

Delta Region Community Health Systems Development (DRCHSD) Program

HCC Risk Adjustment Update



The Center's Purpose

The National Rural Health Resource Center (The Center) is a nonprofit organization dedicated to sustaining and improving health care in rural communities. As the nation's leading technical assistance and knowledge center in rural health, The Center focuses on five core areas:

- Transition to Value and Population Health
- Collaboration and Partnership
- Performance Improvement
- Health Information Technology
- Workforce



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DRCHSD Program Supported by FORHP and DRA



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The Center is committed to DEI and anti-racism. We create an environment that reflects the communities we live in and serve; a place where everyone feels accepted and empowered to be their full, authentic selves; and where everyone belongs.

We understand the impact of and seek to defeat racism and discrimination in ourselves, our workplace, and the world. This guides how we cultivate leaders, build our programs and resources, and deliver our technical assistance.

We are an organization that honors, celebrates, and respects all dimensions of diversity. These principles are central to our mission and to our impact.

<https://www.ruralcenter.org/about/dei>

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DRCHSD Upcoming Webinars

- **DRCHSD Webinar: Telehealth Insights Post PHE**
 - **August 31 from 11:00am- 12:00 pm CT**

Pre-Polling Questions

- 1. I am ___ in my understanding of how appropriate clinical documentation can result in better diagnosis coding.**
- 2. I am ___ in my understanding of how to effectively capture and report patient data, enabling accurate risk assessment and improved financial outcomes.**

Today's Speakers



Kali Sherwood, CPC, CRC, CPMA
Senior Consultant

FORVIS



Stacey Gee, COC, CRCR, CPHT

Managing Consultant

FORVIS

The logo for FORVIS, featuring the word "FORVIS" in a bold, red, sans-serif font. The letters are slightly italicized, with the 'V' and 'S' having a slanted appearance. The logo is positioned on the left side of the slide, against a white background. To the right of the logo, there is a decorative graphic consisting of several parallel, diagonal red stripes that create a sense of depth and movement, extending from the top right towards the bottom right of the slide.

FORVIS

Understanding Risk Documentation and Coding **August 24, 2023**

Meet the Presenters



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Agenda

- Overview of Risk Adjustment Coding
- Documentation Goals, Standards and Guidelines
- Baseline Thresholds and How to Meet Them
- Examples and Case Studies

