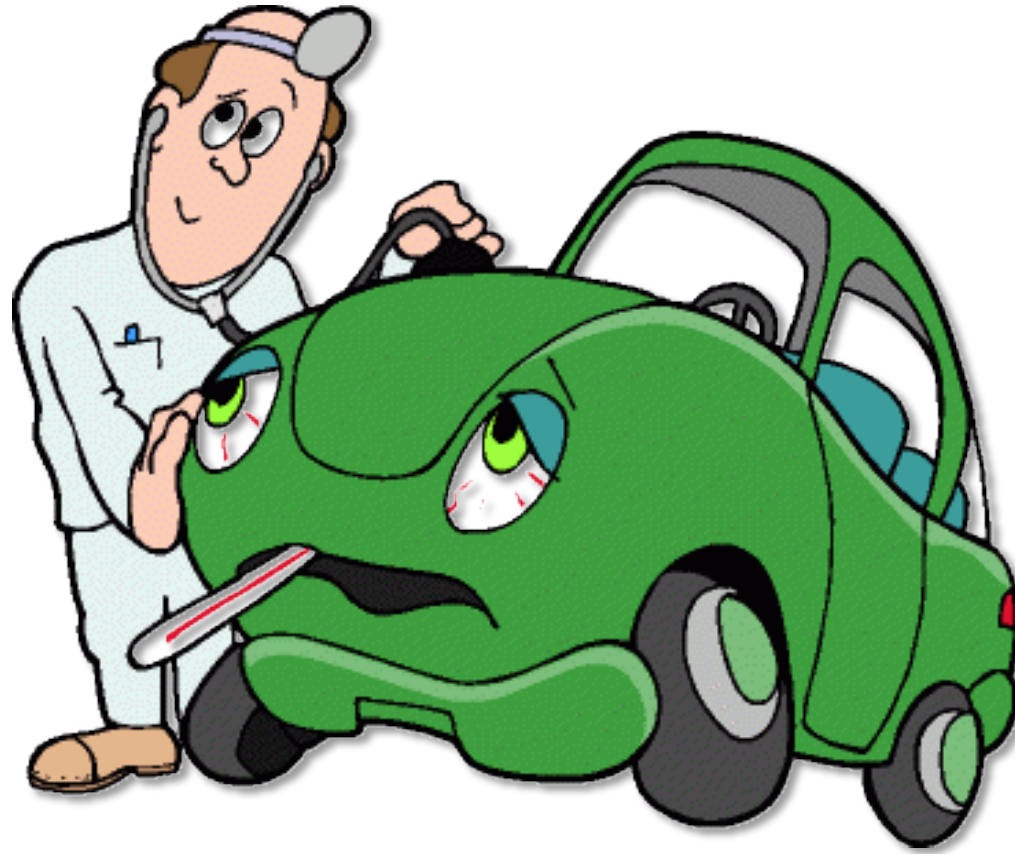


# Hierarchical Condition Category (HCC) Coding

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# Check-Up



# Purpose

Hierarchical Condition Category (HCC)  
Coding aims to **predict costs** for  
Medicare beneficiaries based on **disease**  
**and demographic risk factors**

# What is the Risk Adjustment Factor?

Implemented in  
2004

Derived from  
ICD-10 Codes  
Found Within  
Claims Data

Used to Adjust  
Capitation  
Payments to MA  
Plans

Affects ACO  
Benchmark

# Why Should You Care?



Use your words and specific diagnosis codes to tell the story!



This is the only way that CMS knows how sick your patients are and gives you credit for the hard work you're doing.

# Patient Example

## Common Primary Care Encounter

*75-year-old patient with type 2 diabetes a body mass index (BMI) of 40.0 with complaints of numbness in his extremities.*



# Patient Example

## Which Way Should You Code This Patient?

### Option 1: Some Conditions Coded

ICD-10	Description	RAF
E08.9	Type 2 Diabetes with no Complications	0.106
Z68.37	BMI of 37.0	
		<b>0.106</b>

### Option 2: All Conditions Coded

ICD-10	Description	RAF
E10.42	Type 2 Diabetes with Diabetic Polyneuropathy	0.307
E66.01 & Z68.37	Morbid Obesity with a BMI of 40.0	0.262
		<b>0.569</b>

