What is Risk Adjustment?

- Risk adjustment is a statistical methodology used to compare the health risk of populations enrolled in health plans¹ (Medicare Advantage, ACA/Marketplace, Medicaid).
- A relative risk score is calculated for each individual which is used to predict member costs.
- Generally, individuals with certain disease burdens will have higher risk scores and cost more to care for than healthier members.
- This ensures government entities reimburse health plans appropriately for members' predicted health costs.
- Health plans can also use the data to identify the need for disease management interventions as well as closing quality care gaps.

What is HCC?

- HCC (hierarchical condition category) is a risk adjustment model originally designed to estimate future health care costs for patients².
- ICD-10-CM codes are mapped to diagnosis groups, then condition categories.
- These categories, along with other elements, are used to calculate relative risk scores, known as Risk Adjustment Factor (RAF).
- RAF scoring helps communicate patient complexity and are used to risk adjust quality and cost metrics².

How does Risk Adjustment impact members and providers?

- Directs resources to sicker members whose care is more costly.
- Encourages physicians to accurately document their patients' conditions.
- Helps to identify gaps in clinical documentation.
- Creates opportunity for those high-risk individuals to be identified for care management or disease intervention programs.
Record Requirements & Documentation

• Each note must stand alone

• Contain a legible provider signature with credentials

• Follow Official ICD-10-CM Guidelines for Coding and Reporting

• Diagnoses must be documented to the highest level of specificity

• Meet medical necessity

• Utilize M.E.A.T./T.A.M.P.E.R. methods to support members’ health conditions

Importance of Documentation

Because risk adjustment relies on physicians to maintain accurate medical records to capture a comprehensive health status and complete risk profile of their patients, documentation and coding to the highest level of specificity is critical.

• To support an HCC, clinical documentation in the member’s record must support the presence and treatment of any risk-adjustable condition.

• Two recommended methods to assist in validating diseases:
  • M.E.A.T. (Monitor, Evaluate, Assess/Address, Treat) and
  • T.A.M.P.E.R. (Treat, Assess, Monitor/Medicate, Plan, Evaluate, Refer)

• Documentation and diagnoses are the basis for funding and reimbursement.

• Accurate clinical documentation will allow open communication between health plans and providers and generate opportunities for education and feedback.

References


