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# Highlights

Highlights of [GAO-05-1041T](#), a testimony before the Subcommittee on Health, Committee on Veterans' Affairs, House of Representatives

## Why GAO Did This Study

The Department of Veterans Affairs (VA) maintains partnerships, or affiliations, with university medical schools to obtain medical services for veterans and provide training for medical residents. In 2002, the Medical University of South Carolina (MUSC)—which is affiliated with VA's medical facility in Charleston—proposed that VA and MUSC enter into a joint venture for a new VA facility as part of MUSC's plan to expand its medical campus. Under the proposal, MUSC and VA would jointly construct and operate a new medical center in Charleston.

In 2004, the Capital Asset Realignment for Enhanced Services (CARES) Commission, an independent body charged with assessing VA's capital asset requirements, issued its recommendations on the realignment and modernization of VA's capital assets. Although the Commission did not recommend a replacement facility for Charleston, it did recommend, among other things, that VA promptly evaluate MUSC's proposal.

This testimony discusses GAO's preliminary findings on the (1) current condition of the Charleston facility, (2) extent to which VA and MUSC collaborated on the joint venture proposal, and (3) issues for VA to consider when exploring the opportunity to participate in the joint venture.

VA concurred with GAO's preliminary findings.

[www.gao.gov/cgi-bin/getrpt?GAO-05-1041T](http://www.gao.gov/cgi-bin/getrpt?GAO-05-1041T).

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

## VA HEALTH CARE

# Preliminary Information on the Joint Venture Proposal for VA's Charleston Facility

## What GAO Found

The most recent VA facility assessment and the CARES Commission concluded that the Charleston medical facility is in overall good condition and, with some renovations, can continue to meet veterans' health care needs in the future. VA officials attribute this to VA's continued capital investments in the facility. For example, over the last 5 years, VA has invested approximately \$11.6 million in nonrecurring maintenance projects, such as replacing the fire alarm system and roofing. To maintain the facility's condition over the next 10 years, VA officials from the Charleston facility have identified a number of planned capital maintenance and improvement projects, totaling approximately \$62 million.

VA and MUSC have collaborated and communicated to a limited extent over the past 3 years on a proposal for a joint venture medical center. For example, before this summer, VA and MUSC had not exchanged critical information that would help facilitate negotiations, such as cost analyses of the proposal. As a result of the limited collaboration, negotiations over the proposal stalled. However, after a congressional delegation visit in August 2005, VA and MUSC took steps to move the negotiations forward. Specifically, VA and MUSC established four workgroups to examine critical issues related to the proposal.

The MUSC proposal for a new joint venture medical center presents an opportunity for exploring new ways of providing health care to Charleston's veterans, but it also raises a variety of complex issues for VA. These include the benefits and costs of investing in a joint facility compared with other alternatives, legal issues associated with the new facility such as leasing or transferring property, and potential concerns of stakeholders, including VA patients and employees. The workgroups established by VA and MUSC are expected to examine some, but not all, of these issues. Additionally, some issues can be addressed through collaboration between VA and MUSC, but others may require VA to seek legislative remedies.

VA Facility in Charleston, South Carolina



Source: GAO.