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Department of Justice

U.S. Attorney's Office

Northern District of Georgia

FOR IMMEDIATE RELEASE

Monday, August 2, 2021

North Georgia Health Clinic and its CEO agree to pay \$130,000.00 to settle False Claims Act allegations that they issued medically unnecessary opioid prescriptions

ATLANTA – North Georgia Healthcare Center, Inc. (“NGHC”), a Ringgold, Georgia, based nonprofit corporation and healthcare provider, as well as its CEO, Delaine Hunter, have agreed to pay \$130,000.00 dollars to settle allegations that they violated the False Claims Act by causing the submission – between January 1, 2012 and September 10, 2018 – of medically unnecessary claims for Schedule II controlled substances to the United States and State of Georgia. Specifically, the Complaint alleges that Dr. Gary Smith, a former NGHC physician, improperly prescribed opioids without appropriate medical review and judgment of medical necessity.

“Medical professionals are trusted to prescribe controlled substances in compliance with the law and in a manner that protects the health and safety of their patients,” said Acting U.S. Attorney Kurt R. Erskine. “We will continue to vigorously pursue those who breach that trust using every tool at our disposal.”

“Healthcare fraud is not a victimless crime, with fraudsters often preying on beneficiaries across the country. Especially insidious is the fraud committed by health care practitioners who are trusted to prescribe only medically necessary, quality services to patients,” said Special Agent in Charge Derrick L. Jackson of the Department of Health and Human Services Office of Inspector General. “Working closely with our law enforcement partners, our agency will continue to protect the public by holding those responsible for such schemes responsible for their actions.”

“We are fighting the opioid epidemic on many fronts, including holding those accountable who improperly prescribe without appropriate medical review and judgment,” said Georgia Attorney General Chris Carr. “These types of allegations will receive our full attention because of the potential harm to Georgians and the improper use of taxpayer dollars.”

“The opioid addiction crisis in this country affects everyone to include the military and their families,” stated Special Agent in Charge Cynthia A. Bruce, Department of Defense Office of Inspector General, Defense Criminal Investigative Service (DCIS), Southeast Field Office. “This settlement is another step forward in striking at the heart of physician assisted addiction and holding those medical professionals accountable for unethical service.”

To be reimbursable under Government insurance programs such as Medicare, Medicaid and Tricare, drugs prescribed by a physician must be (1) rendered pursuant to the prescriber’s medical judgment, and (2) reasonable and medically necessary. Additionally, under Georgia law, only physicians – and not mid-level practitioners such as physician assistants – can write prescriptions for Schedule II drugs, which includes, but is not limited to, opioids such as oxycodone and hydrocodone. Where a physician assistant interacts with a patient and concludes that the patient requires a Schedule II drug, the doctor that supervises the physician assistant must concur that the pertinent Schedule II drug is medically necessary and must sign the associated prescription.

The Government alleges that physician assistants – and not Dr. Smith – saw most of the patients at NGHC. Dr. Smith only visited NGHC one afternoon per week, and rarely saw patients or reviewed their charts. The Government further alleges that Dr. Smith routinely signed stacks of prescriptions (which included, but were not limited to, prescriptions for Schedule II drugs) for patients that he had neither seen nor otherwise evaluated. Finally, the Government alleges that NGHC’s CEO failed to promptly address this behavior once alerted to it by several NGHC employees.

Dr. Smith, in a separate settlement agreement with the United States Department of Health and Human Services – Office of Inspector General, has agreed to a voluntary 10 year exclusion from participation in all federal healthcare programs. As result, both Dr. Smith and any provider using Dr. Smith’s services will be unable to obtain reimbursement for care provided to any patients insured under a government healthcare program, such as Medicare, Medicaid and Tricare.

The settlement resolves a lawsuit filed in the U.S. District Court for the Northern District of Georgia by a former NGHC employee under the *qui tam* or whistleblower provisions of the False Claims Act, which permit private citizens to bring lawsuits on behalf of the United States and obtain a

portion of the government's recovery. The case is captioned *United States and Georgia ex rel. Krysta Mangrum v. LabCorp, et al.* (Civil Action No. 1-18-cv-312). The claims resolved by this settlement are allegations only and there has been no determination of liability.

This matter was investigated by the U.S. Attorney's Office for the Northern District of Georgia, the Georgia Medicaid Fraud Control Unit, the U.S. Department of Health and Human Services – Office of Inspector General and the Defense Criminal Investigative Service of the U.S. Department of Defense – Office of Inspector General.

Assistant U.S. Attorney Paris A. Wynn and Assistant Attorney General Sara Vann handled this matter.

For further information please contact the U.S. Attorney's Public Affairs Office at USAGAN.PressEmails@usdoj.gov or (404) 581-6016. The Internet address for the home page for the U.S. Attorney's Office for the Northern District of Georgia Atlanta Division is <http://www.justice.gov/usao/gan/>.

Topic(s):

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