

Reimbursement of test sample costs to sample providers: A simplified solution

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Background

- At the 13 Sep 2011 Mgmt Cttee conference call C. Braibant explained how complex the reimbursement of samples on the basis of the approach originally proposed would become difficult to implement
- C. Braibant proposed to describe an alternative solution, simpler than the original one
- These slides aim at describing the alternative solution that is being proposed
- Depending on the recommendation of the Mgmt Cttee, sample providers will be contacted to make sure they agree with the alternative solution

Current approach - complex

1. Sample sent from sample provider to Lab
2. Invoice for freight and insurance sent to PMC, PMC:
 1. Pays invoice, and
 2. Owes sample cost to sample provider
3. Lab:
 1. Uses (part of) sample for test, which can be either:
 1. Used and recovered – can be sent to a refinery for PM content recovery
 2. Spent and lost – charged by sample provider but impossible to recover part of the cost via PM content recovery
 2. Keeps part of sample archived for GLP
 3. Keeps remainder of sample for future test/for return to sample provider
4. Upon finalisation of test, samples can be:
 1. Fresh or unused – if not needed for future tests they can be sent back to sample providers who charges PMC for the lost part
 2. Used and recovered – this portion is sent to a refinery for PM content recovery, which is paid by the refinery to PMC which uses this money to reimburse sample providers for the lost part

Proposed solution - simpler

1. Sample sent from sample provider to Lab
2. Invoice for freight, insurance, and sample cost sent to PMC, PMC pays full invoice
3. Lab:
 1. Uses (part of) sample for test, which can be either:
 1. Used and recovered – and sent to a refinery for PM content recovery
 2. Spent and lost – charged by sample provider but impossible to recover part of the cost via PM content recovery
 2. Keeps part of sample archived for GLP
 3. Keeps remainder of sample for future test/for return to sample provider
4. Upon finalisation of test, samples can be fresh/unused or used/recovered. It is proposed to make no difference between fresh and used samples and send a mix of both to refinery for PM content recovery, which is paid by the refinery to PMC which uses this money to reimburse sample providers for the total sample cost

Original versus new

	Original approach	New solution
PMC Members invoices	<p>In two parts:</p> <ul style="list-style-type: none"> - Freight and insurance paid upon receipt of invoice - Lost sample after tests are finalised, samples have been collected and returned, Member has checked amount returned and issues an invoice to PMC 	<p>Once: freight, insurance and total sample reimbursed upon receipt of invoice</p>
Mgmt of samples at Lab	<p>Need to store and ship separately:</p> <ul style="list-style-type: none"> - Fresh/unused - Used/recovered from test - GLP amount 	<p>Need to store GLP amount. Remainder can be mixed and sent to PM Refinery</p>
Recovery of PM content	<p>From used/recovered samples only, by selected refinery</p> <p>Amounts paid to PMC would allow paying “lost sample” invoices</p>	<p>From total samples, by selected refinery</p> <p>Amounts paid to PMC would allow paying full sample invoices</p>
Pros	<p>Fresh and used samples not mixed and sent for recovery together</p>	<p>Simple, more transparent and straightforward</p>
Cons	<p>Complicated, not transparent and burdensome</p>	<p>Fresh and used samples mixed</p>

To be considered...

Accountant viewpoint: supports simplified approach which would improve the Accountancy around sample reimbursement overall

Opinion of sample providers: they may not like the idea of having both fresh and used samples being mixed... among other aspects.

Cost of sample versus income from refining of samples:

- When samples (whether fresh+used or used only) are sent to PM Refinery:
 - PM content is recovered (not PM compound)
 - PM content is paid to PMC (not PM compound)
 - Value of PM content is maybe not equal to value of sample as originally manufactured and/or invoiced by sample provider
- In PMC metal-specific budgets (especially PGM), need to add contingency (paid by all PMC Members) for:
 - Difference between compound and PM value
 - Difference between actual sample cost and amount received following PM recovery

Other aspect?