

Bill Summary

California AB 2668 would require state-regulated health plans and policies to provide coverage for cranial prostheses (hereafter referred to as medical wigs) for enrollees experiencing permanent or temporary hair loss due to a medical condition or treatment. The bill requires that coverage would be limited to one medical wig per enrollee per year, up to **\$750 per medical wig**, and subject to the enrollee's cost-sharing requirements under their health insurance plan or policy.



Insurance Subject to the Mandate

AB 2668 would apply to the health insurance of approximately **24,194,000** (63.6% of all Californians)

Medi-Cal
(DMHC Regulated and COHS)

CDI and DMHC Regulated
(Commercial & CalPERS)

Essential Health Benefits

CHBRP estimates that AB 2668 would likely exceed EHBs and the state would potentially be required to defray **\$6,264,000** in costs.

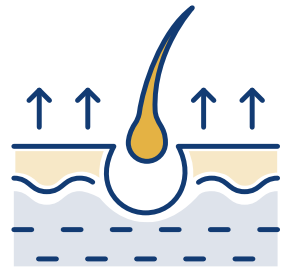


Assembly Bill (AB), California Department of Insurance (CDI), California Department of Managed Health Care (DMHC), California Health Benefits Review Program (CHBRP), California Public Enrollees' Retirement System (CalPERS), Consolidated Health Cost Guidelines™ Sources Database (CHSD), County organized health systems (COHS), Essential Health Benefits (EHB),

Context

Hair loss is often due to damages of the structures in the skin that form hair (i.e. hair follicles). **There are several forms of hair loss**, depending on both the extent of hair loss and etiology.

Patients experiencing hair loss may use medical wigs or hairpieces to help restore their physical appearance. Many different styles of medical wigs exist, and surveys report median costs of between **\$450 and \$1,500**, though some medical wigs cost **upwards of \$5,000**.



Benefit Coverage and Expenditures*

AB 2668 would result in an **increase of total net annual expenditures of \$26,503,000 (0.02%)** for enrollees with state-regulated health insurance. This would include an **increase of \$29,513,000** in total premiums for newly covered benefits, as well as the increase of **\$19,191,000** in enrollee expenses for covered benefits. Expenses for noncovered benefits would decrease by **\$22,201,000**.



Benefit coverage for medical wigs would increase from **29% at baseline to 100% postmandate**.



* There are a limited number of claims for medical wigs within Milliman's proprietary 2022 CHSD, which indicates that a vast majority of baseline utilization is happening outside of insurance. There are external organizations that provide medical wigs to patients experiencing medical hair loss, often at no cost or at a discounted rate. Additionally, enrollees may be unaware of existing benefit coverage and therefore do not seek coverage for medical wigs they are purchasing out of pocket. Therefore, this analysis likely overestimates the proportion of utilization that is covered by an enrollee's health insurance at baseline. Should claims data accurately reflect baseline utilization, premium impacts due to AB 2668 would be approximately twice as high.

Utilization

Approximately **15,100 enrollees** obtain medical wigs at baseline and have baseline benefit coverage.



Approximately **17,000 enrollees purchase medical wigs out of pocket** at baseline due to lack of benefit coverage. Postmandate, these enrollees would have their **medical wig covered (up to \$750)** by their insurance.

Approximately **20,500 enrollees** would newly utilize medical wigs due to increased benefit coverage postmandate.

Medical Effectiveness

There is *limited evidence* that the use of medical wigs can improve quality-of-life outcomes and therefore AB 2668 would likely yield health improvements, such as improved quality of life and mental health, among the additional **20,500 enrollees** who would use medical wigs.

