GPs are able to access supports for these costs from Doctors of BC, which NPs are not able to access.

How do NPs receive the overhead payment?

The overhead amount will be paid in monthly installments directly to the contracted NP and the NP is responsible for paying their contribution towards overhead to the group practice. The costs covered by the NP’s overhead contribution to the group practice may vary depending on the arrangement with the clinic.

The details regarding the specific items provided for a given overhead contribution should be specified within the practice level agreement determined between the NP and the practice. An accounting of actual overhead expenses is not required by the Ministry to receive payment, consistent with GPs paid under fee-for-service.

It is the Ministry's expectation that if overhead costs are less than the block payment amount, the remainder is not intended to be used by the NP as an increase to their compensation. Rather, the remainder of the overhead is to be used by the NP to enhance practice and support team-based care within the clinic (e.g.: quality improvement initiatives; maintaining credentials for certification for specific procedures in primary care).

In the case where an NP is contracted within a health authority (or where the NP is employed in the health authority) it is expected that the services/supports required to run a practice are similarly provided from within the NP overhead allocation, and that the amount allocated for professional development or liability protection be specified within the service contract.

The following principles are expected to be applied:

1. **Transparency** – details of the overhead contribution and services and supports provided for that contribution are outlined in the practice level agreement and agreed upon by both the practice and the NP.
2. **Equity** – all practitioners within the practice are contributing in an equitable way.
3. **Independence** – the NP retains control over the overhead allocation and provides the practice with the contribution amount as outlined in the practice level agreement
4. **Integrity** – The overhead allocation provided is based on the estimated costs for fulsome services and supports to run a practice and is not intended to be used as additional personal compensation; however, it is expected that NPs will use a portion of the overhead allocation for the necessary liability protection, professional development/CME other supports or services required to practice safely as an independent contractor.