



THE UNITED STATES ATTORNEY'S OFFICE
NORTHERN DISTRICT *of* OHIO

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Department of Justice

U.S. Attorney's Office

Northern District of Ohio

FOR IMMEDIATE RELEASE

Tuesday, November 13, 2018

**Newton Falls woman indicted for stealing \$377,000 from
healthcare plans she administered and using the money to pay
personal and business expenses**

A 26-count indictment was filed today accusing a Newton Falls resident of stealing more than \$375,000 from healthcare plans she administered and using the money to pay for personal and business expenses, said Justin E. Herdman, United States Attorney for the Northern District of Ohio.

Pamela S. Priddy, 58, was charged with 22 counts of bank fraud and four counts of theft from a health benefit program.

In 2010, Priddy started Health Plan Administrators LLC ("HPA"), a company that was a third-party administrator of healthcare plan benefits. It was located in Austintown. Priddy was HPA's President, founder and owner majority owner.

HPA had several clients that were companies which sponsored self-funded health care benefit plans for their employees. These companies hired HPA and paid it a fee to administer their benefit plans. Priddy knew HPA was required by law and by contract to establish individual segregated bank accounts for each of the client companies to hold, in trust, the funds the companies sent to HPA to pay claims from medical service providers, according to the indictment.

From at least January 1, 2012 through November 13, 2013, Priddy diverted and used approximately \$377,091.74 of HPA clients' money in connection with a health care program as general assets of HPA and for Priddy's personal benefit. Priddy did so through (a) Company Account Misappropriations and, (b) Health Care Service Provider Refunds Misappropriations.

From on or about January 4, 2012 through on or about January 10, 2013, Priddy obtained approximately \$151,568.66 in funds from Company's accounts. Priddy failed to disclose to the clients that following the termination of their business relationship with HPA the material fact that there were substantial remaining funds in the Company's client claim accounts.

From on or about January 1, 2012 through on or about November 13, 2013, Priddy misappropriated approximately \$225,523.08 of health care service provider refunds. Health care service providers sent approximately 178 checks representing refunds due to Companies to HPA. The refunds were due to multiple claim payments, payments made without accounting for network discounts, and payments paid in

error by HPA, on behalf of HPA clients, with clients' health plan assets, as evidenced by multiple Explanation of Benefit forms and refund request letters generated by HPA or refund forms generated by service providers. The majority of the refunds were due to former clients of HPA and were received after the clients had terminated services with HPA.

Instead of depositing those checks to Companies' client accounts, crediting clients' accounts, or refunding the money, Priddy caused those checks to be deposited in HPA accounts and the funds were used for HPA business expenses and Priddy's personal benefit. Priddy failed to disclose to the clients the material fact that HPA received refunds from providers, but those funds were not deposited into the client claims accounts or credited to the client's bill with HPA.

This case is being prosecuted by Assistant U.S. Attorney Matthew B. Kall following an investigation by U.S. Department of Labor, Office of Inspector General and Employee Benefits Security Administration, and the Federal Bureau of Investigation.

If convicted, the defendant's sentence will be determined by the court after a review of the federal sentencing guidelines and factors unique to the case, including the defendant's prior criminal record (if any), the defendant's role in the offense and the characteristics of the violation.

An indictment is only a charge and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Topic(s):

Financial Fraud

Component(s):

USAO - Ohio, Northern

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