# Risk Adjustment Coding

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# Agenda

- Risk Adjustment
- Hierarchical Condition Categories
- Documentation for Risk Adjustment
- Shift to Value-based Care

# What is Risk Adjustment?

# What is Risk Adjustment?

- Provides clearer understanding of the health status of a member population

- Ensures resources are available to treat high-cost patients

- Increased access to health insurance for high-cost patients

- Close quality care gaps

# What is Risk Adjustment?

"Risk adjustment allows CMS to pay plans for the risk of the beneficiaries they enroll, instead of an average amount for Medicare beneficiaries."

"Risk scores measure individual beneficiaries' relative risk and risk scores are used to adjust payments for each beneficiary's expected expenditures."

From CMS Pub. 100-16 Chapter 7, Risk Adjustment
https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c07.pdf

# What is Risk Adjustment?

- Codes should be captured each year

- Chronic conditions are assigned a value used in calculating the numeric score (RAF Score)

- Diagnostic codes drive CMS's payments to Medicare Advantage plans

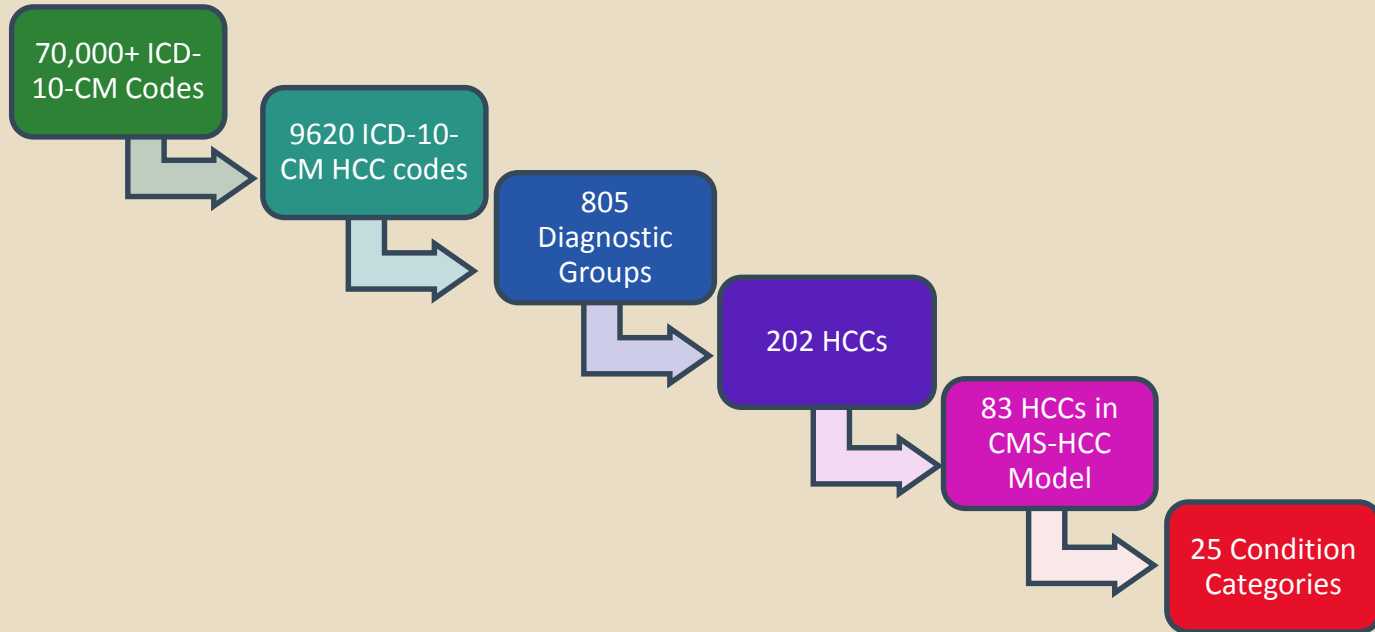- Codes reported this year determine cost of care for next year

# What is Risk Adjustment?

Patient Demographics (age, sex, disability status etc.) **+** Diagnoses/Disease Interactions **=** Risk Score

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# What are Hierarchical Condition Categories?

