

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.