



**Department of Planning and Budget**  
**2025 General Assembly Session**  
**State Fiscal Impact Statement**

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Authority (VCUHSA) and the University of Virginia (UVA) Medical Center. The dollar amount of any future awards for medical malpractice damages for children under 10 years of age resulting from successful litigation and/or negotiated settlements in excess of the current cap is unknown. Both health systems could face higher litigation costs associated with such cases if additional patients proceed to trial for damages. Increased costs could impact prices charged to patients and liability concerns could impact the availability of certain services. Additionally, both health systems are reimbursed by Medicaid on a percentage of cost basis; any cost increases from this legislation could impact those reimbursements.

Both health systems could experience an increase in medical malpractice insurance premiums to account for potential increased liability.

*VCU Health System Liability Premium Impact*

MCV Physicians, VCU Health System's faculty practice plan, employs approximately 1,100 physicians. Medical malpractice coverage varies by specialty but rates for a \$1 million policy are between approximately \$12,000 and \$58,000 per year. Based on a study by outside consultants, VCUHSA anticipates malpractice insurance rates to increase approximately 20 percent from the proposed changes. Based on the median rate (\$35,000 per year), a 20 percent increase would result in an estimated additional cost of \$7.7 million. This doesn't include increases in medical malpractice coverage for the nearly 700 employed Advanced Practice Providers (e.g., nurse practitioners, physician assistants, certified registered nurse anesthetists, PhDs).

MCV Physicians will also carry a \$50 million medical professional liability coverage line, which costs approximately \$1.5 million per year. Based on the consultant's projections of a 111.9 percent increase in claim severity and frequency, VCUHSA projects that medical professional liability rates would increase 150 percent. This would bring the cost of the policy to \$3.75 million, or an additional \$2.25 million per year.

As a result, the total cost increase for liability coverage at VCUHSA would be approximately \$10 million.

*UVA Medical Center Liability Premium Impact*

It is anticipated that that UVA Medical Center would also experience increases in medical malpractice insurance rates, however detailed estimates are not available at this time. This impact statement will be revised if and when detailed estimates from the UVA Medical Center are available.

*Appropriation Impact*

Operations of the VCU Health System Authority and the UVA Medical Center are fully supported by revenues generated by these entities. The VCU Health System Authority is a separate legal entity that does not have a state appropriation. As a component of UVA, the UVA Medical Center has a sum sufficient state nongeneral fund appropriation in Item 187 of the Budget Bill (HB1600/SB800) to reflect the anticipated expenditure of the revenues generated by the Medical Center. Any impact on the nongeneral fund appropriation for the UVA Medical Center from this legislation is indeterminate.

**Other:** None.