# What are Hierarchical Condition Categories?

70,000+ ICD-10-CM Codes

9620 ICD-10-CM HCC codes

805 Diagnostic Groups

202 HCCs

83 HCCs in CMS-HCC Model

25 Condition Categories

# What are Hierarchical Condition Categories?

**83 HCCs Included in the CMS-HCC Model**

HCC1 = HIV/AIDS
HCC2 = Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
HCC6 = Opportunistic Infections
HCC8 = Metastatic Cancer and Acute Leukemia
HCC9 = Lung and Other Severe Cancers
HCC10 = Lymphoma and Other Cancers
HCC11 = Colorectal, Bladder, and Other Cancers
HCC12 = Breast, Prostate, and Other Cancers and Tumors
HCC17 = Diabetes with Acute Complications
HCC18 = Diabetes with Chronic Complications
HCC19 = Diabetes without Complication
HCC21 = Protein-Calorie Malnutrition
HCC22 = Morbid Obesity
HCC23 = Other Significant Endocrine and Metabolic Disorders
HCC27 = End-Stage Liver Disease
HCC28 = Cirrhosis of Liver
HCC29 = Chronic Hepatitis
HCC33 = Intestinal Obstruction/Perforation
HCC34 = Chronic Pancreatitis
HCC35 = Inflammatory Bowel Disease
HCC39 = Bone/Joint/Muscle Infections/Necrosis
HCC40 = Rheumatoid Arthritis and Inflammatory Connective Tissue Disease
HCC46 = Severe Hematological Disorders
HCC47 = Disorders of Immunity

HCC48 = Coagulation Defects and Other Specified Hematological Disorders
HCC54 = Substance Use with Psychotic Complications
HCC55 = Substance Use Disorder, Moderate/Severe, or with complications
HCC56 = Substance Use Disorder, Mild, Except Alcohol and Cannabis
HCC57 = Schizophrenia
HCC58 = Reactive and Unspecified Psychosis
HCC59 = Major Depressive, Bipolar, and Paranoid Disorders
HCC60 = Personality Disorders
HCC70 = Quadriplegia
HCC71 = Paraplegia
HCC72 = Spinal Cord Disorders/Injuries
HCC73 = Amyotrophic Lateral Sclerosis and Other Motor Neuron Disease
HCC74 = Cerebral Palsy
HCC75 = Myasthenia Gravis/Myoneural Disorders, Inflammatory and Toxic Neuropathy
HCC76 = Muscular Dystrophy
HCC77 = Multiple Sclerosis
HCC78 = Parkinson's and Huntington's Diseases
HCC79 = Seizure Disorders and Convulsions
HCC80 = Coma, Brain Compression/Anoxic Damage
HCC82 = Respirator Dependence/Tracheostomy Status
HCC83 = Respiratory Arrest
HCC84 = Cardio-Respiratory Failure and Shock
HCC85 = Congestive Heart Failure
HCC86 = Acute Myocardial Infarction
HCC87 = Unstable Angina and Other Acute Ischemic Heart Disease

