



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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*This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.*

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**Bill Number:** H. 4624 Prefiled on November 16, 2023  
**Author:** Hiott  
**Subject:** Gender Reassignment Procedures  
**Requestor:** House Medical, Military, Public, and Municipal Affairs  
**RFA Analyst(s):** Wren, Boggs, Bryant, Gardner, and Tipton  
**Impact Date:** December 13, 2023

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### **Fiscal Impact Summary**

This bill prohibits a physician, mental health provider, or other health care professional from engaging in conduct that aids or abets in the provision or performance of gender transition procedures to a person under eighteen years of age and provides certain exceptions to this provision. The bill also prohibits the use of public funds for gender transition procedures. Additionally, the bill prohibits the South Carolina Medicaid Program from reimbursing or providing coverage for practices prohibited under the provisions of the bill for individuals under twenty-six years of age. The bill provides penalties for violations of the provisions of the bill. Further, the bill prohibits school staff and officials from withholding knowledge of a minor's perception of their gender that is inconsistent with his or her sex from the minor's parent or legal guardian.

This bill will have no expenditure impact on the Department of Labor, Licensing and Regulation (LLR) or the respective boards. The bill does not change existing responsibilities of LLR or the boards since the agency and the boards currently have processes in place to investigate complaints and impose disciplinary action against licensees.

This bill will have no expenditure impact on the Medical University of South Carolina (MUSC) as the institution indicates there will be no resulting change in healthcare or educational operations nor are public funds currently being used directly or indirectly for gender transition procedures.

The expenditure impact of this bill on the Public Employee Benefit Authority (PEBA) and the State Health Plan (SHP) is undetermined. The agency reports if the bill prohibits the use of SHP funds for gender transition services, this will place the plan out of compliance with federal law and may result in an increase in expenditures due to litigation. However, total expenses related to the litigation are currently unknown. Also, PEBA reports that since 2016, fewer than 11 claims totaling approximately \$84,000 have been paid under the SHP for gender transition services, which is an average annual spending of \$12,000.

This bill will have no expenditure impact on the Department of Health and Human Services (DHHS) in its administration of the State's Medicaid program, Healthy Connections. The agency

indicates that Medicaid does not currently cover services or procedures related to gender transition.

This bill will have no expenditure impact on the Department of Mental Health (DMH) since the agency does not provide gender transition procedures.

This bill will have no expenditure impact on the Attorney General's Office since the agency can manage the responsibilities of the bill within the normal course of business.

This bill will have no expenditure impact on Judicial. While the bill creates a new civil cause of action and allows a person to file an action in court for violations of the provisions of this bill, Judicial intends to manage any increase in common pleas caseloads resulting from implementation of the bill using existing staff and appropriations.

This bill will have no expenditure impact on the S.C. Department of Education (SCDE). The bill requires the department to perform activities that will be conducted in the normal course of agency business.

The expenditure impact of this bill on the local school districts is undetermined due to the varying responses from the districts. SCDE surveyed the seventy-three regular school districts and the three charter school districts and received responses from twenty-nine districts. Twenty-one districts indicate that the bill will have no expenditure impact. Seven districts indicate that there could be litigation costs resulting from the provisions of the bill but could not quantify the cost. The remaining district indicates that the provisions of the bill may result in potential mailing and notification fees. Additionally, several districts note that although the bill will have no direct expenditure impact, it may create the need for additional professional development and training for school and district staff.

This bill may increase the caseload in courts as it allows a person or the Attorney General's Office to file an action in court for violations of the provisions of the bill. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, the Revenue and Fiscal Affairs Office (RFA) anticipates this bill may result in an undetermined increase in General Fund revenue, Other Funds revenue, and local revenue due to the increase in fines and fees collections in court.

## **Explanation of Fiscal Impact**

**Prefiled on November 16, 2023**

### **State Expenditure**

This bill prohibits a physician, mental health provider, or other health care professional from engaging in conduct that aids or abets in the provision or performance of gender transition procedures to a person under eighteen years of age and provides certain exceptions to this provision. Additionally, the bill prohibits the use public funds for gender transition procedures. The bill further prohibits the South Carolina Medicaid Program from reimbursing or providing

coverage for practices prohibited under the provisions of the bill for individuals under twenty-six years of age.

The bill also specifies that the performance of gender transition services to any person under the age of eighteen by a physician, mental health provider, or other medical health care professional will be considered unprofessional conduct and will be subject to discipline by the appropriate licensing entity. The bill also allows a person to assert an actual or threatened violation of this bill as a claim or defense in a judicial or administrative proceeding and obtain compensatory damages, injunctive relief, declaratory relief, or any other appropriate relief. Additionally, the bill allows the Attorney General to bring an action to enforce compliance with the provisions of the bill.