# Patient Example

## Common Primary Care Encounter

*Patient with DM II presents for routine follow-up.*

*A1C 8.3. stable COPD, oxygen dependent.*



# Patient Example

## Which Way Should You Code This Patient?

*Option 1: Some Conditions Coded*

ICD-10	Description	RAF
J44.9	COPD	.328
E11.9	DM Unspec	.118
		<b>.446</b>

*Option 2: All Conditions Coded with Specificity*

ICD-10	Description	RAF
J44.9	COPD	328
J96.11	Chronic Resp Failure w/ Hypoxia	.318
E11.65	DM w/ Hyperglycemia	.318
		<b>.964</b>

# Impact of HCC on an ACO

Scenario	Baseline Cost	ACO Actual Cost	RAF	RAF Adjusted Baseline Cost	3% Cap	Savings/Loss
	<i>A</i>	<i>B</i>	<i>C</i>	<i>D = (A*C)</i>	<i>E</i>	<i>F = (E-B)</i>
ACO 1	\$500	\$501	0.95	\$475	\$485	(\$16,000,000)
ACO 2	\$500	\$501	1	\$500	\$500	(\$1,000,000)
ACO 3	\$500	\$501	1.05	\$525	\$515	\$14,000,000

\* Population Calculation in Millions

# Example of Provider Settings for CMS-HCCs

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**Short-Term (General & Specialty) Hospitals**

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**Critical Access Hospitals**

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**Children's Hospitals**

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**Long-Term Hospitals**

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**Rehabilitation Hospitals**

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**Psychiatric Hospitals**

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**Religious Non-Medical Health Care Institutions**

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**Community Mental Health Centers**

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**Federally Qualified Health Centers**

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**Rural Health Clinic (Free-Standing & Provider-Based)**

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# Diagnoses Documented by Select Provider Types are Appropriate for Coding and Reporting for CMS HCC Coding

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**MD or DO**

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**OD Doctor of Optometry**

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**DC Doctor of Chiropractor**

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**DDS Doctor of Dental Surgery**

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**DO Doctor of Osteopathy**

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**DPM Doctor of Podiatry**

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**All Nurse Practitioners, Certified Nurse Specialists, CRNAs**

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**Physician's Assistants**

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**Therapists; Speech, Physical, Occupational (Except "Respiratory")**

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**Licensed Clinical Social Worker or Clinical Social Worker**

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**Certified Wound Care and/or Ostomy Nurse**

# Using AWWs as Opportunity to Review Problem Lists

## Benefits of the Annual Wellness Visit

- Improve quality metrics
- Reduce churn/increase attribution
- Accurately reflect patient acuity (HCC scores)

## Components of the Annual Wellness Visit

- Health Risk Assessment to review problem lists
- Review family & medical histories

## HCC Coding Opportunity

- A maximum of 12 conditions can be coded per claim
- *4 in the header*

# Pro Tips



Review problem lists during the patient's annual wellness visit and keep them to date and accurate  
- All chronic conditions need to be documented at least once annually



Select the most specific ICD-10 and document it in the EHR



Avoid using the term “history of” for chronic, but currently stable, conditions



Support all coding with documentation using M.E.A.T.  
(Monitor, Evaluate, Assess/Address, and Treat)

# M.E.A.T.

- **Monitor:** signs, symptoms, disease progression, disease regression
- **Evaluate:** test results, medication effectiveness, response to treatment
- **Assess:** ordering tests, discussion, review records, counseling
- **Treatment:** medications, therapies, other modalities

*For every condition, follow M.E.A.T. to ensure proper documentation  
If it was not documented, it does not exist!*

# M.E.A.T. Examples

CHF symptoms, well controlled with Lasix, and ACE inhibitor. Will continue current medications.

- **M** CHF is well-controlled.
- **E** Lasix and ACE inhibitors required.
- **A** No additional testing necessary.
- **T** Continue current medications.



