



Policy #:	39.04.462
Issued:	April 2014
Reviewed:	
Revised:	
Section:	39 Research

Research Participant Compensation

Purpose:

This policy is to establish guidance and outline the process for obtaining compensation for human subjects participating in research and provide guidelines to establishing an appropriate incentive payment to participants. The goal is to provide efficient and cost effective means of providing compensation while maintaining internal controls and compliance with Internal Revenue Service (IRS) laws.

Policy Statement:

Research Participants may be compensated for time and inconvenience associated with participation in a clinical study, with the payments in the form of cash or non-cash. While it is not required that all participants receive compensation for their participation, the IRB recognizes that participants do incur costs when involved in research studies. Compensation is mainly used to offset expenses due to travel, meals, time and/or lost revenue and must be appropriate. Excessive compensation may be viewed as inducement and can place unnecessary pressure on the participant to participate/remain in the clinical study.

Reimbursement:

Payment to a research participant for expenses incurred as a result of their participation in a study (ex. Parking, transportation, meals, lodging, etc.). Reimbursements must be processed via check requisitions with receipts or other valid documentation attached. Reimbursements for actual expenses are not considered taxable income. Parking vouchers are recommended whenever possible so participants do not need to be reimbursed at a later date. Contact the parking office (x8-4915) to purchase vouchers.

Compensation/Incentive:

Payment to research participants for participation in studies is considered a recruitment incentive. Compensation may be in the form of cash or cash equivalent and is considered taxable income. Compensation is a predetermined amount defined within the project for time, effort, inconvenience and general expense to participate in a research study

Application:

All BMC research accounts involving payment/reimbursement to research participants and BU research accounts that utilize the BMC Cashier's Office for issuing payments to participants.

Exceptions:

Boston Medical Center Policy and Procedure Manual

Compensation for Minors and other extenuating circumstances: Special considerations may be made when compensation involves minors and extenuating circumstances. Extenuating circumstances can include inpatient studies, studies of a sensitive nature and other restrictions that may prevent participants from retrieving compensation from the Cashier's office through the Research Study Participant Payment process. Such instances must be supported by IRB documentation and reviewed by Research Finance. Procedures and controls must be identified that will maintain both programmatic and financial integrity.

Procedure:

The Principle Investigator (PI) will submit information to the IRB, in accordance with IRB rules and regulations, indicating and justifying the proposed levels and purpose of compensation. The IRB and PI should ensure that the consent process includes a detailed account of the terms of payment, including a description of the conditions under which a participant would receive partial or no payment (e.g., what will happen if he or she withdraws partway through the research or the investigator removes a participant from the study for medical or noncompliance reasons).

The Research Finance Office works in conjunction with the PI and/or study team, who are responsible for maintaining a log of compensation/incentives issued to participants. The Research Finance office reserves the right to view the study log at any time. At a minimum, the study log must document the study title, IRB #, study participant name, compensation amount, and date issued. A Participant Compensation Tracking Log template is available as a tool for studies to use if the research team does not have one to utilize. The template is located on the [internal website](#). Quarterly certifications are required from the Departments for any compensation/incentive activity to ensure expenses are appropriate and reconcile to the study log. Certification letters will be sent by Research Finance at the end of every quarter and must be signed by the Administrator and PI.

Research Study Participant Payment Form:

The Study Site Coordinator and/or Program Administrator fills out the Research Study Participant Payment Form with the Date, Participant's Name, Grant Title, Grant Activity Number or BU Internal Order number and Amount to be paid (may not exceed \$50). The form must be signed by an authorized signer and their telephone number and name must be clearly printed. Only studies with a valid IRB number may use this method of payment on an account. The study participant must present an I.D. to the cashier's office and sign the form upon receipt of funds. Only one form per participant is allowed per day. If compensation of more than \$50 is needed, please follow the Check payment process. **Payments received through the Research Study Participant Payment Form are considered taxable income.** Participants receiving \geq \$600 in compensation in one calendar year must fill out a W9 in order to receive a 1099 at the end of the year for IRS tax reporting purposes.

The Cashier's Office will check the participant's ID before reimbursing the individual and will ensure the amount does not exceed \$50. They must also check for the Departmental Signature Authorization and verify against the Authorization list to ensure the person signing has authority to

Boston Medical Center Policy and Procedure Manual

authorize payment for this grant. The list is provided to the Cashier's Office bi-weekly, please contact [Research Finance](#) with questions related to the list and adding additional signers. Weekly, the Cashiers Office will submit a Check Requisition and copies of participant payment forms to Accounts Payable to reimburse their petty cash. Accounts Payable will issue a check payable to the Cashier's Office. Research Finance will receive all forms from the Cashier's Office and will complete necessary journal entries for BMC accounts and invoice BU once a month.

