# Hierarchical Condition Categories (HCC) Coding and Risk Adjustment Basics

## Participant Guide

NATIONAL ASSOCIATION OF Community Health Centers®

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This online guide will allow you to discover additional tools and resources as you complete the Hierarchal Condition Categories and Coding Risk Adjustment Basics course.

In this guide, you will find:


Links


Infographics/Illustrations


Notes

## Learning Objectives

- Develop foundational knowledge on the fundamentals of Risk Adjustment and its role in healthcare reimbursement.
- Define Hierarchical Condition Categories (HCCs) and understand their role in estimating patient risk.
- Explain why complete and detailed documentation is essential for code capture and compliance.
- Explore strategies for improving the capture and reporting of chronic conditions using HCCs.

# Risk Score and Risk Adjustment

A Risk Score is a number representing the predicted cost of treating a specific patient or group of patients compared to the average Medicare patient.

Risk Adjustment (RA) is a way to calculate a health provider's payment based on a patient's health, their likely use of health care services, and the costs of those services.

Risk Adjustments follow the calendar year and Risk Scores reset on January 1st.

# HCC Coding Strategy Checklist

**Hierarchical Condition Categories (HCC)** is a classification system used to group related medical diagnoses into categories that reflect similar levels of healthcare costs. HCCs are used by some payors for Risk Adjustment: a way to calculate what to pay a healthcare provider based on a patient's health, their likely use of healthcare services, and the costs of those services.

Risk Adjustment may:

- Inform the strategic allocation of health center resources and support toward patients who need it most,
- Help health center leaders to better understand the diagnostic complexity of patients and the demands facing providers,
- Influence where payors direct more resources (e.g., managing patients who are the sickest and require more costly care), and
- Determine the payments that health center providers receive under value-based payment models.

For these reasons, it is important for health centers to have an HCC coding strategy to ensure patient diagnoses are documented thoroughly and to the highest specificity possible. This checklist offers targeted interventions to consider for your health center HCC coding strategy.

For more information on HCC coding and Risk Adjustment, view the NACHC course: *HCC & Risk Adjustment Basics*.

# Checklist (continued)

| ✓ | HCC Coding Strategy Checklist<br>Steps |
|---|---|
| ☐ | **1) Identify opportunities for incentive payments or reimbursement**<br><br>*Considerations:*<br>• *Does your health center contract with payers that incentivize HCC reconfirmation?*<br>• *Is your health center receiving prospective capitation payments?*<br>• *Does your health center participate in a Medicare Accountable Care Organization (ACO)?*<br>• *Are you performing Medicare Annual Wellness Visits (AWVs)?* |
| ☐ | **Engage coding support**<br><br>*Considerations:*<br>• *Does your health center engage certified coders who have specialized training and knowledge in coding guidelines and regulations?*<br>• *Does your health center outsource coding or Health Information Technology (HIT) support, if needed, to support coding activities?*<br>• *Are processes in place to ensure that coding is supported by information explicitly stated in the medical record?* |
| ☐ | **Leverage HIT**<br><br>*Considerations:*<br>• *Is your health center aware of HCC coding prompts and other features available in your Electronic Health Record (EHR) designed to support providers in accurately capturing patient risk?*<br>• *Has your health center explored the use of artificial intelligence (AI) to support HCC capture?*<br>• *Does your health center implement rigorous clinical documentation improvement (CDI) initiatives and compliance oversight to monitor for improper or fraudulent coding practices?* |

# Checklist (continued)

| ✓ | HCC Coding Strategy Checklist<br>Steps |
|---|---|
| ☐ | **Conduct Medicare Annual Wellness Visits**<br><br>*Considerations:*<br>• *Has your health center explored alternative visit types, such as Medicare Annual Wellness Visits (AWVs), to capture patients' care needs outside of problem-focused office visits?*<br>• *Does your health center have processes in place to schedule eligible Medicare patients for AWVs, assess risk, close care gaps, and fully document patients' care chronic conditions?*<br>• *When AWVs are conducted, does the health center use self-administered questionnaires or delegated care team staff to collect data for non-medical decision-making visit components, freeing time for providers to engage with the patient?*<br><br>*(See NACHC's Initial Preventive Physical Exam & Annual Wellness Visit Reimbursement Tip Sheet for more information on AWV requirements.)* |
| ☐ | **Offer condition-specific training**<br><br>*Considerations:*<br>• *Does your health center offer providers and staff coding and documentation training on conditions prevalent in your patient population? (For example, if you serve a large number of patients with high blood pressure, developing HCC coding trainings that are hypertension-specific can offer more digestible and relevant training content that can be more easily deployed to busy providers.)* |
| ☐ | **Optimize care team support**<br><br>*Considerations:*<br>• *Does your health center have the resources to dedicate staff to CDI initiatives focused on risk adjustment and HCC recapture?*<br>• *Has your health center leveraged standing orders, daily huddles, and other evidence-based processes proven to support care team staff working to the top of their scope and licensure, freeing up provider time to focus on HCC recapture?* |

