

The Detroit News

BUSINESS

What we know about Beaumont CEO's John Fox's exit package — and it's not much

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Published 9:19 p.m. ET Jan. 31, 2022 | Updated 10:55 p.m. ET Jan. 31, 2022

Beaumont Health President and CEO John Fox made as much as \$6.72 million per year guiding Michigan's largest revenue-generating hospital system, but far less is known about what he will make to leave.

Fox's reign began in 2015 and generated controversy as he continually sought mergers with other health systems.

But as Beaumont and Spectrum Health officials announced Monday that they would start their merger Tuesday as BSHS System, officials declined to offer any significant details about Fox's severance package as he exits at week's end.

“As with many executives in leadership positions, in our industry and others, he does have a contract, and we will honor the terms of the contract,” Beaumont Health Board Chair Julie Fream said when asked for details of Fox’s exit agreement.

“The independent consulting service that we use to review contract terms has looked at it, and it is market based, and we will be moving forward with that as he leaves the organization.”

Asked to disclose details of Fox’s contract, Fream responded: “No, we do not disclose the specific terms.”

Fox earned \$6.42 million in total compensation in 2020, the latest information available, Beaumont Health spokesman Mark Geary said. About \$593,000 was reported on prior returns, Geary said.

The 2020 compensation represented a 4.5% reduction from the \$6.72 million the CEO earned in 2019, according to a Beaumont Health filing with the Internal Revenue Service.

Fox's compensation drop reflected what was at the time called a temporary 70% cut in pay during the early height of the COVID-19 pandemic in 2020.

Fox came to Beaumont in 2015 from Emory Healthcare, where he served for 16 years as president and chief executive officer for the \$2.3 billion system.

The CEO sought three separate mergers while running Beaumont.

In 2019, Fox pursued a partnership with Akron, Ohio-based Summa Health that was approved by state and federal regulatory agencies but was scuttled in May 2020. Beaumont didn't provide a reason for its change of plans, but the COVID-19 pandemic resulted in a "hemorrhaging" of cash for the eight-hospital system because of canceled elective surgeries due to state restrictions, other revenue losses and increased costs for personal protection equipment.

The most controversial merger proposal involved Beaumont's pursuit in mid-2020 to join with not-for-profit Advocate Aurora Health, based in Downer's Grove, Illinois, and Milwaukee, Wisconsin. The proposed merger would have created a health system spanning three states.

The health system's Council of Elected Medical Staff Leaders launched a survey that found the vast majority of 1,555 Beaumont Health physicians who participated indicated they were wary of the proposed merger and had little confidence in the health system's leadership.

More than three-quarters of doctors who responded strongly or somewhat disagreed with the statement, "I have confidence in corporate leadership," while 13% somewhat or strongly agreed. The remaining 11% were neutral. The survey respondents represented more than 30% of the about 5,000 physicians who worked for the eight-hospital health system.

The survey coincided with a separate petition circulating among doctors that called on Beaumont's 16-member board of directors to fire Fox and Chief Medical Officer David Wood Jr.

The Michigan Attorney General's office also had said it would investigate the tie-up.

Beaumont and Advocate Aurora Health abandoned the talks in October 2020.

"Over the past few months," Fox said on an October 2020 call with reporters at the time, "we've listened to the perspectives of many physicians, nurses, staff, donors, elected officials and community members about a variety of topics and their concerns about a potential

partnership with Advocate Aurora and Beaumont, and we very much appreciate their candid feedback.

"All of that, frankly, was overshadowed by both COVID issues and non-COVID issues," he added.

The merger with Spectrum and departure of Fox give BSHS a chance to improve the health system by improving relations with disgruntled doctors and nurses, said Birmingham consultant Alex Calderone, who has worked on industry issues.

"There is an opportunity here to take the defeated employee base at Beaumont and resurrect that morale. It comes down to how will they execute, how will they proceed?" Calderone said.

"If it's good for the doctors and nurses, and if you take what was ostensibly their biggest problem out of the equation, which was the prior leadership they had to report to, doctors, nurses and everyone are served better," he added.

The state's hospital industry group viewed Fox's tenure more favorably.

"On behalf of the MHA, we'd like to express our sincere gratitude to John Fox for the many contributions and outstanding leadership he provided to our association during his tenure at Beaumont Health, particularly during his time as MHA Board Chair, and wish him the very best into the future," Michigan Health & Hospital Association CEO Brian Peters said in a Monday statement.

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