

Industry Update – 2023

2024 CMS-HCC Risk Adjustment Model and its Impact

Introduction:

The Centers for Medicare and Medicaid Services (CMS) has published the final payment policy document for Medicare Advantage plans for the calendar year (CY) 2024. The announcement also included the new CMS-HCC risk adjustment model (v28 or 2024). This new model will replace the current CMS-HCC model (v24 or 2020) in a phased manner.

The changes in 2024 model are significant. According to CMS projections, the RAF score of an average Medicare Advantage population will decrease by 3.12% in the new model compared to the current model. Taking average risk score trends into consideration, the 2024 risk scores would have an overall trend of 4.44%, compared to what would have been 5% under the existing risk adjustment model. The new model was also recalibrated to be based on ICD-10 codes; the existing model was originally designed based on ICD-9 codes.

According to CMS projections, the RAF score of an average Medicare Advantage population will decrease by 3.12% in the new model compared to the current model

To facilitate a smooth transition to the new model, healthcare providers, including Accountable Care Organizations (ACOs), Clinically Integrated Networks (CINs), and Medicare Advantage payers, will need to quickly embrace the changes. They must analyze the ICD-10 and HCC level data comprehensively and accurately capture the risk profile of their populations.

Percept Health provides a comprehensive risk adjustment analytics insights app and healthcare data ops service that can help healthcare providers and Medicare Advantage payers with this transition. Our significant risk adjustment experiences can help organizations stay on top of these changes and navigate the journey smoothly. To learn more about how Percept Health can prepare you for this journey, contact us today. Read on, for the summary of the CMS-HCC 2024 model.

To comprehend the overall impact of the 2024 CMS-HCC model and uncover potential avoidable losses, organizations require insights specific to their populations

Overall Changes:

The new risk adjustment model from CMS will feature significant changes that will impact the overall RAF score. In CY 2024, Medicare Advantage payer risk scores will be calculated as a blend of 67% from the current model (2020) and 33% from the new model (2024). In CY 2025,

the blend will be 33% from the 2020 model and 67% from the 2024 model. Finally, in CY 2026, all risk scores will be calculated with the new 2024 model.

One of the major changes in the 2024 model is the increase in the number of HCCs from 86 in the 2020 model to 115. The new model has 151 non-payment HCCs in 2024 model, compared to 118 in 2020 model. In addition, there will be about 2,200 ICD-10 codes that will no longer be mapped to payment HCCs, while 270 new ICD-10 codes will be mapped to some payment HCCs. The coefficients / weights of payment HCCs in certain group (diabetes) will be the same regardless of the complications. Rest of the document only talks about payment HCCs.

The overall RAF scores are coming down. The new model would have 3.12% lower risk score under the new model. Taking average risk score trends into consideration, the 2024 risk scores would have an overall trend of 4.44%, compared to what would have been 5% under the existing risk adjustment model.

It is worth noting that the 2024 model will not be impacted by Social Determinants of Health (SDOH) codes (z-codes). This means that these codes will not be used in calculating risk scores in the CMS-HCC model for 2024.

HCC Variations:

The upcoming model will feature the renumbering of many HCCs. For instance, the diabetes HCCs that were previously numbered 17, 18, and 19 in the 2020 model will now be designated as HCCs 36, 37, and 38 in the 2024 model.

Another important change to note is that some ICD-10 codes that were mapped to specific HCCs in the 2020 model may end up being mapped to different HCCs in the 2024 model. Conversely, some ICD-10 codes that could have been assigned to different HCCs in the 2020 model will be assigned to just one HCC in the 2024 model. This is because the new HCCs have been designed based on body systems, which would result in more specific mapping of codes.

Achieving accuracy in risk adjustment requires actionable insights at the levels of provider, provider group, payer plan, and line of business

New and Removed HCCs:

The new 2024 model will have 27 new HCCs with ICD-10 codes that do not map to any of the current 2020 HCCs.

Additionally, the following current 2020 HCCs will be removed:

- HCC 47 – Protein Calorie Malnutrition,
- HCC 230 – Angina Pectoris, and
- HCC 265 – Atherosclerosis or arteries of the Extremities.

Existing ICD-10 Code Drops:

In the 2024 model, there will be significant changes in the ICD-10 codes that are mapped to HCCs. A total of 2,297 ICD-10 codes will no longer be mapped to 2024 HCCs, which are distributed across various categories.

Some examples include Typhoid pneumonia, Nelson's syndrome, Isovaleric acidemia, Angina pectoris, Acute kidney failure, Chronic vascular disorders of the intestine, and Toe Amputation HCCs

The removal of ICD-10 codes from HCCs will affect some existing HCCs more than others. Major depressive disorder, bipolar disorders, graft, major head injury, amputation, and other metabolic disorders are among the existing HCCs that contribute significantly to the code drops.

If we apply the Pareto principle to the ICD-10 code drops, we can see that ten existing HCCs suffered 81% of the code drops. Table 1 below provides a list of these HCCs.

The use of modern algorithms to identify suspect diagnoses from unstructured medical notes is becoming increasingly common. However, it is crucial to remain vigilant of RAD-V audits.