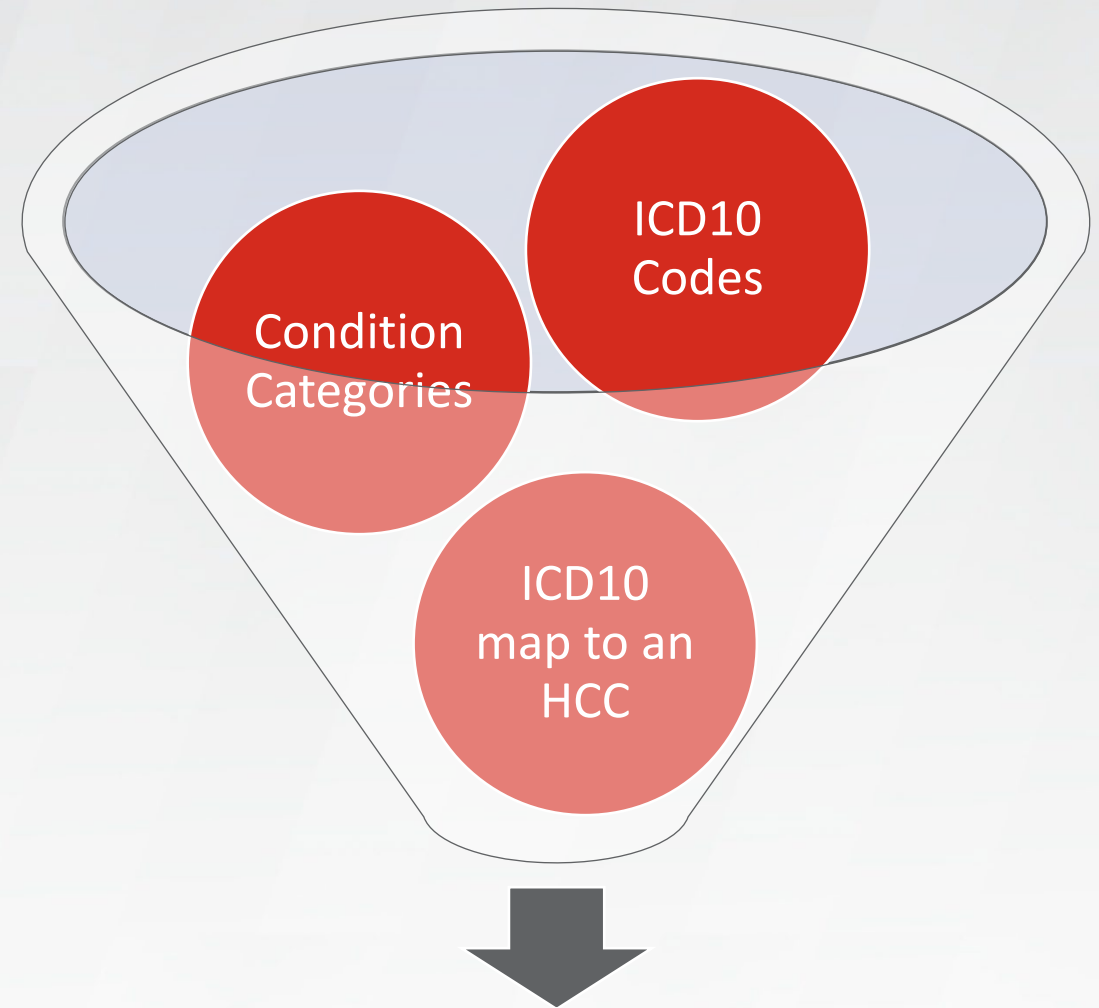
Risk Adjustment an Overview

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Risk Adjustment Coding

- Diagnosis Coding/ ICD-10 codes only
- Hierarchical Condition Category
- Each Condition Category carries a RAF score
- Captures full burden
- Estimates expected future cost
- Resets YEARLY



Risk Adjustment Coding

Risk Adjustment an Overview

Risk Adjustment Uses

- Determines prospective payments in some reimbursement models
- Reflect patient acuity
- Normalize the patient population across Medicare providers to determine performance and on quality measures.

Risk Adjustment Outline

- All clinical conditions that affect the patient are to be assigned each year as CMS does an annual “clean slate” for each patient
- The diagnosis needs to be supported by documentation
- The diagnosis are additive to get the HCC score
- If seen but not in diagnosis, no credit will be given
- Not all diagnosis codes are linked to HCCs

Risk Adjustment an Overview

What is an HCC?

- HCC is an acronym for Hierarchical Condition Category
 - Risk Adjustment model originally designed to estimate future health care cost for patients.
- Mostly used in the ambulatory world, but seen in the hospital conditions as well
- Each category is assigned a RAFs
- Diseases “roll up” into hierarchy

Risk Adjustment Methodologies

The primary risk adjustment tool used by CMS for Medicare beneficiaries is HCCs.

- HCCs are used for a variety of CMS initiatives
 - CMS quality measures
 - Value Based Purchasing (VBP)
 - Mortality and readmissions reduction
 - Medicare Advantage
 - Medicare Part C
 - ACOs
 - Health insurance exchanges
 - Affordable Care Act (ACA)

Risk Adjustment an Overview, continued

RAF; Risk Adjustment Factor score

- What affects the HCC calculation
 - Demographic variables
 - Age
 - Gender
 - Socioeconomic factors
 - Disability status
 - Original reason for entitlement
 - Insurance status
- Diagnoses

A Closer look at Risk Adjustment Calculation

- Based on documentation & coding of certain diagnosis codes
EVERY calendar year
- Numerical value for each diagnosis is added to produce the Risk Adjusted Factor
 - Average patient of average health → **RAF = 1.0**
 - Healthy Patient → **RAF < 1.0**
 - Patient with Multiple illnesses → **RAF > 1.0**
- \$\$ is them assigned to these numbers, adjusted year
 - \$9,350 = RAF 1.0 score

Risk Score Calculation Example

Simple risk score calculation

- Identify relevant demographic characteristics
- Identify relevant HCCs
- Sum the relevant coefficient (relative factor)

