



# Optimizing HCC Risk Adjustment Strategies for Quality and Cost-Effective Care



# Introduction

The growth of Medicare Advantage, Medicaid, and MSSP ACO's combined with the increased adoption by commercial payers of risk-adjusted contracts heightens the need for health systems and physician practices to embrace risk adjustment models. This process includes creating an infrastructure to accurately identify and manage the organization's patient population. An important part of patient data that needs to be captured is HCCs or hierarchical condition categories which are leveraged in risk-based agreements as a tool to calculate a patient's risk score or risk adjustment factor (RAF) score. RAF scores allow hospitals, health systems, provider organizations, and payers to better predict future resources and expenditures for patient care.

The importance of accurate documentation and coding for driving correct HCC capture cannot be overstated, as they are critical to driving change. The inability to document the true disease burden annually could lead to inadequate patient care resources and funding to treat a health system's patient population. Accurate documentation will drive more specific HCC capture and, therefore, more accurate RAF scores for a complete clinical picture across the care continuum. For plans such as Medicare Advantage, higher risk scores translate to a greater understanding of clinical resources needed for complete and compliant reimbursement. Hospitals also benefit from these insights because accurate documentation and coding can identify a patient's true chronic conditions, leading to the right patient care.

In 2021, 3M commissioned Xtelligent Healthcare Media to conduct a survey of health system leaders to better understand how these organizations are approaching HCC risk adjustment. One hundred stakeholders across the country shared insights into where their organizations are in the process of integrating HCCs into clinical practice, quality reporting, and predictive analytics.

## HCC

A Hierarchical Condition Category (HCC) is defined as a risk adjustment model that is used to calculate risk scores to predict future healthcare costs... It is only after a full year of accumulating medical expenses that accurate predictions for future healthcare utilization can be made.

[Ins and Outs of HCCs - AHIMA Body of Knowledge](#)

Respondents include those responsible for clinical documentation, clinical care (e.g., physicians), population health, and revenue cycle.

In the survey health systems, 71 percent say that better determination of reimbursement and baseline costs is the main driver for the HCC strategy. Sixty-six percent are driven by a growing Medicare and Medicaid patient population in valued-based contracts.

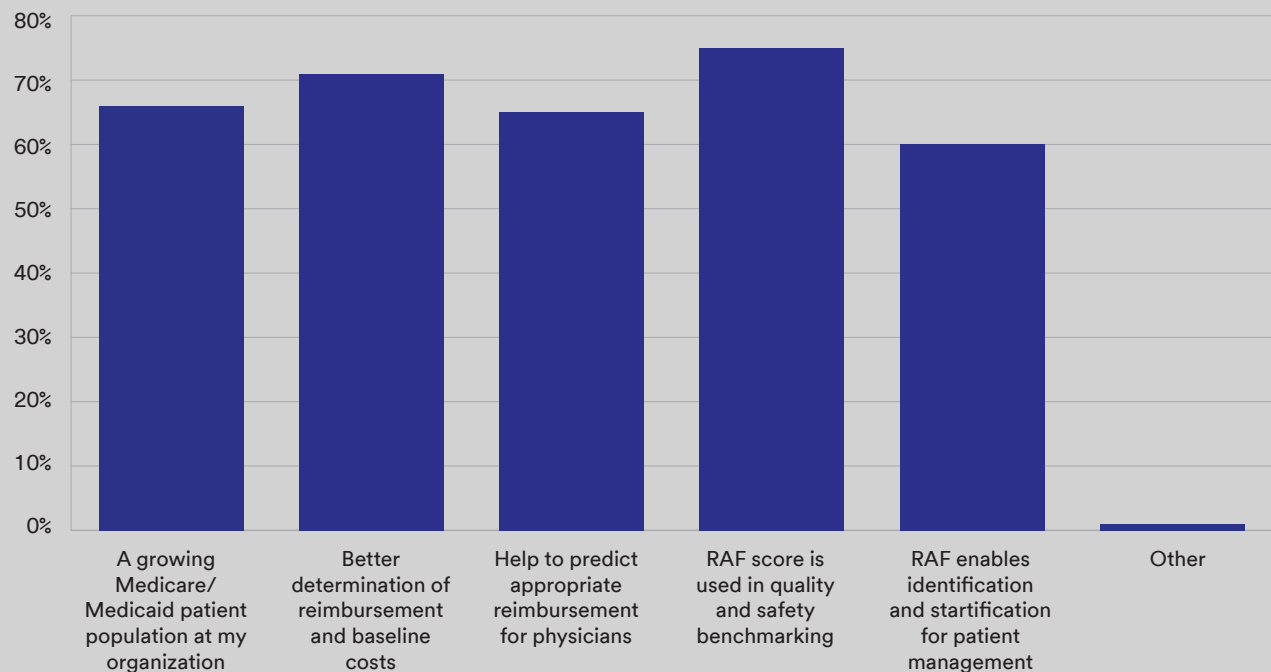
Nearly three-quarters (73%) of respondents are already capturing or planning to capture HCCs for other reasons including:

- RAF scores are used in quality and safety benchmarking (75%)
- Help predicting appropriate reimbursement for physicians (65%)
- RAF scores enable identification and stratification for patient management (60%)

Most health systems recognize the role HCCs have in successfully managing risk-based contracts. But many struggle with creating a sustainable and operational process. This report identifies the following key steps that health systems can take for an effective HCC process.

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What is motivating your organization to identify HCC codes?





# 1. Assess the risk.

The HCC process at most health systems (72%) begins with a retrospective review of billing data. Understanding baseline performance creates the foundation for an effective HCC strategy. Yet 25 percent of all health system leaders say the biggest challenge when optimizing HCCs is a lack of internal analytic resources and capabilities. Another 24 percent report a challenge with understanding baseline data to build a foundation.

*Understanding baseline performance creates the foundation for an effective HCC strategy.*

Third-party experts can assist health systems that may not have the resources or expertise, providing analysis of claims data. These experts help health systems with the following:

- Validating accuracy of the chronic disease burden via longitudinal record review
- Establishing baseline RAF scores
- Assessing documentation to code accurate HCCs
- Identifying the top 20 HCC diagnosis opportunities and missing HCCs

This data-driven approach for HCCs is foundational to accurate HCC capture, prioritizing top opportunities, and enabling RAF score tracking needed to define the program impact.



## 2. Integrate within the provider workflow and the EHR.

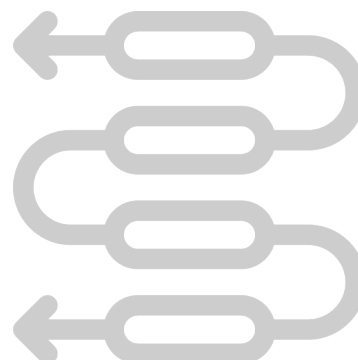
More than half of health systems (55%) implementing HCC processes say integration with provider workflow is one of the most important aspects of HCC technologies. This integration supports a robust HCC process, incorporating expertise from across the continuum of care and facilitating the following:

- Prospective longitudinal review by a CDI team
- Minimal disruption to the physician workflow
- Real-time notifications during the patient visit
- Notifications based off the gathered data
- Integration with the EHR

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According to the survey, 80 percent of health system leaders want an HCC process integrated within the EHR, allowing the physician to document, capture charges, and code during the patient encounter within their existing workflow.

Operationalizing an integrated, AI-driven technology into the provider workflow and EHR, will ensure the patient condition is reflected through identification, prioritization, and accurate documentation. These accurate risk scores can then be maintained across the care continuum.



