Doctors Medical Center CEO steps down

By Sandy Kleffman
Contra Costa Times
Posted: 01/13/2011 07:19:53 PM PST

The CEO of Doctors Medical Center in San Pablo abruptly stepped down from his position last week after his annual evaluation by the district board.

Joseph Stewart had been president and CEO of the hospital for three years as it struggled to return to financial health after filing for bankruptcy. He had been interim CEO for a year before taking the permanent position.

The West Contra Costa Healthcare District board met privately Jan. 7 to conduct its annual evaluation of Stewart. Details about what took place were not disclosed, but a knowledgable source said the board discussed performance and communication issues with Stewart.

When the board emerged from its closed-door session, it announced that Stewart would step down immediately.

The board then appointed Richard Reid, the current chief financial officer, to serve temporarily as CEO while it searches for an interim CEO and Stewart's permanent replacement.

Under his contract, Stewart will receive a year's salary as severance pay, said board member Eric Zell. Stewart had a base salary of $330,000 annually. With deferred compensation and other benefits included, his total compensation came to nearly $400,000.

Stewart could not be reached for comment. Several board members issued written statements praising his leadership.

"Joe Stewart was a key leader in helping to bring the hospital out of bankruptcy and back to a position of focusing on providing quality health care to West County residents," said Nancy Casazza, chairwoman of the district board.

"We deeply appreciate all he has accomplished for Doctors Medical Center in this transition time," said board member Deborah Campbell.

The leadership change comes amid ongoing financial challenges for the hospital, despite significant progress, said county Supervisor John Gioia, who chairs the Joint Powers Authority set up to assist the hospital with its recovery plans.

Gioia noted that the hospital, which has West Contra Costa's largest emergency room and is an important safety net for area residents, ran an annual deficit of about $30 million before filing for bankruptcy. The financial difficulties jeopardized the hospital's future.

To help with the recovery, Contra Costa County loaned the hospital $10 million. For the past three years it has received an additional $17 million annually, consisting of $4 million from Kaiser Permanente, $1 million from John Muir Medical Center, and $12 million from the California Medical Assistance Commission.