

CONSUMER PROTECTION DIVISION,
OFFICE OF THE ATTORNEY GENERAL,

Proponent,

v.

UNIVERSITY OF MARYLAND MEDICAL
SYSTEM CORPORATION,

Respondent.

* IN THE CONSUMER
* PROTECTION DIVISION,
* OFFICE OF
* THE ATTORNEY GENERAL
* OF MARYLAND

* * * * *

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made and entered into on September 22, 2026 (the “Effective Date”) by the Office of the Attorney General, Consumer Protection Division (the “Division”), and the University of Maryland Medical System Corporation (“UMMS”) (each a “Party” and together the “Parties”). The Division and UMMS agree as follows:

I. THE PARTIES

1. The Division is responsible for the enforcement of Maryland consumer protection laws, including the Maryland Consumer Protection Act (the “CPA”), Md. Code Ann., Com. Law §§ 13-101 through 13-501 (2013 Repl. Vol. and 2021 Supp.).

2. UMMS is a Maryland nonprofit corporation located at 250 W. Pratt Street, 24th Floor, Baltimore, MD 21201. UMMS is the sole member of the University Medical Center, LLC, and is the ultimate parent of, among other entities, hospitals and medical care facilities that offer and provide health care services to patients who reside in Maryland and elsewhere. UMMS is entering into this Agreement on behalf of itself and its affiliates.

II. DEFINITIONS

3. An “Outpatient Facility Fee” is a fee charged by a hospital at a rate approved by the Maryland Health Services Cost Review Commission (“HSCRC”) for outpatient services, supplies, or equipment that are provided in a building on the campus of a hospital in which hospital services are delivered and that is separate and distinct from a fee for professional services.

4. A “Covered Clinic Facility Fee,” solely for the purposes of this Agreement, is defined as an Outpatient Facility Fee for an outpatient clinic service, supply, or equipment, including the service of a nonphysician clinician, that does not include a charge billed for services delivered in an emergency department.

5. A “Two-Bill Clinic” is a hospital-based clinic where a patient’s receipt of a medical service could result in two bills, one from the provider for professional services and one from the hospital for a Covered Clinic Facility Fee.

6. An “UMMS Two-Bill Clinic” is a Two-Bill Clinic owned and operated by an UMMS affiliated hospital that provided services to patients during the Investigation Period (as defined below) that UMMS has agreed to be subject to this agreement based on the Division’s allegation that the same services were also materially available at a non-hospital facility owned or operated by an UMMS affiliate. *Exhibit A* is a full and complete list of all UMMS Two-Bill Clinics.

7. The “Investigation Period” is defined to mean the period from January 1, 2017, through June 30, 2021.

III. THE INVESTIGATION

8. On or about October 16, 2019, the Division, through the issuance of an administrative subpoena directed to UMMS, commenced a civil investigation (the “Investigation”)

as to whether UMMS's practices in connection with notifying patients of Outpatient Facility Fees violated the CPA.

9. In the context of the Investigation, the Division alleges that UMMS's practices from January 1, 2017, through June 30, 2021, in connection with notifying patients of Outpatient Facility Fees violated the CPA, which statute the Division maintains applies to such practices (the "Division's Facility Fee CPA Claims").

10. UMMS denies that the CPA applies to its practices in connection with notifying patients of Outpatient Facility Fees and further denies that any of its practices with respect to notifying patients of Outpatient Facility Fees at any time violated the CPA as alleged in the Division's Facility Fee CPA Claims.

11. To avoid the uncertainty and any further expense in connection with the Investigation and any future administrative proceedings and/or litigation arising out of the Investigation, and without any admission of liability on the part of UMMS or any of its affiliates, the Division and UMMS desire to fully and finally resolve the Division's Facility Fee CPA Claims in accordance with the terms of this Agreement.

