

HIERARCHICAL CONDITION CATEGORY/RISK ADJUSTMENT

***What is HCC?***

It is a CMS payment methodology used to predict health care cost for Medicare Advantage members as well as payments to the health plans to provide quality care to their members.

HCC are a hierarchy of conditions linked to diagnosis (ICD-9 codes) determined by CMS. HCC/ICD-9 codes can change from year to year.

***Who does it affect?***

Members that have their Medicare through a health plan not Medicare Fee for Service

It will also affect your Covered California Members.

***When did HCC/Risk Adjustment start?***

It began in 2004 to adjust capitation payments to health plans to care for Medicare Advantage members based on hospital inpatient data.

Full implementation took place in 2007 using diagnoses data reported to CMS from physician offices and inpatient stays.

***How is HCC/Risk Factor determined?***

It is based on the member’s age, demographic area, eligibility and diagnoses.

Information is gathered from various sources. Face-to face physician visits, inpatient stays and consultations are the main sources

A member’s score is cumulative and he/she can have more than one HCC based on their ICD-9 documentation sent to the health plans.

Health Plans submit their data to CMS via encounter data. CMS calculates a member’s score. If a member is relatively healthy they will have a score less than 1. Members with various chronic medical conditions can have a score greater than 1.

There are 79 HCCs that consist of 3200 ICD-9 codes. Each HCC has a risk score associated with it.

***Why is HCC/Risk Score Important to Physicians?***

Reimbursement to the health plan is based on accurate documentation from all areas of service especially the physician setting.

If a member has chronic conditions that are not documented consistently, his/her HCC Score will decrease and CMS will decrease the reimbursement to care for the member.

It is important to see your members on a regular basis. Always document all their chronic conditions as often as treated.

If is not documented in the chart it didn’t happen.