



The funding allocation provided to each NP contractor has been well researched and set to allow each NP contractor a competitive salary with sufficient funds to manage expenses likely to be incurred by an independent NP contractor. In addition, as an independent contractor, most business-related expenses are deductible.

In addition to the salary amount, there are funds allocated for overhead (OH) expenses. The amounts provided for OH are typical of the costs to run a practice depending on whether the location is rural or urban. The expectation is that the full amount of OH allocated should cover all the required elements to practice safely and have operational needs met. The OH allocation is not intended as additional compensation to the NP salary.

The contribution the NP makes to the practice's operational expenses, and what is provided in return for that contribution, should be negotiated in a respectful manner between the NP and the practice. Each practice setting is unique and poses different requirements that each NP will need to consider carefully during these negotiations.

Within each region/PCN there may be various arrangements that have already been established as to how the actual overhead (OH) contribution is paid to the practice. Generally, speaking the OH dollars are paid directly to the NP, who in turn pays the practice an agreed upon amount and a schedule for payment is arranged. These details and others regarding OH expenses are itemized in the [Practice Level Agreement \(PLA\)](#) and signed by all members of the practice and the NP.

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