12. Accordingly, in consideration of the release, covenants, and all other good and valuable consideration set forth in this Agreement, the receipt and sufficiency of which are hereby acknowledged, and pursuant to Md. Code Ann., Com. Law § 13-402, the Parties agree to the following terms of settlement:

IV. SETTLEMENT PAYMENT

13. Within the timeframe set forth herein, UMMS shall pay patient restitution to the Division in the amount of two million, two hundred fifty-one thousand, seven hundred eighty-one dollars and fifty-two cents (\$2,251,781.52) (the "Settlement Amount").

14. The Settlement Amount made by UMMS shall be used to provide restitution to those UMMS patients (a) who were billed a Covered Clinic Facility Fee in connection with services they received at an UMMS Two-Bill Clinic between January 1, 2017, and June 30, 2021; (b) who made a payment towards such a billed Covered Clinic Facility Fee on an out-of-pocket basis (including patients who paid the whole fee themselves, or those who paid part of the fee themselves in connection with a co-payment, coinsurance, or deductible obligation); and (c) whose out-of-pocket payment toward such a billed Covered Clinic Facility Fee exceeded twenty-four dollars and ninety-nine cents (\$24.99) (each, a "Qualified Expense" and collectively, the "Qualified Expenses"). For avoidance of doubt, Qualified Expenses for purposes of this Agreement do not include: (i) any payments of Outpatient Facility Fees that are not Covered Clinic Facility Fees; (ii) any payments of Covered Clinic Facility Fees billed for services provided at an UMMS Two-Bill Clinic that were made on a patient's behalf by a private or governmental insurer or other third-party payor; or (iii) any out-of-pocket payments made by a patient toward a billed Covered Clinic Facility Fee that were less than or equal to twenty-four dollars and ninety-nine cents (\$24.99).

15. Within sixty (60) days after the Effective Date of this Agreement, UMMS shall provide the Division with a complete list of all patients (the "Patient List") who, based on review of its billing records, UMMS in good faith believes incurred a Qualified Expense ("Eligible Patients").

16. For each Eligible Patient identified on the Patient List, UMMS shall provide the following information in the form of a spreadsheet, with each item in a separate field:

- a. the patient's first name;
- b. the patient's last name;
- c. the patient's last known street address;
- d. the patient's last known city, state, and postal code;

- e. the patient's last known home telephone number and cellphone number to the extent available;
- f. the patient's last known email address to the extent available;
- g. the date of the service(s) for which the patient incurred a Qualified Expense;
- h. the name of the UMMS Two-Bill Clinic where the patient incurred a Qualified Expense;
- i. the location of the UMMS Two-Bill Clinic where the patient incurred a Qualified Expense;
- j. the amount of the Covered Clinic Facility Fee; and,
- k. the amount of the Qualified Expense.

17. UMMS shall pay the Settlement Amount owed to the Division by providing refunds directly to each Eligible Patient in the amount(s) of each such Eligible Patient's Qualified Expense(s) pursuant to the procedure described herein (the "Restitution Procedure"). UMMS shall be responsible for all the administrative costs of executing the Restitution Procedure. The Restitution Procedure shall be concluded no later than twelve (12) months from the Effective Date of this Agreement.

18. Within thirty (30) days from the date of this Agreement, UMMS shall segregate an amount of money equal to the Settlement Amount owed to the Division for patient restitution into a separate general ledger liability account on the general ledger of the University of Maryland Medical Center (the "Restitution Account"). The Restitution Account shall be established exclusively for the purpose of distributing restitution pursuant to the claims procedure outlined herein.

19. Within sixty (60) days from the date of this Agreement, UMMS shall commence paying restitution to patients by sending each Eligible Patient the patient letter attached hereto as **Exhibit B** ("Patient Letter"). The Patient Letter shall be sent to the patient's last known address. Initial mailings of Patient Letters shall be concluded no later than ninety (90) days from the Effective Date of this Agreement. UMMS then shall send each Eligible Patient the applicable Qualified Expense amount by check, which shall be issued by the applicable UMMS Hospital,

within thirty (30) days of the Patient Letter mailing. If a bad address is identified in connection with the Patient Letter, UMMS shall follow the provisions of paragraph 20.

