Coding Corner

Risk Adjustment & HCC Documentation & Coding

CHESS HEALTH SOLUTIONS

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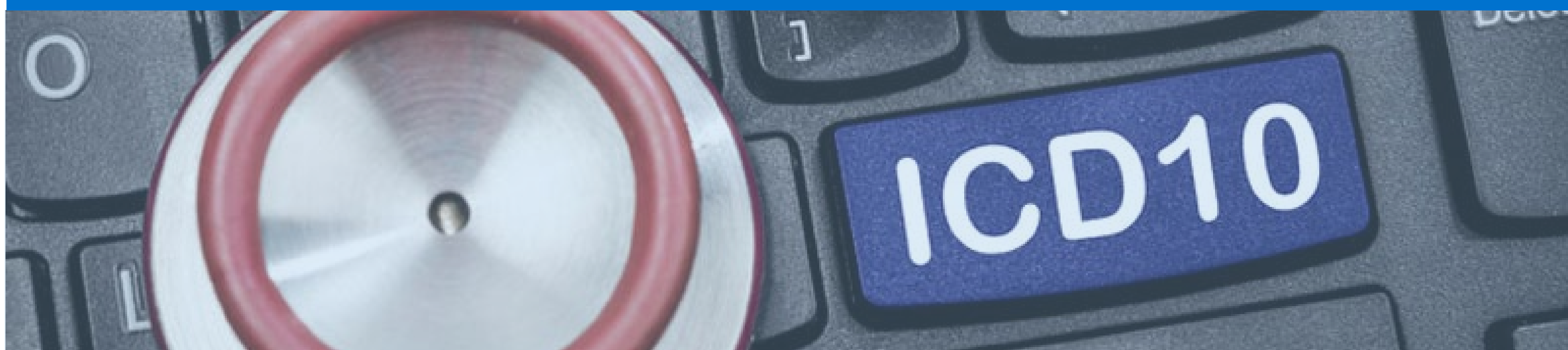


Risk Adjustment & HCC

Risk Adjustment (RA) is a payment methodology that was mandated by the Balance Budget Act of 1997 (BBA) to increase payment accuracy for Medicare Advantage Organizations (MAO), Affordable Care Act (ACA), and Accountable Care Organizations (ACO).

The RA model identifies patients with serious and/or chronic illnesses, using ICD-10-CM codes that map to hierarchical condition categories (HCC), and assigns a risk adjustment factor (RAF) score to each patient. Diagnosis included in the RA model are chosen to gain a clear picture of all current problems as they relate to clinical and/or prescription drug management.

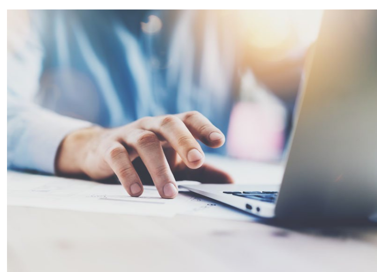
The average RAF score for a patient is 1.000. Therefore, if a patient has a RAF score of .800 then it is presumed that patient is 20% healthier than the average population and you would generally not expect high-cost utilization.

- The Centers of Medicare and Medicaid Services (CMS) resets the RAF score every January to only include demographics.
- Failure to report each chronic condition, every calendar year, will skew the patient profile and negatively affect the funding for the care and resources required.

CMS conducts Risk Adjustment Data Validations (RADV) audits annually to ensure each diagnosis submitted is supported in the medical record. The purpose of RADV is to identify and correct past improper payments to Medicare providers.

CMS reviews medical records from inpatient and outpatient encounters to validate each condition submit. Every diagnosis should be supported with a prognosis and/or treatment plan.

The industry standard redocumentation rate for chronic conditions is 80%. Although these conditions may not impact every minor healthcare episode, it is likely that patients having chronic conditions would have their general health status evaluated within a calendar year.



RESOURCES:
CMS.gov; ICD-10-CM Guidelines; AHA Coding Clinic

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Documentation & Coding

The ICD-10-CM Official Guidelines for Coding and Reporting state that chronic diseases treated on an ongoing basis may be coded and reported as many times as the patient receives treatment and care for the condition(s).

It is also appropriate to code all documented conditions that coexist at the time of the encounter/visit and that require or affect patient care, treatment, or management. Do not code conditions that were previously treated and no longer exist. History codes may be used when applicable.

The American Hospital Association (AHA) advises that coding professionals should not assign codes based solely on diagnoses noted in the history, problem list, and/or a medication list. It is the provider's responsibility to document that the chronic condition affected care and management of the patient for that encounter.

Documentation & Coding Impact

Condition	ICD-10	RAF Score
76 y/o female (Demographics)		.451
DM w/ CKD	E11.22	.302
CKD 4	N18.4	.289
Morbid Obesity	E66.01	.250
Chronic CHF HFpEF	I50.32	.331
Atherosclerosis of Aorta	I70.0	.288
MDD, single episode, mild	F32.0	.309
Disease Interactions (CHF, DM, Renal)		.277
Count of HCC (6)		.077
***Total RAF**		**2.574**

**RAF scores are for educational purposes only and are not actual*