The Dx on HCC:
How Medicare Advantage Plans and ACOs Create New Compliance Risk for Physicians

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Medicare Advantage

- Private Medicare “Part C” option
- Medicare HMO
- Medicare+Choice
  - Risk-Adjustment methodology to promote more equitable funding
- Medicare Advantage

By 2017 more than 19 million Medicare beneficiaries (33%) are enrolled in Medicare Advantage
  - 33% of total Medicare population
Interest in Medicare Part C

- The Pendulum Swings
- Average annual beneficiary cost
- Incentives for Part C

Risk Adjustment

- Balance Budget Act 1997
- Hierarchical Condition Category (HCC) system
- Each enrollee is assigned a Risk Adjustment Factor (RAF)
Managing Risk Based Contracts

RAF Example

- A 65 year old female with the following chronic conditions:
  - Congestive Heart Failure
  - Diabetes Mellitus with complications
  - Diabetic Proliferative Retinopathy

**Risk Score:**
- Demographics = .288
- Congestive Heart Failure = .368
- Diabetes Mellitus with complications = .368
- Diabetic Proliferative Retinopathy = .203
- Disease Interaction = .182

**Total RAF = 1.409**

**Risk Adjusted Payment**
- Assume Base Premium = $800 per month
- $800 X 1.409 = $1,127
- Annually = $13,526
RAF Example *goes bad*

- What if only one chronic condition was properly documented:
  - Congestive Heart Failure

**Risk Score:**
- Demographics = .288
- Congestive Heart Failure = .368
- Total RAF = 0.656

**Risk Adjusted Payment**
- Assume Base Premium = $800 per month
- $800 X .065 = $525, rather than $1,127
- Annually = $6,298, rather than $13,526

**Difference to Payment**
- $602 less per month
- $7,229 less per year

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**Risk Adjustment Data Capture**

- Claims submissions
- Diagnosis Codes, not procedure codes
Data Capture Challenges

- CPT Integrity
  - aka *What’s a diagnosis code?*

- Submitted Claims
  - aka *We are too busy for “Zero-pay” claims*

- The myth of the 4 Diagnosis Codes
  - aka *My Billing Vendor / Clearing house only submits the first 4 ICD10 codes*

- “50 first dates” Syndrome
  - aka *I knew all about you last year, I know nothing about you this year*

- New Enrollees
  - aka *We all come into Medicare as healthy human beings*

Overcoming the Challenges

- Prospective Data Capture

- Retrospective Data Capture

- Physician Education / augmentation
Prospective Data Capture

- Health Assessments
  - New Enrollees
  - Enrollees with no physician visits
- Annual Wellness Visits
  - Counter the *50 First Dates Syndrome*
- Requirements for Dx Capture
  - Face-to-face encounter
  - Physician assessment required, can not code from lab or radiology reports
  - Physician note must meet coding standards

Retrospective Data Capture

- Annual Visits
  - Strategic effort to capture missing conditions of patient (ie, past chronic conditions)
- Chart Reviews
  - Chart Chases
- Risk Adjustment Processing System (RAPS)
- Encounter Data Processing System (EDPS)
**Physician Education/augmentation**

- **HCC Training**
  - Computer based training
  - Checklists and workflow applications for Annual Visits
  - Coding reminders
- **HCC Augmentation**
  - Code lists
  - Embedded Coders

**Managing Risks in Risk Management**

- Be wary of RAF Build Applications
  - Is every chronic condition relevant?
  - Consider if financial incentives could skew the output
  - Superbills have made a comeback in Risk Adjustment management, unfortunately
- If managing a Chart Review Process
  - Coder Quality needs to be managed
  - Coding guidelines are always relevant
  - Documentation – grey areas should be handled consistently
  - Don’t overlook HIPAA exposure in Chart Reviews
- Stay focused on accurate documentation
- Be prepared for RADV Audits
Final Recommendations

- Focus on Population Health Management
- Identification of Chronic Conditions to address unmet needs
- Incentives ought to be tied to health management, not individual data capture.
- Avoid even the appearance of “Coding for dollars”

Questions?

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Thank you!

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