

Local Government Mandate Statement
Kentucky Legislative Research Commission
2026 Regular Session

Part I: Measure Information

Bill Request #:	1920	Bill #:	HB 553
Document ID #:	4584	Sponsor:	Rep. Josh Calloway
Bill Title:	AN ACT relating to gender transition services.		

Unit of Government: City County Urban-County
 Charter County Consolidated Local Unified Local

Office(s) Impacted: Local government offering health plans

Requirement: Mandatory Optional

Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Other Fiscal Statement(s) that may exist: Actuarial Analysis Corrections Impact
 Health Benefit Mandate State Employee Health Plan

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 553 defines "Gender transition services", which means surgical, medical, mental health, or pharmaceutical services that are performed for the purpose of altering the appearance of an individual's sex or validating or affirming an individual's perception of the individual's sex, if that appearance or perception is inconsistent with the individual's sex. This includes prescribing or administering any drugs, including testosterone, estrogen or progesterone, performing any sterilizing surgery, including castration, hysterectomy, oophorectomy, orchectomy, penectomy and vasectomy, performing surgery that artificially constructs tissues having the appearance of genitalia differing from the individual's sex. Also, removing any healthy body part or tissue and providing counseling or therapy is considered gender transition services. Section 1 also identifies services that do NOT constitute "gender transition services."

Health care providers are prohibited from accepting payment or reimbursement for transition services from a health plan offered or sponsored by state or local government or from a federal agency providing or administering Medicare benefits to or on behalf of a Medicare beneficiary. If a licensing, certifying, or other authority for a health care

provider finds that a health care provider has violated this section, the license, certification, and any other authorization to perform services shall be revoked.

This legislation prohibits reimbursement, benefits, or coverage for gender transition services by the Department of Medicaid Services, its contractors, and the state's medical assistance program, and the Kentucky Children's Health Insurance Program (KCHIP). The Act would prohibit a health plan offered or sponsored by a state or local government and one that provides publicly-funded Medicare benefits from reimbursing or providing benefits or coverage for gender transition services.

The fiscal impact of HB 553 on local government is likely to be positive. Per the Department of Employee Insurance on a similar bill (HB 154) from the 2025 Regular Session, the prohibition contained in this bill are expected to decrease costs. The bill prohibits the Kentucky Employees' Health Plan ("KEHP") from providing coverage for gender transition services. The estimated annual cost savings to KEHP is up to \$540,000. This represents an annual decrease in cost of up to \$3.79 per plan holder/employee based on current enrollment and utilization. Because the KEHP trust is funded by employee and employer premium contributions, the net impact of this change could result in a premium reduction of this amount to be shared between participating employees and employers.

According to the KY Association of Counties (KACo) on a similar bill (HB 154) from the 2025 Regular Session, the health insurance provided by them is provided through fully insured products offered by other health insurance carriers. Thus, KACo would have to defer to those providers for the fiscal impact of the legislation. Some counties may provide self-insured health plans but KACo is unaware of any of those plans providing coverage for gender transition services. Generally speaking, legislation that mandates new coverages would likely increase the cost of the coverage and legislation that prohibits coverages that may currently be offered would likely decrease costs.

When consulted on a similar bill (HB 154) from the 2025 Regular Session, the Kentucky League of Cities (KLC) stated that the bill as proposed would prohibit providing benefits or coverage for gender transition or reassignment services from a state or local government health plan. Gender transition or gender reassignment procedures are not presently covered under Medicare or most health insurance plans.

Data Source(s): LRC Staff, KY Department of Employee Insurance, KY Association of Counties, KY League of Cities

Preparer: HT **Reviewer:** TJ (MDA) **Date:** 2/4/26