### 3. Collaborate within the organization.

A successful HCC program must integrate key stakeholders, including physician leadership, providers, coding and audit specialists, population health representatives, and billing staff. Integration should also engage the clinical documentation team as they assess post-visits and retrospectively review patient documentations. Organizations want to invest in technologies that can operationalize the process and ensure impact is realized throughout the process.

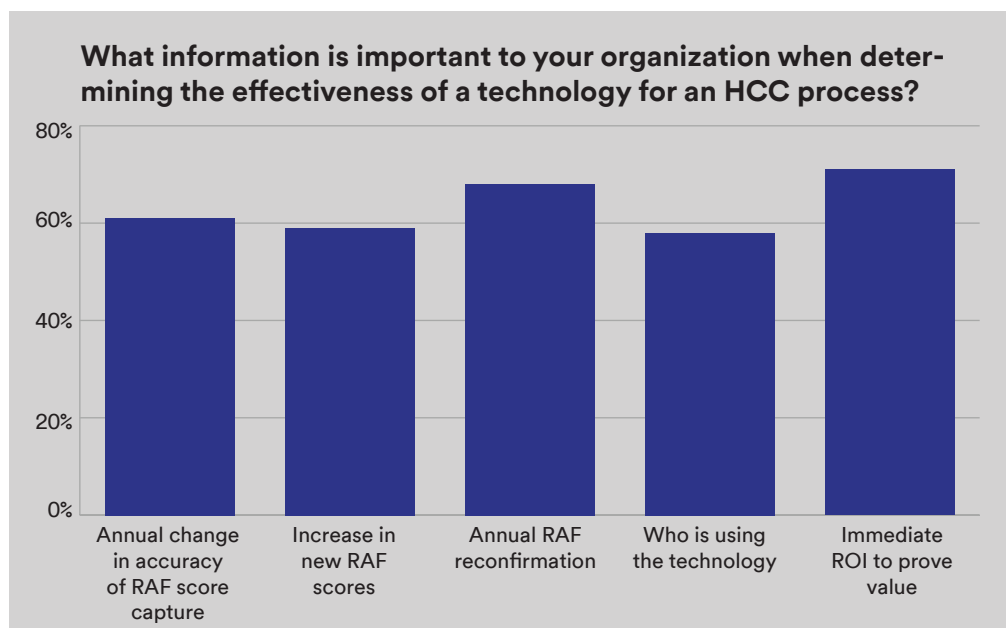
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This is a complicated process that can be a heavy lift for health systems, but it can have advantages for all teams engaged in the process. In particular, 43 percent of survey respondents believe physicians will see the greatest benefit to an HCC process.

Respondents believe an effective, organization-wide HCC program can have even broader impacts, including:

- Annual RAF reconfirmation (68%)
- Annual change in the accuracy of RAF score capture (61%)
- Increase in new RAF scores (59%)

Investing in HCC education, services, and technologies enable organizational insights that promote better processes and outcomes for all individuals impacted by the process.

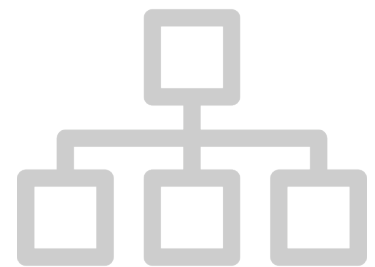


# Conclusion

Risk adjusted contracts will continue to drive HCC implementation and optimization at health systems. Developing and implementing a strong, operationalized HCC process is complicated. The process involves multiple stakeholders across the continuum of care. Key steps can ease the transition and promote successful HCC capture that ultimately betters patient care.

Begin with a strong foundation. An HCC process must reflect an understanding of the complexity of the organization's patient population. Organizations must operationalize the process. The use of artificial intelligence to automate the process will help grow physician engagement that identifies and accurately documents patient care within existing workflows. Finally, collaborate with key stakeholders to optimize the process.

Ultimately, creating a strong HCC process will lead to better patient care, as more accurate and utilized data can give physicians and health systems better insight into patient populations and conditions.



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