Collaborative Care Network
Expert Clinical Recommendation

Andrew McGlone, MD

Hierarchical Condition Category (HCC) Coding

Why do CMS and other Insurers Risk Adjust?

Risk adjustment allows for more accurate comparisons across providers and groups by adjusting for differences in health and other risk factors that affect outcomes not under the provider's control. In today's performance-based payment models, providers' payments are closely tied to their patients' health outcomes. Without risk adjustment, providers serving disproportionately higher-risk populations would receive payment reductions that may not reflect accurately the quality of care they provide.

What is HCC Coding and how does it affect risk?

CMS uses the HCC risk adjustment model to calculate risk scores for patients. The HCC model assigns diagnoses into categories that represent conditions with similar cost patterns. In Version 23, there are over 9,500 ICD-10 codes that map to 83 HCCs, **but not all ICD-10 codes map to a HCC.** Each HCC is assigned a relative factor. Every year, a beneficiary's Risk Adjustment Factor (RAF) score is calculated based on their assigned HCCs. A RAF or risk score >1 indicates above average risk and a RAF or risk score < 1 indicates below average risk. A higher RAF score predicts higher healthcare costs. Every year the ICD 10 codes you use or do not use create the RAF score for next year

How are providers affected by HCC Coding?

By using applicable HCC codes you can accurately portray the medical risk associated with your patients. Payers use this risk adjustment to estimate the cost of care for the population. Your accurate coding creates the projected medical cost for a population and therefore designates the sum to which you are trying save against. Failure to code correctly produces a lower risk assessment and an inaccurate estimate of medical cost attributed to the patient population. This example highlights the impact of coding.

Example 1 Existing Beneficiary with no HCC Conditions coded		Example 2 Existing Beneficiary with some HCC Conditions Coded		Example 3 Existing Beneficiary with all HCC Conditions Coded	
67 year-old male	.316	67 year-old male	.316	67 year-old male	.316
		Upper Respiratory Infection		Upper Respiratory Infection	
		DM (no manifestations indicated) – HCC19	.106	DM with polyneuropathy – HCC18	.307
		CHF not coded		CHF coded – HCC85	.310
		No disease interaction		+Disease interaction bonus (DM + CHF)	.152
Patient Total RAF Score		**Patient Total RAF Score**	**.422**	**Patient Total RAF Score**	**1.085**
Yearly Reserve for Care	**$2,844**	**Yearly Reserve for Care**	**$3,798**	**Yearly Reserve for Care**	**$9,765**

Primary Care Providers participating in the Maryland Primary Care Program (MDPCP) are additionally impacted by HCC coding. The HCC risk score of MDPCP attributed patients dictates the amount of per beneficiary per month (PBPM) Care Management Funding (CMF) your practice receives, as detailed in this example.

Practice Payments			
Risk Tier	**Criteria**	**PBPM CMF (Track 1)**	**PBPM CMF (Track 2)**
Tier 1	01-24% HCC	$6	$9
Tier 2	25-49% HCC	$8	$11
Tier 3	50-74% HCC	$16	$19
Tier 4	75-89% HCC	$30	$33
Complex*	≥ 90% HCC	$50	$100

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Resources: 2020 HCC Coding and Documentation Basics. Shiner K.

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What are the most important things to know about HCC Coding?

1. **The HCC coding RAF score resets to zero every January 1st.** So every January the morbidly obese diabetic patient with a foot amputation becomes a nondiabetic patient with 2 feet and a normal BMI. It is critical to see patients face to face at least once a year and evaluate and accurately document all of their chronic conditions
2. **Providers must be as specific as possible in their documentation**. Accurate ICD-10 diagnosis is critical to accurate HCC assignment, reflecting the true health status of the patient. Documentation should include additional manifestations or complications related to the chronic disease

KEY POINT: It cannot be understated how critical it is to accurately code at the appropriate level of specificity. For example: Depression, unspecified has no HCC value. Major Depression mild, currently active has HCC value. Uncontrolled Diabetes with complication has a significantly higher RAF score than controlled Diabetes. Take the time to code to the maximum level of specificity that accurately describes the patient's Health Conditions.

No HCC Value		Has HCC Value	
ICD-10		ICD-10	
D64.9	Anemia, unspecified	D61.9	Aplastic Anemia
E66.9	Obesity	E66.01	Morbid Obesity
F32.9	Depression	F32.0	Major Depression, single, mild
I49.9	Arrhythmia	I48.91	Atrial Fibrillation
J18.9	Pneumonia	J13	Pneumonia due to strep pneu.
N28.9	Renal Insufficiency	N18.3	CKD 3*
R05	Chronic Cough	J42	Chronic Bronchitis
R25.1	Tremor	G20	Parkinson's

How do I document HCC Codes?

Most EHRs, including Epic will have an (HCC) included in the ICD-10 diagnosis to identify them. You need to add each diagnosis to the face to face encounter and include them with your medical billing. Each diagnosis should be mentioned in your assessment and plan along with any clinical updates, medications, treatments, etc. Historical conditions should not be included. Cancer diagnosis should only be included if still under active management or surveillance.

Example for Assessment/Plan of your note: Rheumatoid Arthritis (M06.9)-Stable on methotrexate, followed by Rheumatology.

What are the biggest missed opportunities in HCC Coding?

1. **Accurately code all current and chronic conditions that a patient has.** Behavioral Health Conditions, Alcohol and Drug Dependence, CKD, Morbid Obesity, Vascular Disease, Autoimmune conditions are commonly not documented despite affecting the daily health and lives of patients
2. **Remember to Document all HCC conditions annually**. Failure to re-document chronic stable conditions each year happens frequently. Be sure to document chronic conditions at each visit when appropriate.
3. **It matters. Apply the appropriate level of specificity to the ICD-10 diagnosis.** Diabetes is the perfect example. The difference in HCC weighted score between Diabetes without complications (0.106) and with complications (0.307). This can be a difference of over $2,000 in RAF associated cost.
4. **Don't forget to document theses HCC conditions.** Amputations, Colostomy status, Dialysis Dependence, and residual effects of stroke such as hemiplegia. Every diagnosis and condition needs to be updated annually.

Where can I find out more information on HCC Coding? The CCN has hosted 2 coding events at AAMC. To view the latest HCC coding lecture click Here: CCN HCC Coding Event (lecture starts at time 20.31min)

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