

ALBANY REPORT

**Legislative developments impacting the New York medical
and dental professional liability insurance marketplace**

NUMBER 01 | 2026

FINAL ENACTMENT OF THE NEW YORK 2027 STATE BUDGET

The New York State budget for fiscal year 2027 (April 1, 2026 to March 31, 2027) was finally enacted on May 28, 2026. The final budget came in at \$268.5 billion, an \$8 billion increase over Governor Hochul's initial budget proposal. The Governor realized significant budget victories, such as easing climate change and energy standards, instituting auto insurance reform proposals, and raising taxes on non-resident, wealthy individuals who own second homes in New York City. Fortunately for the New York medical community and MLMIC's policyholders, the two issues the Company was most interested in, namely Section 18 excess insurance coverage and the Medical Indemnification Fund (MIF), were resolved in a positive manner for MLMIC's policyholders.

Section 18

In January, the Governor proposed a modification to the Section 18 excess medical malpractice insurance program that would restructure payments to Section 18 excess insurers by deferring half of the upcoming July 1, 2026-June 30, 2027 Section 18 policy year payment obligations to the following year, and require Section 18 physicians to pay half of the costs.

MLMIC joined with the Medical Society of the State of New York (MSSNY) in opposing this proposal and advocated for a straight extension of the program, as has been done in the past. Fortunately, the Governor's proposal was rejected, and the Section 18 program has been maintained in its current form with a straight one-year extension. The program's funding for

next year's policies (July 1, 2026-June 30, 2027) will remain at the current amount of \$78.5 million.

Medical Indemnity Fund

The MIF was extended for one year, with no program modifications, and will be funded for this state fiscal year in the amount of \$155.5 million. Last year's appropriation was \$211 million.

Interest Rate on Judgments

Unfortunately, the Governor's Executive Budget proposal to reduce the current interest rate on judgments from the high 9 percent rate to the prevailing federal market rate was not included in the final state budget.

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“Strengthening Oversight on Healthcare Transactions”

This section of the proposed budget submitted by the Governor would have authorized the New York Department of Health (DOH) to conduct supplemental cost and market impact reviews for significant transactions and would also have required continued reporting on the impacts of said transactions for five years after closure of the transaction. This proposal was not adopted in the final enacted New York state budget.

Mid-Level Provider Considerations

The Governor’s proposed budget also included expansion of the scope of practice for medical assistants, certified medication aides, nurse practitioners, and physician assistants. Additionally, this proposal would have transferred licensing and oversight functions with respect to the professional misconduct of physicians, physician assistants, and specialist assistants from the State Education Department to the DOH. This proposal was also not adopted in the final state budget.

NEW YORK 2026 REGULAR LEGISLATIVE SESSION CONCLUDES

With the New York State Assembly adjourning on June 5, shortly after the New York State Senate adjourned for the year, the 2026 regular session of the New York State Legislature has concluded. While there is always a remote possibility the two houses may return in the fall or early winter, for now, there are no plans for the Legislature to reconvene prior to early January 2027.

Plaintiff Bar Liability–Expanding Bills Fail To Advance

There were four bills introduced this year that would have significantly increased liability expansion in New York medical malpractice cases. The first bill was this year’s version of the so-called “**Grieving Families Act**” (GFA), [AB11340/SB10171](#). This year’s version, the fifth since 2022, is identical to last year’s GFA bill.

The second bill, [SB9533/AB11239](#), is an old chestnut that **would allow a plaintiff to directly sue a third-party defendant**. This bill is identical to a bill from last year that was vetoed by Governor Hochul in December 2025.

A new liability expanding bill, [SB10035/AB11203](#), was introduced this year that would, among other harmful provisions, greatly expand the medical malpractice statute of limitations (SOL) by setting the accrual date for the SOL to when the plaintiff

knew or should reasonably have known of the alleged negligent act, i.e., the omission, or failure by a medical provider, rather than the date of the actual alleged negligent act, omission, or failure as set forth in current law, with an outer time limit of 7 years.

The fourth bill, [SB8625/AB9552](#), which would significantly expand liability for medical liability defendants, would **modify the current objective standard used by New York’s appellate courts to reduce jury damage awards** when they materially deviate from reasonable compensation. It would replace that standard with a subjective test that requires great deference to the jury’s damages award unless the award “shocks the conscience,” the pre-1986 standard that was in place before numerous tort reform provisions were adopted in New York during the mid-1980s professional liability insurance crisis.

All four of these bills did not reach the floor of either house of the New York State Legislature and therefore are considered inactive in this year's legislative session, which has now ended.

Other Legislative Issues

MLMIC continues to support legislation that would reduce the risks involved with practicing medicine and thereby allow healthcare practitioners to provide the best possible care to their patients.

One of these legislative proposals is **medical malpractice peer review and quality improvement programs for qualifying medical group practices, SB1916**. MLMIC continued its longtime advocacy of these programs with our support of this bill and its provisions for strong confidentiality and immunity protections under New York law.

Due to support from MLMIC and MSSNY, the bill was favorably reported by the Senate Health Committee to the Senate floor, but it never received a vote on the floor.

Another bill that would reform an important part of the New York medical liability system is **SB3242/AB6835**.

This measure would **extend the confidentiality protections in quality assurance proceedings** to all participants including medical liability defendants.

MLMIC will continue to seek sensible tort reform to balance the extremely unlevel playing field in New York when it comes to medical liability lawsuits.



Questions?

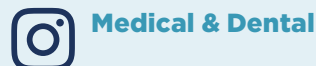
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