



Highlights of [GAO-06-472](#), a report to the Chairman, Committee on Veterans' Affairs, House of Representatives

## Why GAO Did This Study

The Department of Veterans Affairs (VA) maintains affiliations with medical schools, including the Medical University of South Carolina (MUSC) and the University of Colorado at Denver and Health Services Center and University of Colorado Hospital (UCH), to obtain enhanced medical care for veterans. As part of their plans for new medical campuses, both UCH and MUSC proposed jointly constructing and operating new medical facilities with VA in Denver and Charleston, respectively.

This report discusses (1) how VA evaluated the joint venture proposals for Denver and Charleston and the status of these proposals, (2) the challenges these proposals pose for VA, and (3) the lessons VA can learn from its experiences in Charleston and Denver for future partnerships.

## What GAO Recommends

GAO recommends that VA establish criteria for evaluating joint venture proposals and a strategy for communicating with stakeholders when negotiating such proposals. VA agreed with GAO's conclusions and recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-06-472](http://www.gao.gov/cgi-bin/getrpt?GAO-06-472).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Mark L. Goldstein at (202) 512-2834 or [goldsteinm@gao.gov](mailto:goldsteinm@gao.gov).

# VA HEALTH CARE

## Experiences in Denver and Charleston Offer Lessons for Future Partnerships with Medical Affiliates

### What GAO Found

VA evaluated the joint venture proposals for its medical facilities in Denver and Charleston using criteria developed specifically for each location, and while VA opted to build a stand-alone facility in Denver, it is still considering a joint venture in Charleston. Because the proposals involved joint construction and service sharing on a scale beyond anything VA had experienced with its medical affiliates in the past, VA did not have criteria at the departmental level to evaluate the proposals on a consistent basis in both locations. In both locations, negotiations between VA and its medical affiliates stretched over a number of years, in part because they were hampered by limited collaboration and communication, among other things. While VA decided against a joint venture in Denver, it has made no decision on Charleston. A VA-MUSC steering group, formed last summer to study the joint venture proposal in Charleston, issued a report in December 2005 that outlined the advantages and disadvantages of different options.

The joint ventures proposed in Denver and Charleston present a number of challenges to VA, including addressing institutional differences between VA and its medical affiliates, identifying legal issues and seeking legislative remedies, and balancing funding priorities. For example, capital expenditures for a joint venture would have to be considered in the context of other VA capital priorities. Although addressing these issues will be difficult, the VA-MUSC steering group's efforts could provide insight into how to tackle them.

VA's experiences with joint venture proposals in Denver and Charleston offer several lessons for VA as it considers similar opportunities in the future. One of the most important lessons is that having criteria at the departmental level to evaluate joint venture proposals helps to improve the transparency of decisions concerning joint ventures and VA's ability to ensure that the decisions are made in a consistent manner across the country. Another key lesson is that having a strategy for communicating with stakeholders, such as employees and veterans, helps VA build understanding and trust among stakeholders. The following table identifies these and other lessons from VA's experiences in Denver and Charleston.

### Lessons Learned from VA's Experiences in Denver and Charleston

- Criteria at the departmental level help provide clarity and consistency in evaluation approach.
- A communications strategy helps avoid misinformation and confusion.
- Leadership support facilitates negotiations.
- Extensive collaboration assists negotiations.