

The Medicare Advantage HCC Program How to Optimize Your Coding



HealthFusion.com

White Paper

The focus of this paper is on Community Medicine Only (Not Institutional or ESRD)

The Medicare Advantage HCC Program: How to Optimize Your Coding

Many variables influence the rate paid by CMS to a Medicare Advantage (MA) plan, even for the same patients within a specific geographic area; one of the most important is the HCC (Hierarchical Condition Category) system.

The HCC system is a payment methodology based on “risk” used by CMS to adjust MA health plan payments at the patient level. This means that 2 patients within the same community can have a different payment rate based on several factors relating primarily to the amount of risk—or work—it takes to maintain the health of a patient.

“Risk adjustment allows CMS to pay plans for the risk of the beneficiaries they enroll, instead of an average amount for Medicare beneficiaries. By risk adjusting plan payments, CMS is able to make appropriate and accurate payments for enrollees with differences in expected costs. Risk adjustment is used to adjust bidding and payment based on the health status and demographic characteristics of an enrollee.”

Source 

Several factors impact risk, but primarily the HCC risk adjustment is based on the enrollee health status and their demographic characteristics. The combination of the health status + demographics characteristics determine the patient’s raw risk score.

The real impact that the physician has on the Raw Risk Score is the careful, detailed and accurate documentation of the patient’s Health Status by billing the proper ICD codes.

Patient
Demographic
Score



Health
Status

Raw Risk Score

Impacting the Raw Risk Score

Since the physician cannot influence the age and sex of the patient, the real impact that the physician has on the Raw Risk Score is the careful, detailed and accurate documentation of the patient's Health Status by billing the proper ICD codes. Note: The Raw Risk Score does not take into account all of the variables in Table 2.

Health Status is determined based on the following methodology:

1. Physicians use diagnosis codes to document health status
2. In a one-to-many relationship, around 3000 - 4000 ICD-9 codes relate to dozens of HCC Model Categories
3. Each HCC Model Category relates to a "Relative Factor" or Health Risk Score

Example

The patient has Uncomplicated Diabetes Type 1

ICD Code	Description	HCC Model Category	Health Risk Score
25001	DM I w/o complications	19	0.121

Since there are around 13,000 ICD-9 diagnosis codes, it is apparent that most codes are excluded from the HCC mapping and therefore have no value with regard to contributing to the risk adjusted health status.

Some codes cannot be used together; meaning that if 2 HCC Model Categories are used on the same patient, the risk adjusted health status will exclude one of the codes in the calculation.

Disease hierarchies address situations when multiple levels of severity for a disease, with varying levels of associated costs, have been reported for a beneficiary. The hierarchies prioritize the inclusion in a risk score of multiple HCCs where diagnoses are clinically related and ranked by costs.

Source 



Patient Demographic Score

+

Health Status

Raw Risk Score

How Does This Work in Practice?

The following example is taken from a tutorial provided by Anthem Health Plan in 2012. While some of the values for relative factors have changed, the example still provides an important illustration of how careful documentation can make a difference in the CMS payment rate.

Case Study

Chief Complaint: 85 year old white female, symptoms of UTI.

PMH: Stable diabetes mellitus (DM), chronic kidney disease (CKD) exacerbated by diabetes, stable BKA, stable history of MI, UTI w/ serum creatinine 1.3 6 months ago. Lab findings revealed CKD stage 3.

HPI: Patient is tired, has less energy and poor appetite and had a heart attack (MI) 1 year ago. Patient has mild malnutrition, is frail and has lost 30 lbs in the past 6 months. Urinalysis performed which shows white cells, leukocyte esterase, and microalbuminuria. Serum creatinine is 1.4. Patient has been complaining of urinary discomfort, weakness, and has had dry and itchy skin for the past 6 months.

Plan: Glucophage 500 mg b.i.d. for DM. Cipro for UTI. Ensure supplements for malnutrition. RTC in 3 months. Referral to nephrologist for CKD stage 3.

