

# A FRUGAL HEALTHCARE PROVIDER SAVES AND EARNS WITH PNC'S P-CARD PROGRAM

**Shannon Medical Center in San Angelo, Texas, has served the Concho Valley for more than 80 years. Today it is licensed for 400 beds and is the designated lead level 3 trauma center for the region. The locally-owned health system has a nationally-recognized intensive care unit, and critical care for fragile newborns is also among its many services.**

In order to continue to grow and deliver the state-of-the-art services its diverse community requires, the hospital has maintained the frugal nature of its founders, J.M. and Margaret Shannon. Shannon's Board of Directors keeps a laser focus on the bottom line.

Among the tactics Shannon uses to reduce costs is a purchasing card program. Trish Aldridge, Accounting Manager, tells the story.

"Healthcare needs every penny it can get," notes Aldridge. "Persuading our vendors to take purchasing card payments rather than checks has the potential to reduce costs and streamline our accounts payable operations as well as deliver valuable rebates."

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## **CONSISTENT SUPPORT**

Although Shannon's accounts payable team was experienced with P-cards, the changeover to PNC required some support.

"Time is golden for all of us. You need support when you first start a program, and the PNC team has been very accessible," Aldridge says. "When we first switched over, we had weekly calls. Now it's down to every couple of weeks. And if we have questions in the meantime, the PNC team generally gets back to me within an hour."

With IT time at a premium, Aldridge was relieved that IT involvement with onboarding and ongoing maintenance was minimal. "All IT has to do is pull up vendor files. It took just a couple of hours of their time," Aldridge notes. "We didn't have to worry about engaging additional IT resources."

## **IMPROVED VENDOR BUY-IN**

In addition to onboarding, PNC helped Shannon transfer current vendors and engage new vendors.

"The PNC team took our vendor upload file and approached the vendors to encourage them to sign on to the P-card," Aldridge recalls. "They referred questions to our controller, Staci Wetz. Overall, vendor response has been good."

By May of 2014, with PNC's support, the hospital had signed 65 new vendors onto the program.

## **INCREASED REBATES**

In late 2012, PNC engaged with Shannon through the Texas Purchasing Coalition, a group purchasing organization to review P-card spend. Based on the aggregate spend of the Coalition, PNC was able to offer a better rebate program to Shannon than they had experienced with the prior P-card provider.

**STREAMLINED PROCESSING**

The PNC P-card program saves the A/P team a substantial amount of time compared to using checks. “My assistant doesn’t have to cut checks or go to the CFO for signature for large payments,” says Aldridge. “He still sees all the payments. He can still ask the same questions he would ask for a check payment, and he sees at the end of the month what was spent through the card. Our auditors are also happy with the process and the degree of security it offers.”

Compared to the prior P-card program, the PNC system has reduced the amount of hands-on time required from 4–5 hours to 45 minutes per week.

In conclusion, Aldridge recalls that she was a little doubtful at first that PNC could live up to its promises — particularly about the rebate. “I was also convinced that the process would not be as easy as they said it would be.

“In fact, the process is completely automated and the maintenance is very simple. I was actually surprised by how well it worked and how simple it is. It was easy. To date they have lived up to everything promised. We’re meeting our goals and getting exactly what we need.”

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**SHANNON'S INCREASE IN SPEND 2010–2014**

2010	\$8.9 million
2011	\$10.0 million
2012	\$8.6 million
2013	\$10.0 million
2014	\$14.7 million

The projected increase in spend is attributable to more vendors being willing to accept the card, as well as the assistance given by PNC and the focus by the SMC Accounting Manager.

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