Written by **Michael Tennant** on August 8, 2026

How California Secretly Prodded Health Insurers to Cover Transgender Procedures

California health insurers have been forced to pay for "gender-affirming care" through little-noticed changes in the state's regulatory process, The Federalist reported Tuesday.

Instead of passing legislation or issuing regulations, both of which would invite public scrutiny, state officials have simply imposed their pro-transgender ideology on the regulatory apparatus. The result: Insurers now accept most claims for gender procedures.

champpixs/iStock/Getty Images Plus

Claim Check

Renee Chiea, a former California Department of Managed Health Care (DMHC) employee who left for a private insurance company in 2011, told The Federalist's Chris Bray that, during her initial years in the insurance business, insurers were practically

> "denying everything" that transgender patients sought in order to change their appearance, rejecting those procedures as cosmetic and elective.
>
> But state officials, Chiea says, wanted those procedures to be covered. Rather than serving as ideologically neutral regulators, she told The Federalist, they were "absolutely pushing the trans agenda 100 percent." The IMR [Independent Medical Review] was one of their tools for forcing change.
>
> "In the early days," Chiea says, "there were a lot of discussions about boob jobs." Men taking female hormones grow breasts, supposedly affirming their new identity as women, but trans patients were demanding bigger breasts. An absurd discussion took place inside health insurance companies: Is it *medically necessary* for a "trans woman" with a B-cup to receive D-cup breasts?
>
> Other cosmetic procedures were repackaged as "gender-affirming." Liposuction became a part of transgender "body contour surgery," a "medically necessary" reconstructive procedure. [Emphasis in original.]

That "medically necessary" designation is key. If an IMR deems a procedure "medically necessary," insurers must cover it.

One would expect the DMHC to have surgeons review denials of surgery claims since they have the most direct knowledge of the medical necessity of such procedures, and, indeed, that is how things used to work, according to Chiea. But then, as trans ideology took over, something happened: Instead of surgeons, *psychiatrists* were being asked to determine whether surgical procedures designed to make a

man look like a woman, or vice versa, were medically necessary.

Not surprisingly, psychiatrists were far more likely than surgeons to consider cosmetic procedures so essential that insurers — and, ultimately, their policyholders — should be forced to pay for them.

Trans World Hairlines

California regulators' statistics and the DMHC's public database of IMR decisions both bear out this contention.

DMHC senior media officer Kevin Durawa gave Bray statistics showing that, over the last decade, 62 percent of claim denials related to transgenderism were overturned, and 82 percent of those related to gender dysphoria were overturned. Yet Durawa denied that the IMR process is biased in favor of trans patients.

Meanwhile, a glance at the DMHC database shows that the vast majority of claim denials for gender procedures are overturned on the grounds of medical necessity.

Bray highlighted one case in which a "transgender female" appealed an insurance-claim denial:

> The transgender patient had a history of depression, "with possible psychotic features," and was taking anti-psychotic medication when his insurer denied coverage for a surgically created artificial vagina. (Surgical neo-vaginas are created by penile inversion, or less frequently by cutting out a piece of the patient's bowels and sewing it into a surgical hole between his legs.)
>
> … [A] psychiatrist reviewed the patient's surgical request, with no review by a surgeon. The psychiatrist overturned the insurer's refusal to pay. A male on anti-psychotic medications got a surgically implanted fake vagina, in a procedure covered by insurance, because a psychiatrist found the surgery to be medically necessary.

In one case that was actually upheld by the IMR, the reason given — by a plastic surgeon — was that performing "facial feminization surgery" and a hair transplant on the same patient in the same session "would unnecessarily prolong general anesthesia." Doing them separately, however, would not present this problem. Observed Bray:

> A biological male identifying as a transgender woman can get hair transplants through health insurance, because they're cosmetic for a man but supposedly become medically necessary for a man who identifies as a woman, as long as the procedure isn't combined with others. And insurers must cover medically necessary procedures.

Led Down the WPATH

That the DMHC surreptitiously imposed the trans agenda on insurers can also be gleaned from its "All-Plan Letters," which provide guidance to insurers but don't actually alter regulations. One such letter, from 2016, directs insurers to use "nationally recognized medical/clinical guidelines in reviewing requested services from transgender beneficiaries." Its only example of such guidelines is the highly politicized standards of care issued by the World Professional Association for Transgender Health (WPATH).

Bray wrote:

> Chiea describes the imposition of standards by regulators applying WPATH guidance as "sub-regulatory pressure," not imposed through law or a formal administrative rules-making process but rather through bureaucratic wishcasting: Everybody has to do what WPATH says, because we sent you a letter that says we want you to.

Chiea also contended that the IMR's shift from surgeons to psychiatrists, and therefore from upholding insurers' decisions to overturning them, led insurers to cover most transgender procedures by default. Psychiatrist Dan Karasic inadvertently confirmed her thesis when — attempting to counter the notion that IMRs now favor trans patients — he told Bray that "he has become *more* likely to uphold insurance company denials over time as those companies have become more careful about applying California-compliant standards to their decisions" (emphasis in original).

California officials got what trans patients wanted by stealth — at sane patients' expense.