Table 1 – List of existing HCCs with percent of ICD-10 code mappings dropped

2020 v24 HCC #	2020 v24 HCC Description	Number of ICD-10 Dxes Dropped	Percent Dropped out of Total 2,297 ICD-10 Dxes Drops
HCC 59	Major Depressive, Bipolar, and Paranoid Disorders	425	18%
HCC 176	Complications of Specified Implanted Device or Graft	325	14%
HCC 167	Major Head Injury	251	11%
HCC 189	Amputation Status, Lower Limb/Amputation Complications	250	11%
HCC 23	Other Significant Endocrine and Metabolic Disorders	178	8%
HCC 108	Vascular Disease	146	6%
HCC 72	Spinal Cord Disorders/Injuries	90	4%
HCC 18	Diabetes with Chronic Complications	80	3.5%
HCC 40	Rheumatoid Arthritis and Inflammatory Connective Tissue Disease	71	3%
HCC 134	Dialysis Status	50	2%

New ICD-10 Code Mappings:

The new 2024 model introduces 268 additional ICD-10 codes that map to HCCs, which cover a wide range of medical conditions. These include benign tumors, myositis, anorexia nervosa, and toxic liver disease.

The success of risk adjustment is more strongly correlated with KPIs such as the Annual Wellness Visit rate, PCP Visit rate, and Chronic HCC refresh rate

Other conditions that will be covered by the new ICD-10 codes in the 2024 HCCs include severe persistent asthma, which is a chronic respiratory condition that causes breathing difficulties, and some related to newborn conditions. These new codes will provide a more comprehensive picture of the health status of the population and help accurately assess the risk profile of individuals, leading to better health outcomes. But more than 30 to 40% of these new ICD-10 codes don't apply to Medicare Advantage populations.

Interestingly, a significant 61% of these codes map to only five HCCs. These five HCCs are: HCC 298, which pertains to severe diabetic eye disease and retinal occlusion; HCC 137, which pertains to drug use disorder; HCC 22, which pertains to cancers; HCC 78, which pertains to intestinal obstruction; and HCC 248, which pertains to intracranial hemorrhage.

Optimized risk-adjustment workflows and availability of comprehensive risk-adjustment gaps at the point-of-care yield higher Chronic HCC refresh rates

This information is summarized in Table 2 below, which presents a list of HCCs with the greatest number of new ICD-10 mappings. As such, healthcare providers and payers should pay close attention to these HCCs when analyzing their population data for accurate risk adjustment.

Table 2 – List of existing HCCs that new ICD-10 codes map to the most

2024 v28 HCC #	2024 v28 HCC Description	Number of New ICD-10 Dxes Mapped	Percent Out of Total 268 New ICD-10 Adds
HCC 298	Severe Diabetic Eye Disease, Retinal Vein Occlusion, and Vitreous Hemorrhage	76	28%
HCC 137	Drug Use Disorder, Moderate/Severe, or Drug Use with Non-Psychotic Complications	26	10%
HCC 22	Bladder, Colorectal, and Other Cancers	22	8%
HCC 78	Intestinal Obstruction/Perforation	20	7.5%
HCC 248	Intracranial Hemorrhage	20	7.5%
HCC 213	Cardio-Respiratory Failure and Shock	15	5.5%
HCC 202	Coma, Brain Compression/Anoxic Damage	14	5.5%
HCC 387	Pemphigus, Pemphigoid, and Other Specified Autoimmune Skin Disorders	14	5.5%
HCC 109	Acquired Hemolytic, Aplastic, and Sideroblastic Anemias	8	3%
HCC 276	Lung Transplant Status/Complications	7	3%

HCC Weights/Coefficients:

The new 2024 CMS-HCC model’s weights or coefficients, which determine the final risk scores, will be lower compared to the 2020 model. One noteworthy change is that all the HCCs related to Diabetes and Congestive Heart Failure (CHF) will have the same coefficients. For instance, Diabetes with severe acute complications (HCC 36), Diabetes with chronic complications (HCC 37), and Diabetes with no complications (HCC 38) will all have identical coefficients.

To achieve desired outcomes, it is advisable to invest in purpose-built risk adjustment analytics solutions that are cloud-native and designed based on successful projects

