GRAND PARK LAW GROUP
A PROFESSIONAL CORPORATION

WESTSIDE TOWERS
11835 W. Olympic Boulevard #870E
Los Angeles, California 90064

O:+1 888.629.4754
F: +1 310.900.0805

INSIGHT · MEDICAL MALPRACTICE

Q1 2026 Legal Review: California MICRA AB 35 Phased Escalation — Practical Impact on Settlements and Verdicts

Grand Park Law Group · March 31, 2026 · 10 min read



California's AB 35 phased non-economic damage cap escalation reaches $470,000 for injury and $650,000 for wrongful death in 2026.

The first quarter of 2026 marked the third full year of implementation for California's landmark MICRA modernization statute, Assembly Bill 35. With non-economic damage caps under Civil Code § 3333.2 reaching $470,000 in non-death injury cases and $650,000 in wrongful death cases, the phased escalation schedule has reshaped case valuation, malpractice insurance underwriting, and trial settlement dynamics across California.

I. The 2026 Damage Cap Thresholds Under Civil Code § 3333.2

For forty-seven years (1975 to 2022), California's Medical Injury Compensation Reform Act (MICRA) locked non-economic damages at a static $250,000. Under AB 35's statutory phased schedule:

- **Non-Death Injury Cases:** The cap increased to $350,000 on January 1, 2023, and escalates by $40,000 annually each January 1, reaching **$470,000** in 2026 (climbing to $750,000 by 2033).
- **Wrongful Death Cases:** The cap increased to $500,000 in 2023, escalating by $50,000 annually, reaching **$650,000** in 2026 (climbing to $1,000,000 by 2033).
- **Post-2033 Inflation Adjustment:** Beginning January 1, 2034, all statutory caps will adjust automatically by 2.0% annually for inflation.

II. The Multi-Defendant 'Separate Category' Rule in Action

Crucially, AB 35 established that a plaintiff can recover up to three separate statutory non-economic damage caps in a single action if multiple categories of health care providers are found liable (Civil Code § 3333.2(d)):

1. One cap against individual health care providers (physicians, nurses).
2. One cap against health care institutions (hospitals, health systems).
3. One cap against unaffiliated health care institutions.

In 2026 wrongful death actions involving institutional negligence and physician malpractice, the theoretical non-economic damages recovery can reach **$1.95 million** (3 × $650,000), multiplying recovery potential and settlement pressure on healthcare defense insurers.

III. Strategic Considerations for Medical Malpractice Practitioners

For trial attorneys navigating medical negligence in 2026:

- **Pleading Multi-Category Defendants:** Plaintiffs must carefully name and prove independent institutional negligence (such as systemic understaffing or credentialing failures) alongside individual clinician negligence to reach multiple statutory caps.
- **Early CCP § 998 Offers to Compromise:** With higher damage ceilings, well-calibrated pretrial statutory settlement offers under CCP § 998 carry substantial prejudgment interest (Civil Code § 3291) and expert cost-shifting exposure for defendants.
- **Elder Abuse (EADACPA) Co-Pleading:** In skilled nursing cases, plaintiffs continue to pair medical malpractice theories with statutory elder abuse under W&I Code § 15657 to bypass MICRA caps altogether when reckless neglect can be established.

Practice	Medical Malpractice
Topics	MICRA · Damage Caps · Settlement Negotiation
Publication	Legal News & Opinion · March 31, 2026

Available online at grandparklawgroup.com/insights/articles/quarterly-2026-q1-micra-ab35-phased-caps-reality. This publication is provided for general information and is not legal advice.
© 2026 Grand Park Law Group, A.P.C. Attorney Advertising.