

Risk adjustment is the method that government programs use to adjust the revenue to health plans based on the health status of the covered population(s). Our Risk Adjustment Program includes Medicare risk adjustment and commercial Affordable Care Act (ACA) risk adjustment.

History and methodology

The ACA established a risk adjustment program in 2014 for all small group and Individual (commercial) health plan members, regardless of whether they purchase coverage through an exchange or not. For Medicare Advantage members, the risk adjustment program began in 2000.

The Centers for Medicare & Medicaid Services (CMS) and U.S. Department of Health and Human Services (HHS) risk adjustment models utilize Hierarchical Condition Categories (HCCs). Each HCC contains International Classification of Diseases (ICD) diagnosis codes that are similar in disease processes and/or body system. HCCs, in conjunction with patient demographic information, are utilized to calculate the patient's annual risk score. The patient risk score is intended to accurately represent the individual patient's disease burden and projected cost of care.

HCCs are based on the ICD codes and supplied to health plans and Medicare by health care providers. Because HCC codes determine the patient's annual risk score, accurate and complete clinical documentation and timely diagnosis code reporting from the provider are critical in the development of an accurate score. Patient diagnoses do not carry forward from one year to the next under the risk adjustment models, which means that all existing and chronic conditions must be evaluated and documented in the medical record at least once each calendar year for each patient, and the corresponding ICD codes should be submitted on the claim for services rendered.

Provider requirements

As a contracted provider, you are required and agree to meet the following requirements for risk adjustment:

- Accurately report ICD diagnosis codes, including secondary diagnoses, to the highest level of specificity on claim and encounter documentation.
- Maintain accurate and complete medical record documentation and record retention. ICD codes submitted must be justified with proper documentation.
- Alert us of any erroneous data that has been submitted and follow the procedures for correcting erroneous data.
- Report claims and encounter data in a timely manner, as soon as possible after the date of service or discharge from hospital inpatient facilities.
- Furnish any information that we require for risk adjustment on Medicare Advantage and/or commercial ACA members. This includes medical records containing information to provide complete and accurate submission of risk adjustment data to CMS and HHS. Your provider agreement requires that you provide access to member's records for these purposes, free of charge.

We conduct regular reviews of medical records to validate that the diagnosis codes reported are accurate, complete and supported in the medical record, and we reserve the right to implement

a corrective action plan for providers who we identify as deficient in risk adjustment documentation or coding accuracy or completeness. In the event a corrective action plan is implemented, the provider will agree to implement the corrections necessary to satisfy the identified deficiencies within the timeline defined by the corrective action plan.

Data validation audits

CMS and HHS perform annual data validation audits to verify that information submitted is supported by the patient's medical record documentation. This ensures the integrity and accuracy of risk-adjusted payments.

CMS and HHS notify us when any of our members are included in a data validation audit. If our members are included, we may request medical record documentation from your office. The request will clearly identify that it is due to a CMS or HHS audit, including the timeframe and requirements for providing the required records. The documentation will then be forwarded to CMS or HHS to complete the audit.

Resources

Learn more about risk adjustment documentation in the Risk Adjustment Program section of our provider website, including resources to educate your clinical and administrative staff about accurate and complete documentation and coding.