Poor Documentation and the CMS rate

Condition	ICD 9 Code	Relative Factor (health risk) Score	Demographic Score	Raw Risk Score	Total Payment \$800 (community rate) x RAF Score
Diabetes Mellitus	250.00	0.162	0.44 (85 y/o F)	0.602	\$481.60
UTI	599.0	0.0	Not Mapped to an HCC Model Category		

Proper Documentation and the CMS rate

Condition	ICD 9 Code	Relative Factor (health risk) Score	Demographic Score	Raw Risk Score	Total Payment \$800 (community rate) x Raw Risk Score
Diabetes Mellitus w/ Renal Manifestations	250.40	0.508	0.44 (85 y/o F)	3.094	\$2,475.20
UTI	599.0	0.0			
Diabetic Nephropathy	583.81	<i>Trumped by CKD Stage 3</i>			
CKD Stage 3	585.3	0.368			
Mild Degree Malnutrition	263.1	0.856			
Old MI	412	0.244			
Status Amput Below Knee	V49.75	0.678			

The 5 Features Your Software Needs

Note in the previous case study that Diabetic Nephropathy is not scored and is Trumped by CKD Stage 3 – this means that the patient is not credited with both relative factors. The HCC system defines which codes are not scored “together.”

Also note that this case study is inaccurate in one important way: **The Raw Risk score is not the final multiplier of the community rate that CMS pays**, but the Raw Risk score is the most important indicator of the final multiplier of the community rate. Since CMS wants to control the total payment to Medicare Advantage payers, they use normalization factors that impact the final payment amount.

Medicare Advantage providers whose payment is tied to the amount of money the plan receives for a specific patient have an aligned interest with the health plan to document the proper ICD codes for each patient. If patients are coded properly (see the example on previous page), more dollars flow from CMS to the health plan and those dollars eventually trickle down to your practice.

Helpful Links

[Medicare Advantage Rates & Statistics](#)
[CMS Medicare Risk Adjustment Information](#)
[CMS Proposes Significant Rate Cuts and Other Changes to Medicare Advantage](#)
[2014 CMS HCC Model Change](#)
[CMS Risk Adjustment 101 Guide](#)
[Maximizing Your HCC Coding Scores](#)
[Can EHR data improve HCC Capture?](#)

No provider could ever memorize which codes have an HCC value and the relative value of one code compared to a similar code.

The five features your system needs to help you understand HCC coding:

- 1** The HCC coding should be “built in” to the Assessment portion of the SOAP note
- 2** The system should be able to compare the relative values of different ICD codes
- 3** The system should clearly display ICD codes that have no value
- 4** A raw risk score calculation should be calculated as the physician is coding
- 5** The system should exclude codes from the Raw Risk Score that are “Trumped” by related codes with a higher level of severity

MediTouch is Designed to Optimize Medicare Advantage Payment

It's not possible for a provider to memorize which codes have an HCC value and the relative value of one code compared to a similar code. Only software can provide the assistance required to prompt providers on the selection of the best codes that fully document the health risk of a patient and optimize the HCC scoring.

Only software can provide the assistance required to fully document the health risk of a patient and optimize the HCC scoring.

MediTouch provides the five features your system needs to help you understand HCC coding:

- 1** The HCC coding is "built in" to the Assessment portion of the SOAP note
- 2** The system allows you to compare the relative values of different ICD codes
- 3** The system clearly displays ICD codes that have no value
- 4** MediTouch calculates a raw risk score as the physician is coding
- 5** The system excludes codes from the Raw Risk Score that are "trumped" by related codes with a higher level of severity



Remember

The Medicare Advantage pie is relatively fixed in size. The practices that document the most accurately will get their fair share of that pie.

Why not your practice?

Find out more today: **call (877) 975-9160 opt 1** to schedule a live demo, or visit avsmedical.com/meditouch to schedule your demo or chat live with a representative.