20. If UMMS mails a Patient Letter to an Eligible Patient and that mailing is returned as undeliverable, UMMS shall resend the Patient Letter to the Eligible Patient within thirty (30) days of the returned mailing by using (a) a current address for the Eligible Patient obtained through a Global Address Verification service (such as the United States Postal Service National Change of Address Database or Melissa, Inc.) and agreed to by the Division, or (b) an address that is provided by the Division at any time during the Restitution Procedure. UMMS then shall mail the Qualified Expense check to such address within thirty (30) days of mailing the second or subsequent Patient Letter, unless such Patient Letter is also returned as undeliverable.

21. UMMS shall submit a compliance certificate, sworn under the penalty of perjury, within twelve (12) months from the date of this Agreement, to report on the status of each payment made to an Eligible Patient. The certificate required under this paragraph shall include the Patient List required under paragraph 15 along with the following additional fields:

- a. the amount of the refund payment; and,
- b. whether the check (i) was cashed, (ii) was returned, or (iii) otherwise did not clear the Restitution Account.

22. On the same date that UMMS provides the Division with the compliance certificate required under paragraph 21, UMMS shall pay to the Division any part of the Settlement Amount that has not been distributed to Eligible Patients, which amounts the Division may utilize to pay restitution to consumers, may turn over to the Maryland Comptroller as an unclaimed fund, or may use for future consumer protection enforcement or consumer education, or any other lawful public purpose designated by the Attorney General. Qualified Expense checks shall be void if not cashed

before the date when UMMS remits undistributed funds to the Division. UMMS may print this expiration date on the Qualified Expense checks.

23. Upon written notice delivered to UMMS at least thirty (30) days in advance of any requested inspection or production of records, UMMS shall give the Division complete access to all records, data, and personnel reasonably necessary for the identification and payment of restitution under this Agreement, for oversight purposes, including schedules issued in connection with the Restitution Account; provided, however, that the Division's access to the Restitution Account shall pertain solely to the Restitution Account and shall not include any other account or component of the general ledger of UMMS, any UMMS hospital, or other UMMS affiliate; provided, further, that the Division's access to any bank account records shall be solely limited to transactions involving the Restitution Account. Nothing in this paragraph limits the Division's ability to subpoena records or to obtain records in compliance with applicable law apart from the procedure outlined in this paragraph.

V. RELEASE

24. **Release.** In consideration of the covenants contained herein, the Parties agree to following release:

- a. Upon the timely, full segregation of funds into the Restitution Account, and the timely, full and complete payment to the Division of the amounts in paragraph 38, the Consumer Protection Division of the Office of the Attorney General of Maryland will (i) terminate its investigation into UMMS's conduct arising out of, resulting from, and/or relating to notifying patients of Outpatient Facility Fees at any UMMS facility (including, but not limited to, the UMMS Two-Bill Clinics); and (ii) release, remise, acquit and forever discharge UMMS and its respective past, present, and future officers, directors, employees, agents, representatives, managers, predecessors, successors, assignees, affiliates, merged or acquired entities, parent or controlling entities, members, subsidiaries, and attorneys from any and all causes of action, claims, damages, costs (including, but not limited to, costs incurred by the Attorney General under Md. Code Ann., Com. Law § 13-409), fees (including attorneys' fees), penalties, liabilities, fines, expenses, and any other remedies, whether pursuant to the CPA or any other form of statutory, common law

or other claim within the authority of the Division, that the Division has asserted or could have asserted arising out of, resulting from, and/or relating to notifying patients of Outpatient Facility Fees at any UMMS facility (including, but not limited to, the UMMS Two-Bill Clinics) prior to the Effective Date of this Agreement, except nothing contained herein shall release any claims the Division may have related to UMMS's compliance with the Facility Fee Right-to-Know Act, codified as Section 19-349.2 of the Health-General Article of the Maryland Code, which the Division has not investigated (and which UMMS disputes is enforceable by the Division). All entities released pursuant to this Agreement shall be entitled to assert the rights of a releasee hereunder.

