



Doctor alleged fraud schemes stuck patients and government with hefty bills



NEWS

By [Lois Norder](#), The Atlanta Journal-Constitution

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Clinic owner to pay \$3 million to settle lawsuit; admitted guilt in separate criminal case

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The patients were slapped with lab bills that shocked them. Toxicology or genetics tests for \$5,000, \$10,000, \$12,000, \$18,000 or more. Why, one man demanded to know, was a DNA test done for an earache? A mother objected to charges for a toxicology test on her



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The Georgians were victims of a secret arrangement between the owner of a chain of Georgia medical clinics and a Texas lab company, court documents allege. Their deal: The two would split the money generated by patient tests. The more tests, the more money.

So the owner ordered doctors who worked at his Ear, Nose & Throat Institute clinics in the metro Atlanta area to order toxicology and genetic screens for every patient 12 and older who was going to have surgery and every patient who got a prescription of any kind, court records show.

Now, Dr. Jeffrey M. Gallups and his company, Milton Hall Surgical Associates, have agreed to pay about \$3 million to settle a federal whistleblower lawsuit alleging that the scheme with lab company NextHealth bilked government health care programs.

The lawsuit also alleged that Gallups engaged in a separate kickback scheme with the medical device company Entellus. In return for cash and all-expense paid trips, Gallups ordered his physicians to exclusively use that company's device for sinus surgeries, the suit alleged. Entellus Medical previously agreed to settle claims from the alleged kickback arrangement for \$1.2 million.

In agreeing to the settlements, none of the defendants admitted wrongdoing.

But in a separate criminal case, in October Gallups pleaded guilty to defrauding health insurance companies by submitting fraudulent insurance claims for unnecessary lab tests. He is scheduled to be sentenced in February and faces up to 10 years in prison.

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His attorney didn't respond to a request for comment. Gallups is still actively licensed as a physician, according to the Georgia Composite Medical Board, and has no disciplinary record.

Former owners of NextHealth have been sentenced to prison in unrelated fraud schemes



The lawsuit against Gallups was filed by Dr. Myron Jones, who previously had worked 14 years as a physician for the U.S. Army. Jones alleged that Gallups pressured him and other physicians who worked for Milton Hall Surgical Associates to order devices or administer tests that were not medically necessary. Later, the federal government joined the lawsuit, which was filed under the federal False Claims Act.

“Dr. Jones, a retired colonel, has been committed to serving the public his entire career,” said attorney Ray Moss of Moss & Gilmore LLP, who represented Jones in the case. “He saw this case as damaging to the patients and to providing health care services at a fair and reasonable price. He wanted to put a stop to those practices at Milton Hall.”

In the suit, Jones alleged that Gallups told doctors that the tests would result in no out-of-pocket expenses to patients because federal health care programs would cover the costs. But later Jones, other employees and staff of Milton Hall received numerous complaints from patients surprised and outraged that they had received bills, according to the lawsuit.

When physicians objected to the tests, Gallups repeatedly told them to follow his procedures. Those who refused, the suit alleged, were publicly or privately “dressed down” and humiliated.

Alarmed by the situation, Jones on several occasions voiced objections to Gallups but later resigned. Then, the lawsuit says, he was notified he was indebted to the company for \$160,000 or more in bonus and salary overpayments and threatened with legal action if he didn’t pay.

“We believe those claims were made to silence Dr. Jones and are without merit,” Moss said. The claims were dismissed as part of the settlement agreement, he said.

As the whistleblower, Jones is to receive about \$614,000 from the lawsuit settlement, according to a news release from the Department of Justice.

Federal prosecutors said the scheme with NextHealth, which is now defunct, began in 2016 and ended around February 2017 because of increasing complaints from physicians

at the company's clinics that the tests were unnecessary.



In years past, Gallups touted himself in [news reports](#) as an entrepreneurial physician who built an extensive network of clinics by constantly testing new ways of doing business. He also claimed his company was the largest ear, nose and throat practice in southeastern states.

In [announcing the settlement](#), U.S. Attorney Kurt Erskine said that Gallups abused his position by accepting unlawful kickbacks. “In his role, Gallups was uniquely situated to benefit his community,” Erskine said in a written statement. “Instead, he chose to put his personal financial interests above the interests of his colleagues and MHSA’s patients.”

The federal False Claims Act allows private citizens who have first-hand knowledge of fraud against the government to bring suit. The government can then take over the case and if it wins or settles can recover up to three times the damages caused to the government by the fraud. The whistleblowers who originally filed the lawsuit can receive up to 30% of the amount recovered.

About the Author



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Norder is Senior Editor for Investigations at The Atlanta Journal-Constitution. The investigative reporters she directs work to independently examine the workings of government and other powerful institutions and individuals. Their goal is to help improve the lives of Georgians.

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