# M.E.A.T. Examples

Hypertension remains stable; will continue with Losartan 100 mg daily

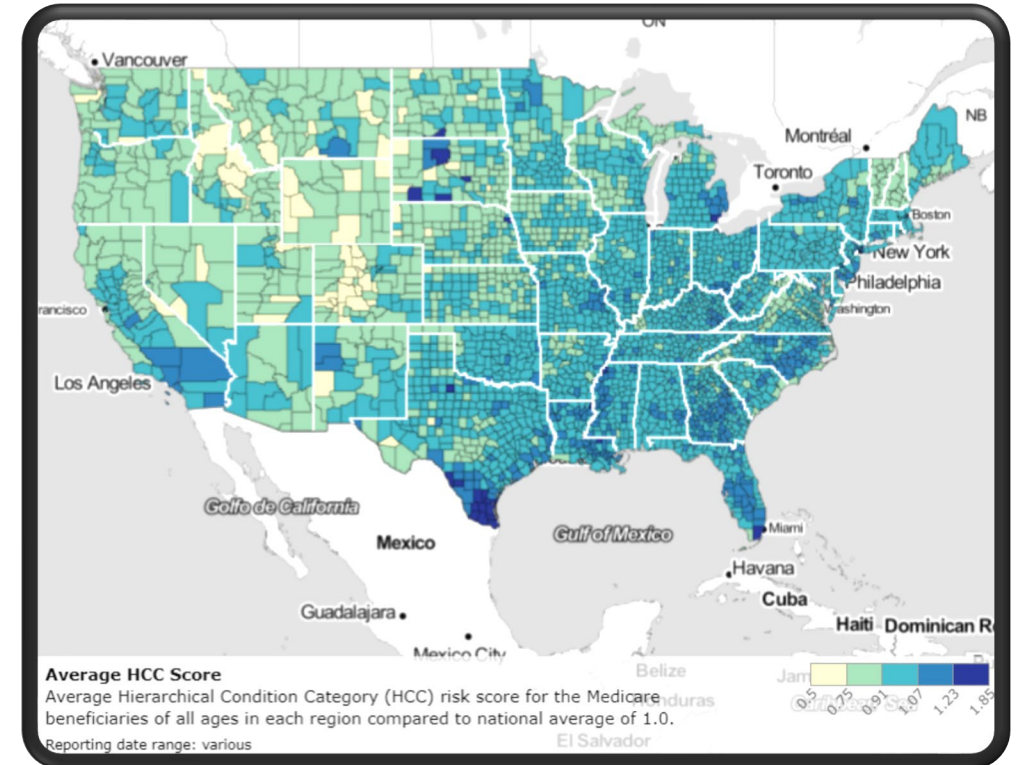
- **M** Hypertension remains stable.
- **E** Continue Losartan 100 mg daily.
- **A** No additional testing necessary.
- **T** Continue current medication.



# National Stats on Risk Scores

Average national HCC error rate is approximately 33% according to CMS

Rural providers serve Medicare beneficiaries with lower average CMS-HCC risk scores than urban providers—1.43 compared to 1.75, respectively.



Sources:

(1) Average Beneficiary CMS Hierarchical Condition Category (HCC) Risk Scores for Rural and Urban Providers Abby F. Hoffman; Kristin L. Reiter, PhD; Randy K. Randolph, MPP

(2) <https://whynotthebest.org/measures/view/16613#measure=16613&lat=37.52715361723378&long=-81.507568359375&z=6&unit=county&n=5&colors=YIGnBu&overlay=sharedsavings&hidemeasures=1>

# Resources

## Resources Library

[Guides](#)[Presentations](#)[Webcasts](#)[Toolkits](#)[Important Links](#)

### Guides



AWV Planning Guide

[Go to Page](#)

Chronic Care Management

[Go to Page](#)

Beneficiary Retention

[Go to Page](#)

## Toolkits

Salient Healthcare's toolkits for value-based care provider organizations provide documents to put in place to engage in the following programs:



Annual Wellness Visit

[View Toolkit](#)

Restricted Access.



Hierarchical Condition Category

[View Toolkit](#)

Restricted Access.



Transitional Care Management

[View Toolkit](#)

Restricted Access.



Emergency Department Utilization

[View Toolkit](#)

Restricted Access.



Chronic Care Management

[View Toolkit](#)

Restricted Access.



Developing Partnerships with External Organizations

[View Toolkit](#)

Restricted Access.

## Brochures



Value-Based Performance Management Solutions

[View PDF](#)

Multi-Payer Data Integration

[View PDF](#)

Network Management Module

[View PDF](#)

Salient Medicaid Enterprise Management

[View PDF](#)



# Thank You



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