# Documenting Diagnoses

Steps used to understand documenting a diagnosis (Acronym M.E.A.T):

**M**onitor

**E**valuate

**A**ssess/Address

**T**reat

# Case Study

**Patient Information**:

- 65 year old male patient presents with DM2
- Blood sugar levels elevated, ranging over 150
- Experiencing high blood pressure – CKD
- Monitored by specialist
- Recently diagnosed with hypoparathyroidism
- Requesting a refill inhaler and Dexilant

# Example of a Complete Assessment

| Condition | Chronic kidney disease stage 5 due to type 2 diabetes mellitus |
|---|---|
| ICD-10-CM Code | **E11.22** Type 2 diabetes mellitus with diabetic chronic kidney disease<br>**N18.5** Chronic kidney disease, stage 5 |
| Documentation | Discussed medication and starting dialysis |
| **Condition** | **Hyperglycemia due to type 2 diabetes mellitus** |
| ICD-10-CM Code | **E11.65** Type 2 diabetes mellitus with hyperglycemia |
| Documentation | Labs reviewed with the patient<br>Increase insulin and continue to monitor sugars daily |
| **Condition** | **Chronic kidney disease stage 5 due to hypertension** |
| ICD-10-CM Code | **I12.0** Hypertensive chronic kidney disease with stage 5 chronic kidney disease or end stage renal disease |
| Documentation | Discussed lab results |
| **Condition** | **Hyperthyroidism** |
| ICD-10-CM Code | **E05.90** Thyrotoxicosis, unspecified without thyrotoxic crisis or storm |
| Documentation | Reviewed recent labs ordered by Dr. Jane and discussed how diagnosis affects overall care |
| **Condition** | **Asthma** |
| ICD-10-CM Code | **J45.30** Mild persistent asthma, uncomplicated |
| Documentation | Continue present treatment, inhaler script refilled |
| **Condition** | **Gastroesophageal reflux disease** |
| ICD-10-CM Code | **K21.9** Gastro-esophageal reflux disease without esophagitis |
| Documentation | Dexilant script refilled |

# Example of a Complete Risk Profile

| Complete Risk Profile | | |
|---|---|---|
| ICD-10 Code | Conditions | Risk Score |
| | 65-Year-old male patient | 0.0350 |
| E11.22 | DM Type 2 with CKD | 0.5014 |
| E11.65 | DM Type 2 with Hyperglycemia | ~~0.5014~~ |
| I12.0 | Hypertensive CKD stage 5 | ~~1.9563~~ |
| N18.5 | CKD Stage 5 | 2.3010 |
| E20.0 | Idiopathic Hypoparathyroidism | 1.9886 |
| K21.9 | GERD | 0.5644 |
| J45.30 | Mild persistent asthma uncomplicated | 0.4549 |
| Total Risk Score: 5.8453 | | |

# HCC Stakeholders

Care Team
Provider
Coders and Billers
Health Plans and Payers

# Getting Started – Implementing an RA or HCC Coding Strategy

Identify Incentives

Coding Support

# Getting Started – Implementing an RA or HCC Coding Strategy

Leveraging HIT

Annual Wellness Visits

# Getting Started – Implementing an RA or HCC Coding Strategy

Condition-Specific Training

Optimize Care Team Support

# Course Summary

The shift to value-based payment will require health center providers to emphasize accurately capturing patient risk through complete clinical documentation and accurate coding.

Thank you for completing this course! If you have any questions or comments, please contact NACHC's Quality Center at qualitycenter@nachc.org

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