

Risk Adjustment

What is risk adjustment?

- **Risk adjustment is a statistical methodology** used to compare the health risk of populations enrolled in health plans¹ (Medicare Advantage, Affordable Care Act (ACA)/Marketplace, Medi-Cal).
- **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 is 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.

(continued)

Record requirements and 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

Risk adjustment relies on physicians to maintain accurate medical records to capture a comprehensive health status and complete risk profile of their patients. Therefore, 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

¹ Availity – Risk Adjustment 101 www.availity.com/resources/blog/risk-adjustment-101

² American Academy of Family Physicians – Hierarchical Condition Category Coding www.aafp.org/practice-management/payment/coding/hcc.html

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