Additionally, this bill prohibits a nurse, counselor, teacher, principal, or other official or staff at a public school from withholding or encouraging a minor to withhold from the minor's parent or legal guardian information related to the minor's perception that his or her gender is inconsistent with his or her sex as defined in this bill. Further, the bill requires a teacher, school administrator, or other school employee who has reason to believe or knows that a student suffers from gender dysphoria, gender identity disorder, or other psychological conditions that can result in a person identifying with a gender different than that of their sex to notify the student's parent or legal guardian.

**Department of Labor, Licensing and Regulation.** LLR indicates that the bill creates additional grounds for a complaint and potential disciplinary action against a licensee. However, the bill does not change existing responsibilities of LLR or the boards since the agency and the boards currently have processes in place to investigate complaints and impose disciplinary action against licensees. Therefore, the bill will have no expenditure impact on LLR or the respective boards.

**Medical University of South Carolina.** MUSC employs and educates physicians who will be required to comply with the provisions of the bill. MUSC indicates that this bill will have no effect on healthcare or educational operations, and further indicates that no public funds are currently being used directly or indirectly for gender transition procedures. Therefore, this bill will have no expenditure impact on MUSC.

**Public Employee Benefit Authority.** This bill specifies that no public funds may be used for gender transition procedures. PEBA is unsure if this prohibition applies to the SHP. PEBA reports that federal law enacted in 2016 requires the SHP to cover gender transition services. Since its enactment, the SHP has paid out fewer than 11 claims totaling approximately \$84,000. This results in an average annual spending of approximately \$12,000. The agency indicates that this bill would not affect cases currently payable or pending. Additionally, PEBA reports that if the prohibition on the use of public funds for gender transition services under this bill includes the SHP, this would place the plan out of federal compliance and may result in litigation. PEBA is unable to estimate the potential cost that may be associated with any litigation due this bill. Because the expenses related to this litigation are currently unknown, the expenditure impact of this bill on PEBA and the SHP is undetermined.

**Department of Health and Human Services.** DHHS is responsible for administration of the State's Medicaid program, Healthy Connections, covering eligible individuals under the age of 18. DHHS indicates that Medicaid does not currently cover services or procedures related to gender transition and therefore, this bill will have no expenditure impact on DHHS.

**Department of Mental Health.** This bill will have no expenditure impact on DMH since the agency does not provide gender transition procedures.

**Attorney General's Office.** This bill gives the Attorney General's Office the authority to bring an action to enforce the provisions of the bill. The Attorney General's Office indicates that the responsibilities in the bill can be managed within the normal course of business. Therefore, the bill will have no expenditure impact on the agency.

**Judicial.** This bill creates a new civil cause of action and allows a person or the Attorney General's Office to file an action in court for violations of the provisions of this bill. Judicial intends to manage any increase in common pleas caseloads resulting from implementation of the bill using existing staff and appropriations. Therefore, the bill will have no expenditure impact on Judicial.

**S.C. Department of Education.** This bill will have no expenditure impact on SCDE since it requires the department to perform activities that will be conducted in the normal course of agency business.

### **State Revenue**

This bill may increase the caseload in courts as it allows a person or the Attorney General's Office to file an action in court for violations of the provisions of the bill. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined increase in General Fund revenue and Other Funds revenue due to the increase in fines and fees collections in court.

### **Local Expenditure**

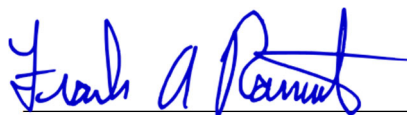
This bill prohibits a nurse, counselor, teacher, principal, or other official or staff at a public school from withholding or encouraging a minor to withhold from the minor's parent or legal guardian information related to the minor's perception that his or her gender is inconsistent with his or her sex as defined in this bill. Further, the bill requires a teacher, school administrator, or other school employee who has reason to believe or knows that a student suffers from gender dysphoria, gender identity disorder, or other psychological conditions that can result in a person identifying with a gender different than that of their sex to notify the student's parent or legal guardian.

SCDE surveyed the seventy-three regular school districts and the three charter school districts and received responses from twenty-nine districts. Twenty-one districts indicate that the bill will have no expenditure impact. Seven districts indicate that there could be litigation costs resulting from the provisions of the bill but could not quantify the cost. The remaining district indicates

that the provisions of the bill may result in potential mailing and notification fees. Additionally, several districts note that although the bill will have no direct expenditure impact, it may create the need for additional professional development and training for school and district staff. Due to the varying responses from the districts, the expenditure impact of this bill on local school districts is undetermined.

### **Local Revenue**

This bill may increase the caseload in courts as it allows a person or the Attorney General's Office to file an action in court for violations of the provisions of the bill. Court fines and fees are distributed to the General Fund, Other Funds, and local funds. Therefore, RFA anticipates this bill may result in an undetermined increase in local revenue due to the increase in fines and fees collections in court.



Frank A. Rainwater, Executive Director