The Cashier's office is located at:

Boston Medical Center
88 East Newton Street
2nd Floor of the Newton Pavilion
Business Hours: 8:00 – 4:00 (Monday through Friday)
Phone Number: 617-638-6949

Checks: Checks may be used for compensation/incentives and reimbursements. When used for reimbursement purposes the participant incurs a cost associated with participation in the research activity and provides the study coordinator with the proper receipts and/or documentation. The study coordinator fills out the Check Requisition and attaches with proper documentation before submission to Research Finance for review. Checks used for reimbursement purposes are not considered taxable income.

When checks are used for compensation/incentive purposes, the coordinator must provide documentation regarding the study project and proof of the predetermined payment schedule. Checks used for this purpose are considered taxable income.

Gift Cards: This form of payment is for compensation/incentive only. Gift cards cannot be used as a form of reimbursement. Gift cards can be purchased using the Check requisition process. Check Requisitions used to purchase gift cards must be accompanied by the Gift Card Purchase Form (attached at the end of this document). Cards must be kept in a secure location maintained by the study team. When issuing cards to participants, a log must be maintained with at least the following information: amount, quantity of cards, the participant who received the GC and date it was given. PI and/or study team must ensure that excessive amounts are not purchased which would result in remaining gift cards at the end of the study. The value of the remaining cards will be the responsibility of the PI and the department and must be removed from the grant/clinical trial account.

Responsibility:

Principal Investigator, Department Administrator, Study Team, Research Finance, Clinical Trial Office, Research Business Intelligence

Other Related Policies:

Boston Medical Center Policy and Procedure Manual

Confidentiality in Research: BMC is committed to maintaining patient confidentiality as required by federal and state laws and regulations. BMC also has proprietary information essential to its continued success; BMC must also protect the confidentiality of this information. All BMC employees are workforce of a HIPAA Covered Entity and are trained in and required to follow the dictates of HIPAA and all other confidentiality laws. Non-research staff within BMC need certain patient information to perform other functions of their job to comply with all rules and regulations mandated by the government. For further information regarding confidentiality, please refer to **BMC Policy# 2.03.00, Confidentiality and Use of Information**

[http://internal.bmc.org/Policy/pdf/HospitalWide/02_03_000_ConfidentialityAndUseofInformation_032011.pdf#search="HIPAA"](http://internal.bmc.org/Policy/pdf/HospitalWide/02_03_000_ConfidentialityAndUseofInformation_032011.pdf#search=).

References:

IRS Reporting Requirements: The Internal Revenue Service requires all payers of compensation or remuneration of \$600 or more in any taxable year to file an information tax return which reports the name and address of the recipient and the amount paid. Further the IRS requires recipients of remuneration to furnish their TIN (Taxpayer Identification Number which for individuals is the SSN). Remuneration includes not only cash but also cash equivalents (e.g. gift cards or gift certificates). The tax laws require the payer to keep all W-9 information confidential except for use in tax law compliance. Although the applicable tax law does not expressly cite research subject compensation, IRS Private Letter Ruling 9106004 indicates that remuneration to research participants is subject to information reporting and taxation as other income. Generally, the IRS considers all income received in the form of money, property or services to be taxable income unless the law specifically provides an exemption.

In order to comply with IRS regulations regarding compensation payment, Study teams are responsible for obtaining the appropriate W-9 at the start of the study if subjects are anticipated to receive \geq \$600 in the calendar year. If any study participant receives \$600 or more, the following will occur. In the months November and December, the Research Finance office will email the study team a listing of individuals who have already reached the \$600 threshold. At that time the study team will have to get a copy of their W-9 prior to releasing any more funds. If an individual is no longer in the study, the PI will have to send the individual a letter requesting they send the Research Finance office their W-9 by 12/31/20xx. The W-9's should be kept in a locked drawer by the study team. At that time, the study team should forward all of the W-9's they have received to Assistant Grant Accountant in Research Finance. Research Finance will send a list of amounts and participants to Accounts Payable. Accounts Payable must send out 1099's by January 31st of each year so they require all W-9's be in their office by January 15th. It is imperative for all parties involved (Study Teams, Research Finance, and Accounts Payable) to put forth a collaborative effort in ensuring the timely and accurate reporting of taxable income (form 1099-MISC). Failure to comply with IRS regulations can result in penalties up to as much as \$250 per incorrectly filed or unfiled 1099-MISC.

Guiding Regulations:

26 U.S.C. §§ 6041, 6103, 6109

Boston Medical Center Policy and Procedure Manual

26 CFR 31.3406(b)(3)-1 (Reportable payments of rents, commissions, nonemployee compensation, etc.)

45 C.F.R. § 46.116 (General requirements for informed consent),

45 C.F.R. 46.117 (Documentation of informed consent)

45 CFR Part 160 and Subparts A and E of Part 164 (HIPAA Privacy Rule)

<http://answers.hhs.gov/ohrp/categories/1566>

<http://www.irs.gov/pub/irs-pdf/i1099gi.pdf>

Forms:

- Gift Card Purchase Form
- Research Study Participant Payment Form

Contributing Departments:

Research Finance

Research Business Intelligence

Accounts Payable

Cashier's Office

Section: 39 Research

Policy No.: 39.04.462

Title: Research Participant Compensation

Initiated by: Research Finance

