

Trump Is Getting a Physical. What About Your CEO?

By Jeff Green and Michelle Cortez
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Warren Buffett, Lloyd Blankfein, Jamie Dimon: plenty of CEOs have gone public about health problems.

So it might come as a surprise that top U.S. executives -- including, it turns out, the one in the White House -- have no legal obligation to disclose much when their doctor spots trouble.

The issue of executive health has taken on new urgency as President Donald Trump prepares to undergo his first checkup as commander-in-chief. Some Democrats, and even some Republicans, have questioned his fitness for office.

But what exactly does the president, or any other executive, really need to disclose? The answer, legally, is not much. A presidential exam usually yields little more than the customary "fit for duty."

That hasn't stopped investors from trying to get a better handle on executive health in the corporate world. After all, a sudden illness (or worse) of a key figure like, say, Steve Jobs, can throw a company into turmoil.

"You and I can say leaders should have the moral fiber and moral compass to step aside or be upfront when they have health issues," said Sandro Galea, dean of the Boston University School of Public Health. "But to be frank, if we, the public, are holding them to some impossible health standard, then it doesn't give them the latitude to disclose."

Aging CEOs

The Securities and Exchange Commission is vague on the issue. Its rules give corporations a lot of latitude on what qualifies as material information. That includes executive health.

But as the American C-suite ages, health is coming into sharper focus. The average age of a CEO in a S&P 500 company is now 57.4 years, the highest in at least 20 years, according to recruiting firm Spencer Stuart. There are 52 CEOs in the S&P 500 who are 65 or older. Eighteen of those exceed age 70, and three, including Buffett, are older than 80. In each of the past five years, at least one CEO in the S&P 500 has been replaced for health reasons.

Under U.S. law, executives can't be required to take physical exams as a condition of getting a job offer, said **Tom Flannery**, managing partner of executive search firm Boyden, in Pittsburgh. Nor can an exam be used to block employment, unless it turns up a problem that would prevent a candidate from doing his or her job.

"If the person has heart disease or cancer and they can still perform their job, it's not a liability," Flannery said. "So it's very tricky. You're walking on eggshells."

Common Perk

A common CEO perk is a lavish annual physical. But even those results don't have to be disclosed to the board, unless the CEO decides it's necessary, Flannery said.

The issue gained new relevance in December when CSX Corp. CEO Hunter Harrison and M&T Bank Corp. CEO Robert Wilmers died in the same weekend.

Like Jobs, Harrison had a reputation that boosted his company's stock. Also, like Jobs, he had well-known health problems. Jobs died of pancreatic cancer in 2011, years after first disclosing his illness. Harrison had bypass heart surgery in 1998 and missed work in 2015 because of pneumonia and the implant of stents in his legs. Before CSX hired him, he declined the company's request for an independent doctor to review his medical records.

Heart Transplant

United Continental Holdings Inc. also received criticism in October 2015 over initial disclosures about the health of CEO Oscar Munoz, who eventually had to have a heart transplant. Munoz, who was a top executive at CSX before United, ultimately recovered and still runs the airline.

In contrast, Berkshire Hathaway Inc.'s Buffett in 2012, J.P. Morgan Chase & Co.'s Dimon in 2014, and Goldman's Lloyd Blankfein in 2015 quickly disclosed when they were diagnosed with cancer.

For Trump, who has bragged about his robust physical and mental health, Friday's exam at the Walter Reed National Military Center is expected to be perfunctory, including results for tests like blood pressure and cholesterol.

Since the start of the 20th Century, at least 14 of the 20 presidents prior to Trump suffered from a significant health complication while in office, the full extents of which were kept from the public in some cases, according to an analysis by Aaron S. Kesselheim, an associate professor at Harvard Medical School.

The expectations and obligations are quite different in an investor in a company versus a citizen of the United States, said Tom Lin, a Temple University law professor who researched CEO privacy and disclosure issues.

"If you are an investor and you're unhappy with how a CEO is investing your money, you can sell your position and get out," Lin said. "If you are a citizen and are unhappy with how your president is acting, you can't readily move out of the country. The stakes are very different."

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