Adjusted payment is RAF x base rate

If base rate is \$1,000 then $1.010 \times \$1,000 = \$1,010$

Risk Score Calculation Example 2

- Simple risk score calculation
 - Identify relevant demographic characteristics
 - Identify relevant HCCs
 - Sum the relevant coefficient (relative factor)

- Adjusted payment is RAF x base rate

- If base rate is \$1,000 then $1.010 \times \$1,000 = \mathbf{\$1,010}$

Demographic Characteristic or HCC	Coefficient
85-year-old male	0.700
Heart Failure	0.310
85-year-old male + HF risk score	1.010

Risk Score Calculation Example 3

Male

82 years old

Prior year diagnosis of AMI and COPD

	Predicted Cost
Male age 80-84	\$4,660
AMI = HCC 81	\$2,438
COPD = HCC 108	\$3,129
Total predicted cost (sum)	\$10,227
Population mean cost	\$9,051
Risk score = (predicted cost)/(mean cost)	1.130

The beneficiary is predicted to be **13% more expensive** compared to the average Medicare beneficiary

Translating the RAF to payment

No Diagnoses		Incomplete Documentation		Complete Documentation	
76-year-old female	0.317	76-year-old female	0.317	76-year-old female	0.317
Medicaid eligible	0.151	Medicaid eligible	0.151	Medicaid eligible	0.151
		CKD Stage 4	0.284	CKD Stage 4	0.284
		Heart failure	0.310	Heart failure	0.310
		Diabetes	0.106	Diabetes w/renal complications	0.307
		DM + HF + CKD	0.600	Hemiplegia	0.498
				BKA status	0.567
				PEG status	0.581
				DM + HF + CKD	0.600
RAF	0.506	RAF	1.768	RAF	3.615
Estimated annual payment	\$4,048	Estimated annual payment	\$14,144	Estimated annual payment	\$28,920

Why is “Risk Stratification” Important?

- In the world of population health management, the practice of medicine is being defined as...
- Realization that sicker patients will cost more to care for and thus, a “risk score” is needed to apply that cost credit
- Patients with more severe illness should have ICD-10 diagnosis codes to show the level of illness
 - Diabetes vs. Diabetes with nephropathy

Commonly Omitted Conditions That Map to an HCC

- **Amputations**
- Angina
- Chronic respiratory failure
- Chronic bronchitis, COPD, emphysema
- Cirrhosis
- **CKD stages 3a, 3b, 4 or 5**
- **Depression (“Mood disorder”)**
- **Diabetes with complications**
- Dialysis status
- Malnutrition
- Morbid obesity
- Ostomies, e.g., PEG, trach, etc.
- Paraplegia, hemiplegia
- PVD/ Claudication
- Seizures
- Transplants

Opportunities to Impact Existing Data

Avoid “falling off” of Risk Adjustment Factor (RAF) scores.

- Drivers for disease coefficients in any given year
 - + Patients with prior year HCCs that are documented and coded again so they are reflected in the current year (**RECAPTURES**)
 - > About 50% of current year disease coefficients come from the same HCC categories captured in the prior year
 - > About 30-40% of prior year disease coefficients for active patients are missing in subsequent years
 - + Patients with new diagnoses that add or “move” an HCC in the current year (**SUSPECTS**)
- **Leverage electronic tools**

Updates

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Comparison between Model v24 & v8

V24	v28
	268 New ICDs
9,797 ICDs	7,770 ICDs
86 HCCs	115 HCCs

How RAF Scores may be impacted by version 28?

- 1) Reduction in Diagnosis codes
- 2) New Diagnosis Codes
- 3) HCC coefficient Updates

HCCs that will no longer map to payment in 2026

Description Label	v24 Weight
HCC 21 Protein Calorie Malnutrition	0.455
HCC 88 Angina Pectoris	0.135
HCC 134 Dialysis Status	0.435
HCC 135 Acute Renal Failure	0.435
HCC 176 Complications of Specified Implanted Device/Graft	0.582

The most impacted HCCs: Vascular Disease

HCC Category	# of Dx that map to HCC	V28 weight
HCC 263 Atherosclerosis of the Arteries of the Extremities with Ulceration or Gangrene	127	1.118
HCC 264 Vascular Disease with Complications	75	0.455
HCC267 Deep Ven Thrombosis & Pulmonary Embolism	163	0.294
	365	

