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Couple's TruthMD Outs Bad Doctors

■ By PETER J. BRENNAN

When the Food and Drug Administration approved an artificial spine disk in 2004, it didn't make sense to **Chuck Rosen**.

The spine surgeon, who works and teaches at **University of California-Irvine**, said the product's research showed problems such as a 50% failure rate.

"I later found out most of the authors had royalties or were paid huge amounts of money" to promote the product, recalled Rosen. "I thought there should be some transparency."

Thus began an effort that evolved into



Chuck Rosen and Gemma Cunningham

TruthMD LLC, a company that's attracted the attention of savvy medical investors in Orange County and the wider health insurance industry.

TruthMD was founded in 2012 by Rosen and his fiancée, **Gemma Cunningham**. The couple live in Laguna Beach.

Their company has developed a proprietary algorithm that pulls information from 20,000 different sources to provide an up-to-

date analysis and ratings of doctors, including the public records of 3,200 county clerks, the FBI, Medicaid and 75 state medical boards.

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TruthMD

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“Together we’re making healthcare better,” Cunningham said. “It’s a nice business to have together.”

Scoring Investors

While Cunningham declined to reveal TruthMD’s revenue, she confirmed the 60-employee company is generating more than \$10 million annually and it’s on a “growth spurt.”

Private equity firms are calling every other day and large corporations have expressed an interest in buying it, the pair said.

A new investor is in the works, but details were unavailable at press time.

Existing investors have poured tens of millions into the company. They include **Scott Mather**, chief investor officer of U.S. core strategies at Newport Beach’s **Pacific Investment Management Co.**; **Robert Day**, founder of the **Trust Company of the West** and chairman of the **W.M. Keck Foundation**, one of the nation’s largest charities with \$1.2 billion in assets; and **Gary L. Wilson**, the former chief executive at Northwest Airlines and a Board of Overseers member at the Keck School of Medicine at **University of Southern California**.

“I knew the founders of the company and was impressed by their passion and their background,” Wilson said. “I first invested early at the company’s founding, because I saw both the financial opportunity and the strong potential to improve the quality and cost of healthcare in this country.”

Tom Coad, Rosen’s former dentist—who at one time was the largest private investor in **Qualcomm Inc.** and co-founder of the Irvine-based wealth management firm that became **First Foundation Inc.** (Nasdaq: FFWM)—re-

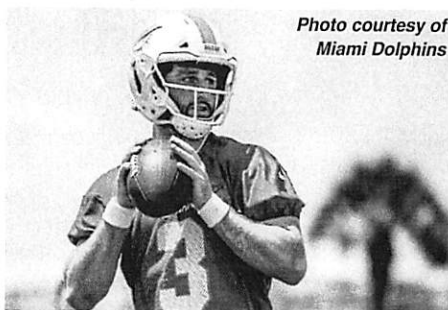


Photo courtesy of Miami Dolphins

Josh Rosen: NFL QB, an investor

cently invested in TruthMD.

“What they’re going to do is notify people who the bad doctors are,” Coad said. “It’s something that’s going to do a lot of good for a lot of people. It seems to be workable. I don’t know if it will make a lot of money.”

Rosen said his son, **Josh Rosen**, a former **UCLA** football player and now an NFL quarterback for the **Miami Dolphins**, is also an investor.

The Short List

The couple has a long history in the medical field. Rosen in 1989 completed advanced fellowship training in spinal surgery and is the founding director of the UCI Spine Center.

Cunningham ran her own medical public relations and marketing firm for 20 years, advising doctors, hospitals and medical device companies.

After Rosen questioned the FDA-approved spine product in 2004, they decided to form the Association for Medical Ethics. They successfully lobbied Congress to pass the Physician Payments Sunshine Act where pharmaceutical or medical device companies have to report which doctors they paid and why.

“This was pretty radical in the world of medicine back then,” Cunningham said. “There were a lot of conflicts of interests.”

Rosen would go on to testify in Congress in favor of the bill, and was later on **Barack Obama**’s short list to become surgeon general.

By 2012, the pair decided to start a for-profit venture to make their effort more fruitful.

“If you have a good idea, put in a profit motive and it will catch on,” Rosen said.

It’s truly a family business. Cunningham became chief executive while Rosen, who kept his day job at UCI, took on the role of research director, advising the employees on what information is important in the medical industry.

The duo have retained majority ownership and are scheduled to get married later this month.

They’ve hired so many millennial programmers that Cunningham joked “I feel like they are my kids.”

The company originally had an office in Glendale, but discovered Los Angeles-area tech talent was more geared toward the entertainment industry. After looking around the country, they found the right tech talent in Alpharetta, Ga., where Cunningham often spends her weekdays. Rosen works by phone and flies to that office a couple times a year.

“We started with medical knowledge on what needed to be done,” Rosen said. “It was medically based unlike the other companies that are programmer based.”

Their system updates records when the sources do, whereas competitors such as **LexisNexis** aren’t as quick because the information is difficult to collect, Cunningham said.

TruthMD sells its information to big insurance companies, government entities like Medicare and hospitals that do background checks.

They said fraud is rampant, saying it may be as high as 10% of the \$300 billion annually paid by the Medicaid and Medicare systems. Scammers who know the system can find which

numbers to use to file fake bills.

“There are a lot of dead people billing—they practice from the dead,” chuckled Rosen, who has worked with an FBI task force to find people who have cheated the system.

In 2015, the couple scrubbed a Medicare file where they found after the fact \$2 billion worth of payments that shouldn’t have been made.

“Payers couldn’t tell in real time whether they should pay; then they have huge departments that chase the money,” Cunningham said. “We’re changing the industry on how they do claims processing.”

Another issue its system tackles: doctors who get in trouble in one state that move to other states where their prior deeds may remain hidden or take years to catch up.

Previously, insurance companies often base premiums on the doctor’s field of practice rather than on a doctor’s actual record. TruthMD helps insurance companies identify good physicians and readjust their premiums so those doctors are not paying for the malpractice of bad doctors.

Insurance companies “want to know the doctors who won’t cost them a lot of money,” Rosen said.

“I’m not condemning all doctors,” Rosen said. “95% of doctors want to do the right thing. Only 5% will do anything for money. Those are the ones creating the problems.”

The pair said their information is 95% accurate, compared to a typical industry average of 40%.

“That’s why everybody is so excited about us,” Cunningham said.

They don’t intend to sell the company for at least a year, but if they do, they already have an idea of a version targeting consumers so they can better understand their doctor’s skill levels.

Current grading systems are useless, she said. “You should never rank your doctor like your sandwich shop,” Cunningham said. ■