VI. RESOLUTION OF DISPUTES

25. The Chief of the Division or their designee shall resolve any disputes that may arise regarding this Settlement Agreement and enter any supplemental orders needed to effectuate its purpose. As appropriate under Md. Code Ann., Com. Law §13-407, UMMS or any applicable UMMS affiliate may institute a civil or other appropriate proceeding challenging any order or decision of the Division arising out of or relating to the terms of or its compliance with this Agreement.

VII. ENFORCEMENT

26. UMMS understands that this Agreement is enforceable by the Division pursuant to Section 13-402(c) of the CPA and that any material breach of this Agreement is a violation of the CPA for purposes of Section 13-410(a).

VIII. NOTICES

27. Unless another person is designated by either party, any notices or documents required to be sent to the Parties pursuant to this Agreement shall be sent via overnight carrier and via e-mail to the following addresses:

a. For the Attorney General:

Wilson Meeks
Assistant Attorney General
Consumer Protection Division
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
wmeeks@oag.maryland.gov
(410) 576-6957

and

Chief, Consumer Protection Division
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
consumer@oag.maryland.gov

b. For UMMS:

Trevor Coe
Senior Associate Counsel
Office of the General Counsel
University of Maryland Medical System
900 Elkridge Landing Road
Linthicum Heights, MD 21090
Trevor.Coe@umm.edu
(443) 462-5710

and

Jonathan M. Phillips
Gibson, Dunn & Crutcher LLP
1700 M Street, N.W.
Washington, D.C. 20036-4504
JPhillips@gibsondunn.com
(202) 887-3546

IX. OTHER TERMS

28. **No Admission of Liability.** Each Party acknowledges and agrees that this Agreement does not represent an admission by either of them or any of their affiliates of any liability to the other Party, and any such alleged liability has been and is expressly denied.

29. **Additional Reservation of Rights.** Without limiting any rights reserved elsewhere in this Agreement, both Parties acknowledge and agree that this Agreement is being entered into without prejudice to their respective legal positions regarding: (a) the applicability of the CPA to UMMS's practices in connection with notifying patients of Outpatient Facility Fees at any of its facilities (including, but not limited to, the UMMS Two-Bill Clinics), including those practices that are undertaken by UMMS after the Effective Date of this Agreement; or (b) whether or not the Division has a right to enforce Section 19-349.2 of the Health-General Article of the Maryland Code.

30. **Capacity and Authority.** Each Party represents and warrants that the person executing this Agreement on its behalf has the necessary and appropriate authority and capacity to execute this Agreement and to make such Agreement fully binding and enforceable against such Party.

31. **Binding Agreement.** The provisions of this Agreement shall bind and inure to the benefit of the Parties and their respective predecessors, successors, and assigns.

32. **Construction.** This Agreement shall be construed without regard to any presumption or other rule of law requiring construction against the party who caused it to be drafted.

33. **Consultation with Counsel and Understanding of Terms.** The Parties have read this Agreement, including its attached exhibits, have had a full opportunity to consult and, in fact, have consulted with legal counsel with regard to it, and have signed this Agreement voluntarily and with a full understanding of its terms.

34. **Severability.** If any one or more of the provisions of this Agreement is deemed invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired.

35. **Assignment.** The rights and obligations of the Parties under this Agreement may not be transferred, assigned or delegated to any other person or entity absent the written consent of all Parties hereto.

36. **Entire Agreement.** This Agreement and the exhibits hereto contain the entire agreement between the Parties with respect to the subject matter herein and any and all prior and contemporaneous oral and written agreements and discussions are superseded by this Agreement. No provision of this Agreement can be waived, modified, amended, or supplemented except in a writing signed by the Parties hereto.

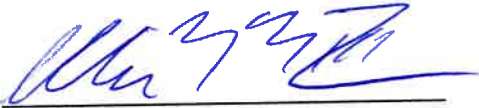
37. **Counterparts.** This Agreement may be executed in any number of counterparts, including those transmitted to and among the Parties via e-mail or facsimile, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

38. **Payment of Costs.** Within thirty (30) days of the date of this Agreement, UMMS shall pay the Division Two Hundred Forty-Eight Thousand Two Hundred Eighteen Dollars and Forty-Eight Cents (\$248,218.48) for the costs of its investigation, which may be used for future consumer protection enforcement or consumer education, or any other lawful public purpose designated by the Attorney General.