HCC Category	# of Dx that map the HCC	V24 weight
HCC 106 Atherosclerosis of the Arteries of the Extremities with Ulceration or Gangrene	128	1.488
HCC 107 Vascular Disease with Complications	145	0.383
HCC 108 Vascular Disease	330	0.288
	603	

Major Depressive Disorder HCC 59/HCC 155

Highlights

- Less diagnosis in v28
- Only Moderate and Severe risk adjust
- Anorexia/Bulimia Nervosa added

Documentation tips:

- **Episode**- single or recurrent
- **Severity**- mild, moderate, severe without psychotic features or severe with psychotic features
- Clinical status of the current episode - in partial or full remission
- Note complications with an appropriate treatment plan

Constraint HCC Categories: Diabetes Mellitus

CY 2024 RAF Score Calculation

67% 33%

	V24(HCC 18,17,19)	V28(HCC 37,36,38)
Diabetes w/Chronic Complications	0.318	0.166
Diabetes w/Acute Complications	0.318	0.166
Diabetes without Complications	0.104	0.166



Understanding the new updates to the HCC model



Reviewing Coding Guidelines



Coding and Documentation Training



Coding to the highest degree of Specificity



Set Clinical and Administrative support

Work Smarter, Not Harder

- Capture a complete and accurate health status on each patient
- Review diagnostic test results, inpatient and specialist reports.
- Update the problem list regularly.
- Think in INK... Document medical decision making.
- Code to the highest degree of specificity. (Search by ICD-10 code to reduce search results.)
- Implement Pre-Visit Chart Checks
- Risk adjustment is a TEAM sport. Uptrain medical assistants and coders / billers to assist providers.

Examples and Case Studies

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Example and Case Studies

65-year-old with a history of right breast ductal CIS. S/P mastectomy. On Tamoxifen. Has had progressive nausea and anorexia for the past several months. Oncology is concerned. BMI is 17, she appears emaciated today.

20 pack-year smoker, but none for 15 years. Uses maintenance inhaler for her advanced lung disease (no O₂) and no rescue MDI since last visit 2 months ago. Blood sugars are 80-130 fasting. A1c was 7.4 two months ago, but her lower extremities (mid-shins down) are still numb and burn from the condition.

No issues with tachycardia. Atrial fibrillation is controlled with Verapamil. Last EKG 8 months ago was normal sinus rhythm and she is regular today. She refuses Warfarin and cannot afford the newer agents.

Example and Case Studies, continued

65-year-old with a **history of right breast ductal CIS**. S/P mastectomy. On **Tamoxifen**. Has had progressive nausea and anorexia for the past several months. Oncology is concerned. **BMI is 17**, she **appears emaciated** today.

20 pack-year smoker, but none for 15 years. Uses **maintenance inhaler for her advanced lung disease (no O2)** and no rescue MDI since last visit 2 months ago. Blood sugars are 80-130 fasting. **A1c was 7.4** two months ago, but her lower extremities (mid-shins down) are **still numb and burn from the condition**.

No issues with tachycardia. **Atrial fibrillation is controlled with Verapamil**. Last EKG 8 months ago was **normal sinus rhythm** and she is regular today. She refuses Warfarin and cannot afford the newer agents.

Example and Case Studies, concluded

Risk factor	No chronic conditions	Cancer of Breast	COPD	Malnutrition	Chronic Afib	DM w complication
65 y/o female Community-based	0.321	0.321	0.321	0.321	0.321	0.321
Hx of Breast CA	0.000					
Cancer, breast present or Rx'd		0.153	0.153	0.153	0.153	0.153
Malnutrition				0.554	0.554	0.554
Tobacco, remission	0.000					
DM w Chronic Complication						0.307
COPD			0.335	0.335	0.335	0.335
Chronic afib					0.271	0.271
**Total RAF score	0.321	0.474	0.809	1.363	1.634	1.941
Predicted Annual Cost	\$3,001	\$4,431	\$7,563	\$12,743	\$15,277	\$18,148

Post-Polling Questions

- 1. I am ___ in my understanding of how appropriate clinical documentation can result in better diagnosis coding.**
- 2. I am ___ in my understanding of how to effectively capture and report patient data, enabling accurate risk assessment and improved financial outcomes.**
- 3. I am ___ that I will apply the knowledge gained from this educational training to identify leading practices to mitigate risks and improve processes that enhance my organization's financial position.**

Thank you!

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