# What are Hierarchical Condition Categories?

HCC88 = Angina Pectoris
HCC96 = Specified Heart Arrhythmias
HCC99 = Cerebral Hemorrhage
HCC100 = Ischemic or Unspecified Stroke
HCC103 = Hemiplegia/Hemiparesis
HCC104 = Monoplegia, Other Paralytic Syndromes
HCC106 = Atherosclerosis of the Extremities with Ulceration or Gangrene
HCC107 = Vascular Disease with Complications
HCC108 = Vascular Disease
HCC110 = Cystic Fibrosis
HCC111 = Chronic Obstructive Pulmonary Disease
HCC112 = Fibrosis of Lung and Other Chronic Lung Disorders
HCC114 = Aspiration and Specified Bacterial Pneumonias
HCC115 = Pneumococcal Pneumonia, Empyema, Lung Abscess
HCC122 = Proliferative Diabetic Retinopathy and Vitreous Hemorrhage
HCC124 = Exudative Macular Degeneration
HCC134 = Dialysis Status
HCC135 = Acute Renal Failure
HCC136 = Chronic Kidney Disease, Stage 5
HCC137 = Chronic Kidney Disease, Severe (Stage 4)
HCC138 = Chronic Kidney Disease, Moderate (Stage 3)
HCC157 = Pressure Ulcer of Skin with Necrosis Through to Muscle, Tendon, or Bone
HCC158 = Pressure Ulcer of Skin with Full Thickness Skin Loss

HCC161 = Chronic Ulcer of Skin, Except Pressure
HCC162 = Severe Skin Burn or Condition
HCC166 = Severe Head Injury
HCC167 = Major Head Injury
HCC169 = Vertebral Fractures without Spinal Cord Injury
HCC170 = Hip Fracture/Dislocation
HCC173 = Traumatic Amputations and Complications
HCC176 = Complications of Specified Implanted Device or Graft
HCC186 = Major Organ Transplant or Replacement Status
HCC188 = Artificial Openings for Feeding or Elimination
HCC189 = Amputation Status, Lower Limb/Amputation Complications

https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Risk-Adjustors.html

# What are Hierarchical Condition Categories?

## 25 Condition Categories

| | | | | |
|---|---|---|---|---|
| Infection | Blood | Cerebrovascular Disease | Complications | Neoplasm |
| Openings | Lung | Diabetes | Transplant | Vascular |
| Metabolic | Eye | Neurological | Gastrointestinal | Kidney |
| Spinal | Amputation | Liver | Skin | Arrest |
| Heart | Injury | Musculoskeletal | Substance Abuse | Psychiatric |

# What are Hierarchical Condition Categories?

## Neurology Category

| HCC | Description |
|---|---|
| HCC99 | Cerebral Hemorrhage |
| HCC100 | Ischemic or Unspecified Stroke |
| HCC103 | Hemiplegia/Hemiparesis |
| HCC104 | Monoplegia, Other Paralytic Syndromes |

# What are Hierarchical Condition Categories?

| HCC Category | CMS-HCC Category | HCC Category Description | ICD-10-CM Codes | ICD-10-CM Descriptors |
|---|---|---|---|---|
| Neurology | #79 | Seizure Disorders and Convulsions | G40.821 | Epileptic spasms, not intractable, with status epilepticus |
| | | | G40.822 | Epileptic spasms, not intractable, without status epilepticus |
| | | | G40.823 | Epileptic spasms, intractable, with status epilepticus |
| | | | G40.824 | Epileptic spasms, intractable, without status epilepticus |
| | | | G40.89 | Other seizures |
| | | | G40.901 | Epilepsy, unspecified, not intractable, with status epilepticus |
| | | | G40.909 | Epilepsy, unspecified, not intractable, without status epilepticus |

# What are Hierarchical Condition Categories?

- HCC17: Diabetes with acute complications
- HCC18: Diabetes with chronic complications
- HCC19: Diabetes without complications

| HCC | If the Disease is Listed in this Column… | …then drop the Disease Group listed in this column |
|-----|------------------------------------------|----------------------------------------------------|
| 17  | Diabetes with acute complications        | 18, 19                                             |
| 18  | Diabetes with chronic complications      | 19                                                 |

# Documentation is the Key!

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ICD-10-CM Official Guidelines:

"The importance of consistent, complete documentation in the medical record cannot be over emphasized. Without such documentation, accurate coding cannot be achieved."