[Signatures on Next Page]

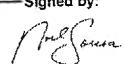
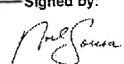
AGREED AS TO FORM AND SUBSTANCE:

**CONSUMER PROTECTION DIVISION
OFFICE OF THE ATTORNEY
GENERAL OF MARYLAND**

By: 

Wilson Meeks, Esq.
Assistant Attorney General
Consumer Protection Division
200 St. Paul Place, 16th Floor
Baltimore, MD 21202
wmeeks@oag.maryland.gov

**UNIVERSITY OF MARYLAND
MEDICAL SYSTEM CORPORATION**

Signed by: 
By: 
Noel Sousa
Chief Financial Officer
University of Maryland Medical System
250 W. Pratt Street, 24th Floor
Baltimore, MD 21201

September 22, 2026

EXHIBIT A

UMMS TWO-BILL CLINICS

Advance Fetal Care UMH
Audiology UMH Fre
Digestive Health Center Gastro UMH
Digestive Health Center Hepatology
Gero Outpatient 1st
MTC Adult Diabetes
MTC Adult Endo Testing
MTC Adult Endocrine
MTC Diabetic Education and Nutrition
MTC Friedenwald Eye Institute
MTC Friedenwald Eye Institute FAC
MTC Physical Therapy
MTC Podiatry at Diabetes
MTC Psychiatry at Diabetes
Neuro Movement DO Frenkil
Neuro MS Frenkil
Neuro Stroke Frenkil
Neurology Clinic Frenkil
Neurology Epilepsy Frenkil
Neuromuscular Frenkil
Neuropsych Frenkil
Oto Adult Frenkil
Oto Peds Frenkil
Outpatient Addiction Tx 1st
UHC Gastro Frenkil
UHC Nutrition Frenkil
UHC Rheumatology Frenkil
UMMC Kaufman Infusion Center
UMMC Multidisciplinary Cancer Ctr FAC Towson
UMMC Multidisciplinary Cancer Ctr Towson
UMMC Serpick Infusion Center Towson

EXHIBIT B

LETTER

Dear [Patient Name]:

At the University of Maryland Medical System, we believe patients deserve clear information about the cost of their care. As part of a review of billing practices at certain outpatient clinics, we determined that you are eligible to receive a refund for facility fees you paid during visits to [Clinic Name] ("the Clinic") between [Date Range]. The Clinic is an outpatient department of [Insert Hospital Name] Hospital (the "Hospital"), which means that you received two separate bills when receiving services in the Clinic: a physician services bill from the doctor and an outpatient clinic bill from the Hospital with an outpatient clinic fee.

Although the fees charged to you were the correct amounts, the Attorney General's Consumer Protection Division (the "Division") alleges that you could have received similar medical services at a non-hospital University of Maryland Medical System facility where you could have avoided paying the hospital outpatient clinic fee(s). In connection with discussions with the Division regarding the standards for notice to be given to patients regarding hospital outpatient clinic fees, the Hospital is refunding money paid toward your hospital outpatient clinic bill(s) during the referenced time-period.

You will be mailed a refund check within the next 30 days. The refund reflects our commitment to transparency and to maintaining the trust that patients place in us every day.

Healthcare billing can be complex, and we want to ensure that patients receive clear and transparent information about their healthcare costs. We are committed to continually improving how we communicate with patients about the costs associated with their care so they can make informed decisions.

We recognize that choosing a healthcare provider is a personal decision, and we are grateful that you chose the University of Maryland Medical System for your care. Serving our patients with compassion, respect, and excellence remains at the heart of everything we do.

If you have questions about this refund, please contact [Insert Contact Information]. We would be happy to assist you.

Sincerely,

[Name]

[Title]

University of Maryland Medical System