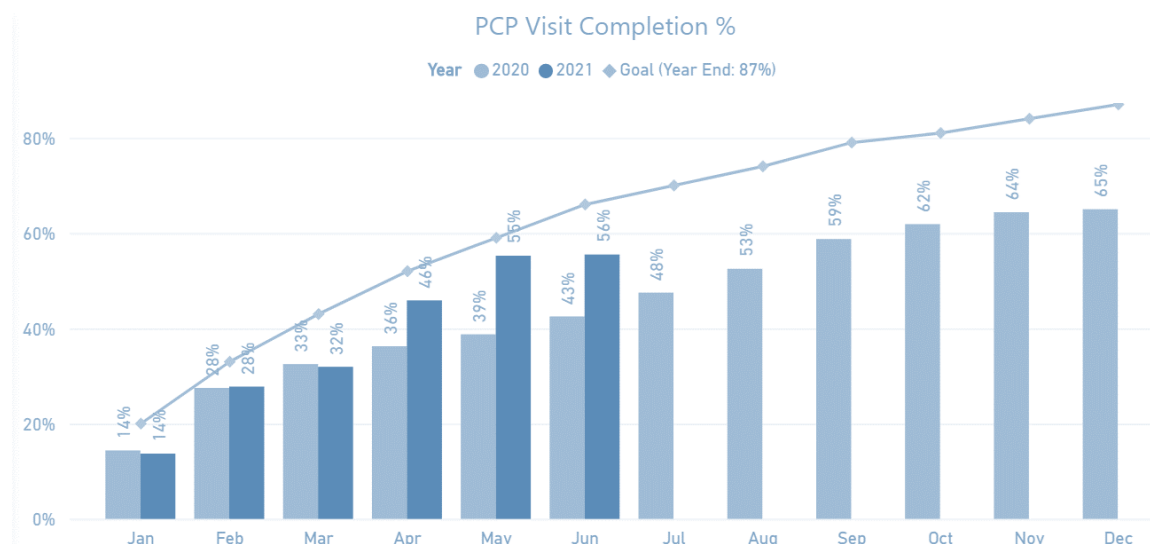
Similarly, HCCs related to CHF such as Acute on CHF (HCC 234), Acute Heart Failure (HCC 225), and Heart Failure (HCC 226) will all have the same coefficients.

These types of changes are expected to have a nontrivial impact on the overall risk scores. The CMS is projecting that the RAF score of a typical Medicare Advantage population will decrease by 3.12% in the 2024 model compared to the current 2020 model.

In summary, ACOs, CINs, and Medicare Advantage payers will need meticulous population-specific ICD-10 and HCC level data analysis to determine the impact and embark on the path of accurate risk adjustment. Percept Health enables just that.

Read on to learn about Percept Health and our risk adjustment solution. See below a sample screenshot from our cloud-native purpose-built analytics product.

Image 1 – PCP Visit completion % KPI from Percept Health Risk Adjustment Analytics



References:

1. <https://www.cms.gov/files/document/2024-announcement-pdf.pdf>
2. <https://www.cms.gov/files/document/2024-advance-notice.pdf>
3. <https://www.cms.gov/files/zip/py-2024-proposed-clinical-revision-part-c-model-icd-10-mappings.zip>
4. <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/2020MidyearFinalICD-10-CMMappings.zip>



Percept Health Risk Adjustment Insights and Operations

Health systems and accountable care organizations are broadening their participation in value-based care contracts across populations, including Medicare, Medicare Advantage, Medicaid, Commercial, and Commercial Exchange.

Accurate risk adjustment and timely identification of gaps in care are crucial for success in shared savings contracts, whether they are single-sided or double-side. This enables health systems to establish favorable benchmarks. In capitation contracts, the revenue received is directly linked to the risk adjustment performance. So, there's a strong imperative for reliable and prompt risk adjustment data insights, streamlined EMR workflows, and efficient ongoing operations. Risk adjustment is also critical to Medicare Advantage, Medicaid, and Commercial Exchange payers, especially in achieving Medical Loss Ratio (MLR) targets.

Percept Health offers a solution to these challenges through its managed risk adjustment operations service, which can be utilized as a utility by health systems.

How our Risk Adjustment Insights and Operations work:

Percept Health provides purpose-built risk adjustment analytics, a set of tailored EMR workflows, and ongoing patient/provider performance support.

Our risk adjustment analytics provide valuable insights into multiple value-based care contract populations. The risk-adjustment focused EMR workflows improve patient engagement, pre-visit preparation, point-of-care documentation, and post-visit coding processes.

The solution empowers executives, leaders, coding staff, and providers with relevant information at the appropriate time, enabling them to focus on key outcomes at various organizational levels. These outcomes include enhanced HCC refresh rate, improved wellness visit rate, and superior PCP visit rate.

Our purpose-built cloud native solution is built on our experience of helping providers save more than \$100M in tens of value-based care contracts

Key Benefits:

- Accurate risk adjustment insights for relevant stakeholders
- Lower risk adjustment operational expenses
- Accurate risk adjustment scores and improved contract success
- Seamless EMR workflows and streamlined analytics
- Tailored solution with targeted incentive calculations

About Percept

Percept Health focuses on risk adjustment and healthcare data operations. We recognize the difficulties faced by healthcare organizations in balancing risk adjustment, care management, quality of care and cost management, in the world of evolving business models. Our goal is to be a trusted data partner, empowering healthcare providers and payers with informed decision making through accurate and managed data insights. We bring in data experts, enhance existing data infrastructure, and implement industry-leading data operations practices.

Why Percept?

Our passion is data. Our aim is to be the leading partner in healthcare data. With in-depth implementation experience, strong expertise in data operations, and thorough understanding of health systems, and payers, we're able to put our client's needs first and get results. We hand select consultants to deliver the highest quality and experience. Our proficiency in Cerner and Epic EMRs is unparalleled, and our proprietary data operations and validation procedures consistently deliver proven results for our clients.

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