# Documentation is the Key!

Good Documentation =

- Indicates the severity of the disease

- Shows the level of complexity of the visit

- Supports all diagnoses coded

- Includes assessment and plan for each condition addressed

# Documentation is the Key!

**Document the MEAT:**

| | |
|---|---|
| **M** = Monitor/Measure | Signs, symptoms, progression, regression, |
| **E** = Evaluate | Test results, response to treatment, status (ex. stable) |
| **A** = Addressed | Order tests, referrals, review records, counseling/discussions |
| **T** = Treat | Prescriptions, therapies |

# Documentation is the Key!

## REMEMBER:

- Without proper documentation of the **MEAT**, HCC valued conditions will not be supported:
  - ➢ Could result in lower risk scores
  - ➢ Insufficient funds to provide the appropriate level of care
  - ➢ Lost revenue
- Proper documentation allows for more accurate identification of populations of high risk patients in need of the most healthcare resources.

# Documentation is the Key!

| Diagnosis | ICD-10-CM Code | HCC Category | HCC Value |
|---|---|---|---|
| Diabetes, type 2, w/o complication | E11.9 | 19 | 0.104 |
| Major Depression | F32.9 | N/A | N/A |
| Demographic Factor | | | 0.379 |

**Risk Score = 0.483**

# Documentation is the Key!

| Diagnosis | ICD-10-CM Code | HCC Category | HCC Value |
|-----------|----------------|--------------|-----------|
| Diabetes, Type 2, w/Neuropathy | E11.40 | 18 | 0.318 |
| Major Depression, Single, Mild | F32.0 | 58 | 0.395 |
| CHF | I50.9 | 85 | 0.323 |
| Morbid Obesity BMI 42.5 | E66.01   Z68.41 | 22 | 0.273 |
| Right Great Toe Amputation | Z89.411 | 189 | 0.588 |
| Demographic Factor | | | 0.379 |

## Risk Score = 2.276

# Documentation is the Key!

Average PMPM = $800

**Risk Score = 0.483**

**Risk Score = 2.276**

PMPM = $387

PMPM = $1821

Annual Payment to MA Plan = $4,637

Annual Payment to MA Plan = $21,850

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# The Shift to Value-Based Care

# The Shift to Value-Based Care

- CMS shift from fee-for-service to value-based care

- Payment based on quality, not quantity

- Accountable Care Organizations (ACOs)

