

# WHY RISK ADJUSTMENT MATTERS

## Understanding the Role of Risk Adjustment

- Every year, more payers are adopting the RAF (HCC) methodologies to reimburse physicians, namely hospital VBP programs, ACA exchange products, and Medicare (fee-for-service and Medicare Advantage).
- Many, as with ACA exchange, still get paid fee-for-service. RAF is just a component of how the total cost is calculated. Not every plan that uses HCCs is paid under a cap.
- RAF adjusts the reimbursement received on specific patients based on the risk the diagnosis presents for the current and future cost of providing care to a patient.

According to the American Diabetes Association (2018), it is almost three times more expensive to take care of a diabetic patient than a non-diabetic patient. Therefore, RAF provides a fairer payment methodology in the care of your patients.

**Monthly average cost  
for a patient with diabetes \$1,396**

**Monthly average cost  
for a patient without diabetes \$607**

## 3 THINGS TO KNOW ABOUT THE RISK ADJUSTMENT FACTOR (RAF)

1

### Correct coding is crucial.

ICD-10-CM are supported by medical documentation, and not all codes are in the methodology, only those chosen by CMS and payers.

2

### Diagnoses have different scores.

The score used to adjust the payments is based on the expected costs of a particular medical condition.

3

### Document with MEAT.

Document the diagnosis in the office visit's assessment/plan section with MEAT.

**M** – Monitoring signs, symptoms, disease progression, disease regression

**E** – Evaluating test results, medication effectiveness, response to treatment

**A** – Assessing/addressing ordered tests, discussion, review of records, counseling, and educating

**T** – Treating medications, therapies, other modalities

### Tips for Documenting Clinical Notes

- The documentation should support that you saw the patient in a face-to-face encounter and include details of physical exam. Include phrases such as "Patient came in for..."
- Update your problem list and assessment section every time that the patient is evaluated.
- Do not code and report conditions that were previously treated and no longer exist.
- Move those diagnoses that no longer exist to the history section of the template.
- Notify your payer if you billed an incorrect code.

**See the back of this document to find out which diagnoses have RAF and their scores.**

*See also the HCC Coding Quick Reference for a limited diagnosis coding list.*

#### References:

- ADA. 2018. The Cost of Diabetes <https://www.diabetes.org/resources/statistics/cost-diabetes>
- CMS. 2021. Medicare Managed Care Manual. <https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS019326>
- Gabriel Aponte. 2021. AAPC. Is MEAT Satisfying Your RAF Hunger? <https://www.aapc.com/blog/69260-is-meet-satisfying-your-raf-hunger/>
- Michelle Dick. 2018. AAPC. Include MEAT in Your Risk Adjustment Documentation <https://www.aapc.com/blog/41212-include-meet-in-your-risk-adjustment-documentation/>

## HIERARCHICAL CONDITIONS CATEGORIES (HCC)

Most common HCCs in the outpatient setting (office) with their scores\*



### Cancers Condition Groups

- Metastatic Cancer & Acute Leukemia (2.659)
- Lymphomas (0.675), Lung (1.024), Colorectal & Bladder (0.307), Breast, Prostate, Other Cancers & Tumors (0.150)

### Musculoskeletal & Connective Tissue Condition Groups

- Rheumatoid Arthritis & Inflammatory Connective Tissue (0.421)
- Muscular Dystrophy (0.518)

### Endocrine & Nutritional Condition Groups

- Diabetes w/ Complications (0.302) or w/o Complications (0.105)
- Cystic Fibrosis (0.510)
- Malnutrition (0.455) & Morbid Obesity (0.250)

### Infections, Hematologic & Immune Condition Groups

- Immunodeficiency & Other Immune Disorders (0.665)
- HIV/AIDS (0.335)
- Hypercoagulable State & Other Specified Coagulation Disorders (0.192)

### Renal Condition Groups

- CKD Stage 3 (0.069), Stage 4, 5, or ESRD (0.289)
- Requiring Dialysis (0.435) or AV Shunt in place (0.435)

### Gastrointestinal Condition Groups

- End-Stage Liver Disease (0.882)
- Cirrhosis of Liver (0.363), Chronic Hepatitis (0.147)
- Crohn's Disease, Ulcerative Colitis, & Other IBD (0.308)
- Chronic Pancreatitis (0.287)

### Mental Condition Groups

- Schizophrenia (0.524)
- Major Depressive Disorder, Bipolar (0.309)
- Substance Use Disorders (0.329)

### Cardiovascular & Respiratory Condition Groups

- Chronic Respiratory Failure (0.282)
- Heart Failures, Cardiomyopathy & Pulmonary Hypertension (0.331)
- Angina Pectoris (0.135)
- A-Fib & Other Specified Heart Arrhythmias (0.268)
- Chronic Obstructive Pulmonary Disease (0.335)
- Chronic Bronchitis & Emphysema (0.335)
- Fibrosis of Lung (0.219)
- Atherosclerosis of Extremities (0.288)
- Peripheral Vascular Disease (PVD/PAD) (0.288)

### Neurological & Sensory Organ Condition Groups

- Cerebral Palsy (0.339)
- Monoplegia/Monoparesis (0.331)
- Hemiplegia/Hemiparesis (0.437)
- Paraplegia (1.068) & Quadriplegia (1.242)
- Multiple Sclerosis (0.423)
- Parkinson's & Huntington's Diseases (0.606)
- Seizure Disorders & Convulsions (0.220)
- Proliferative Diabetic Retinopathy & Vitreous Hemorrhage (0.222)

### Ostomies, Amputations, Machinery Dependence & Other Condition Groups

- Tracheotomy Status (1.000)
- Major Organ Transplant Status (0.832)
- Ostomies (0.534)
- Amputation Status (0.519)

### Skin Ulcer Groups

- Pressure Ulcers II (0.656), III (1.069), IV (2.028), and Unstageable (1.069)
- Other Ulcers (Diabetic or Vascular) (0.515)

In addition, the following HCC groups are mainly used only in HHS-HCC (ACA/Commercial) models:

### Pregnancy, Newborn & Congenital Condition Groups

- Pregnancy w/ Complications (1.290, 0.849) or w/o Complications (0.350)
- Congenital Skeletal, Connective Tissue, and Metabolic Disorders (2.549)
- Cleft Lip/Palate (1.981)
- Down Syndrome, Fragile X, and Other Chromosomal Anomalies (1.465)
- Major Congenital Heart/Circulatory Disorders (2.659)

### Mental & Other Conditions Groups

- Anorexia/Bulimia Nervosa (2.255)
- Autistic (2.812) and Other Pervasive Developmental Disorders (0.477)
- Severe Asthma (0.68), Other Severities of Asthma (0.328)

\*CMS-HCC scores are based on CMS 2020 community-nondual-aged enrollees. HHS-HCC/CRA scores are based on Platinum enrollees.