

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

PUBLISHED: 1/28/2026 4:11 PM

ORIGINAL

Bill Number: SB99

Patron: Stanley

Bill Title: Medical malpractice; limitations on recovery, certain actions.

Bill Summary: Eliminates the cap on the recovery in actions against health care providers for medical malpractice where the act or acts of malpractice occurred on or after July 1, 2026, and occurred against a patient age 10 or younger.

Budget Amendment Necessary: No

Items Impacted: N/A

Fiscal Summary: The Virginia Department of the Treasury anticipates an indeterminate increase in medical malpractice insurance rates for the state, which would likely lead to higher premiums charged to state agencies. Additionally, this legislation may result in impacts to the public academic health systems affiliated with public institutions of higher education in the Commonwealth that provide health care services. Any impacts from future award costs, increased litigation costs, price changes, or Medicaid payments is indeterminate.

Fiscal Analysis: Current statute includes caps on the recovery in actions against health care providers for medical malpractice at \$2.75 million for acts that occur on or after July 1, 2026, with increases each fiscal year until June 30, 2031, after which the amount is capped at \$3.0 million. This legislation would remove those caps on damages for actions of malpractice which occur against a patient age 10 or younger starting July 1, 2026.

State Agency Impact

The Department of the Treasury (the Department) indicates the proposed legislation is likely to raise medical malpractice insurance rates, though the total impact is indeterminate. Increases in payments would likely lead to higher premiums charged to state agencies. According to the Department, there have been 10 medical malpractice claims in the last 10 years involving patients age 10 or younger, four of which resulted in loss payments, and one of which was limited by the existing statutory cap. The removal of caps on damages could result in significantly higher claim payments, particularly for cases involving severe injury or lifelong care needs. This exposure may necessitate additional funding to ensure the solvency of the State Insurance Reserve Trust Fund. Any potential increases in payments would be paid from this Fund, as the Commonwealth self-insures for medical malpractice claims.

Virginia Commonwealth University (VCU) Health System Liability Premium Impact

MCV Physicians, VCU Health System's faculty practice plan, employs over 1,100 physicians and over 700 advanced practice providers (e.g., nurse practitioners, physician assistants, certified registered nurse

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anesthetists, PhDs, and certified nurse midwives). Medical malpractice coverage varies by specialty, and premiums for malpractice coverage and reinsurance for providers employed by MCV Physicians total approximately \$11.2 million. Approximately 25 percent of MCV Physicians' employed providers exclusively care for pediatric patients, and another 20 percent of MCV Physicians' employed providers care for pediatric patients as part of their practices. Given the number of MCV Physicians' employed providers who treat the pediatric population affected by the proposed changes, as well as MCV Physicians' history of claim activity related to claimants ages 10 and under, VCU Health System Authority (VCUHSA) anticipates total malpractice premiums for MCV Physicians will increase by approximately \$7.5 million annually. Reinsurance is also anticipated to go into effect at higher limits, which may result in higher premiums for MCV Physicians annually. Lastly, based on a study by outside consultants, VCUHSA anticipates a potential 20 percent increase in claim frequency due to the greater opportunity for potential recovery, resulting in a further increase in medical professional liability rates of approximately 25 percent and increasing premium costs by an additional estimated \$2.5 million per year. As a result, the total cost increase for liability coverage at VCUHSA would be approximately \$10 million.

Operations of VCUHSA are fully supported by revenues generated by the entity. The VCUHSA is a separate legal entity that does not have a state appropriation.

University of Virginia (UVA) Medical Center Liability Premium Impact

UVA Medical Center (UVAMC) also anticipates increases in medical malpractice insurance rates. Physician coverage, including UVA Community Health Medical Group and UVA Physicians Group (UPG) clinicians, is projected to rise 20 percent, consistent with projections from an outside consultant's study. Hospital-employed non-physician staff are expected to face higher projected increases of 77.5 percent due to broader exposure and higher historical claim frequency. Graduate Medical Education trainee coverage is projected to rise 20 percent. Excess coverage, which protects against catastrophic claims above individual provider limits, is projected to increase 119-150% for non-UVAMC entities, reflecting potential claims in excess of standard policy limits. These estimates represent the projected cost of maintaining coverage and do not include additional costs that could result from changes in claim frequency, severity, or other administrative adjustments. The table below summarizes the calculations of projected increases by entity.

Entity	Current Premium	Projected Increase	Additional Cost
Community Health Medical Group – physicians	\$1,400,000	20%	\$280,000
UVA Physicians Group (UPG)	\$6,500,000	20%	\$1,293,734
Community Health Hospital-Employed Staff – non-physicians	\$1,920,473	77.5%	\$1,488,367
Excess Coverage – physicians	\$1,500,000	150%	\$2,250,000
Excess Coverage – non-physicians	\$2,463,973	119.5%	\$2,944,448
UVA Trainees – residents/fellows	\$1,250,000	20%	\$250,000
Total Additional Cost Per Year			\$9,506,548

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Operations of the UVAMC are fully supported by revenues generated by the entity. As a component of UVA, the UVAMC has a sum sufficient state nongeneral fund appropriation in Item 190 of the Budget Bill (HB/SB 30) to reflect the anticipated expenditure of the revenues generated by the Medical Center. Any impact on the nongeneral fund appropriation for the UVAMC from this legislation is indeterminate.

Other: The EVMS Medical Group at Old Dominion University anticipates a liability premium impact. The EVMS Medical Group employs approximately 270 physicians and advanced practice providers who are covered by its medical malpractice insurance policy. The current premium for this policy is \$2.4 million annually. The actuarial estimate for the premium increase that would result from the changes proposed in this bill is approximately \$1.1 million annually, which is a 45.6 percent increase. Additionally, the EVMS Medical Group expects that the provisions in this bill would increase the number of claims pursued due to the opportunity for potential recovery. Based on a study by outside consultants, the agency anticipates this increase could cause an additional 25 percent increase in premiums, which would be an additional cost of \$900,000 annually; however, the actual increase would depend on activity and is indeterminate at this time. In total, the expected fiscal impact of this bill would be an increase in premiums of approximately \$2 million annually. Operations of the EVMS Medical Group are fully supported by revenues generated by the entity. Any impact to the EVMS nongeneral fund appropriation is indeterminate but could be addressed administratively.