# The Shift to Value-Based Care

**ACOs:**

"Groups of doctors, hospitals, and other health care providers, who come together voluntarily to give coordinated, high quality care to their Medicare patients."
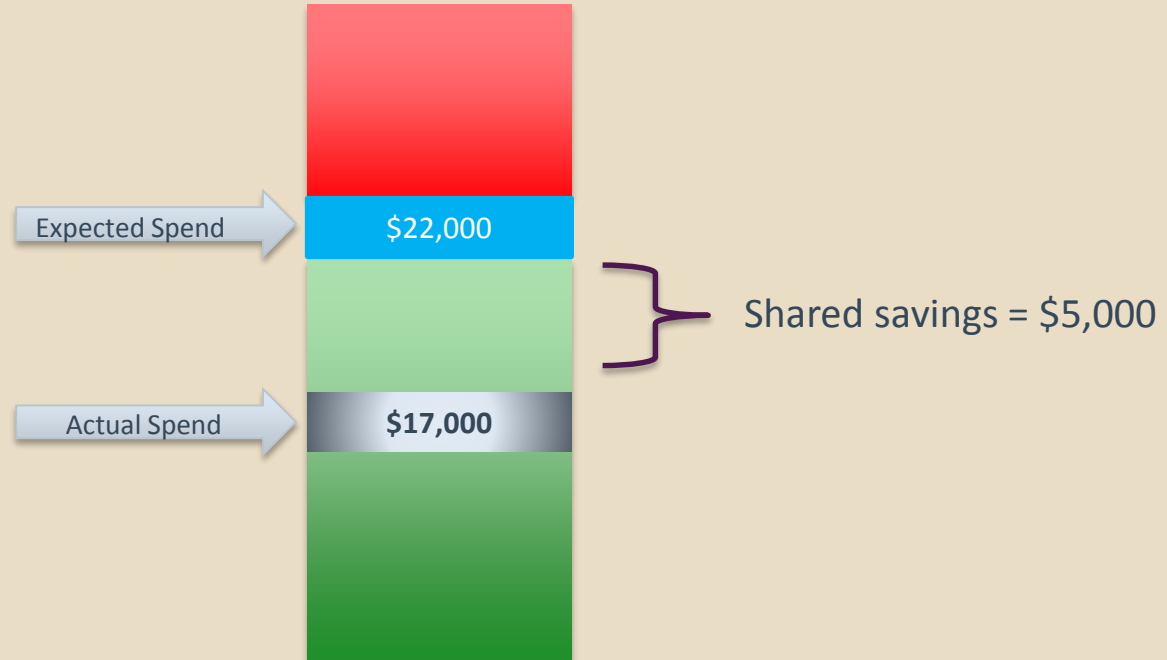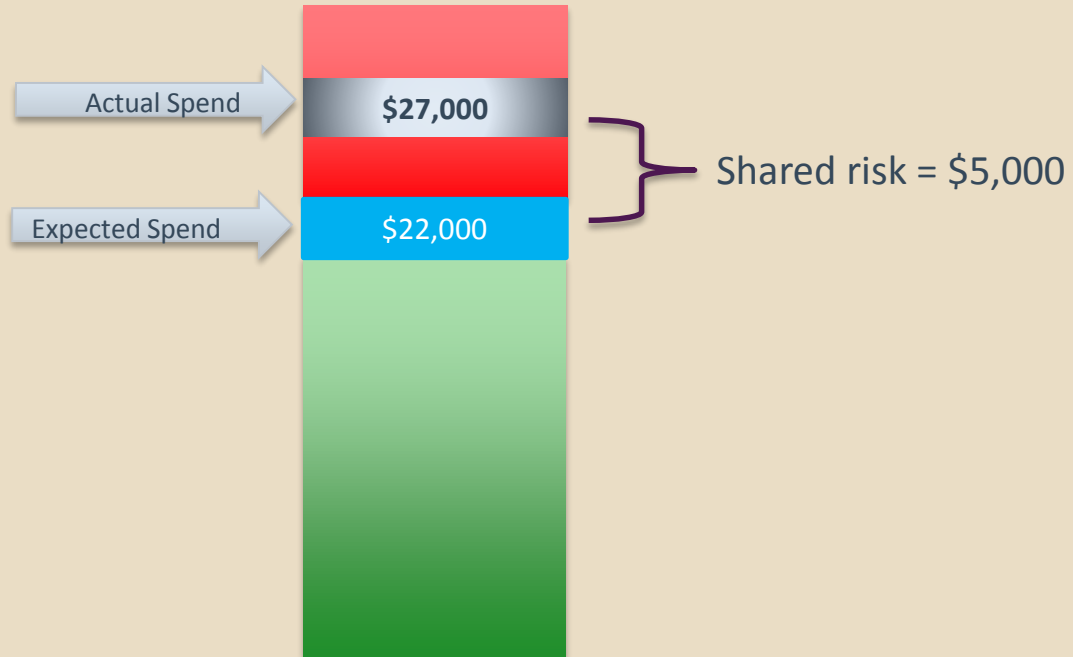
# The Shift to Value-Based Care

Risk Score = 2.276

PMPM = $1821

Annual Payment to MA Plan = $21,850

# The Shift to Value-Based Care

Expected Spend → $22,000

Shared savings = $5,000

Actual Spend → **$17,000**

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# The Shift to Value-Based Care



Actual Spend → **$27,000**

$22,000 ← Expected Spend

Shared risk = $5,000

# Questions?

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# References

- CMS Pub. 100-16 Chapter 7, Risk Adjustment
- 2019 ICD-10-CM Code Book
- https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/sharedsavingsprogram/index.html
- https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/2018-RA-Model-DIY-Instructions.pdf
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