Medicare Advantage Risk Adjustment Program

Quick Reference Guide

Excellus

What is Risk Adjustment?

Risk adjustment is the process by which the Centers for Medicare & Medicaid Services (CMS) reimburses Medicare Advantage Plans, such as Excellus BlueCross BlueShield, based on the health status of their members. Risk adjustment was implemented to pay Medicare Advantage Plans more accurately for the predicted health cost expenditures of members by adjusting payments based on demographics (age and gender) as well as health status.

History of Risk Adjustment

As a part of risk adjustment implementation, CMS initially collected hospital inpatient diagnoses for determining payment to Medicare Advantage Plans. In 2000, Congress mandated a change to include ambulatory data. This change took place gradually, with full implementation in 2007. CMS selected a payment model that included diagnosis data reported from physician office, hospital inpatient, and hospital outpatient settings, the CMS-Hierarchical Condition Category (CMS-HCC) payment model.

Physician's Role

Physician data is critical for accurate risk adjustment. Physicians are the largest source of ambulatory data for the risk adjustment model. CMS-HCC model relies on ICD-CM coding specificity.

How Does Risk Adjustment Impact Physicians and Members?

It's important to keep in mind that the risk adjustment process also benefits you and your patients. How?

Increased coding accuracy helps Excellus BCBS identify patients who may benefit from disease and medical management programs. More accurate health status information can be used to match healthcare needs with the appropriate level of care. In addition to coding accuracy, a review of this type also helps to ensure that the health plans are reimbursed appropriately by CMS for how sick their members actually are. This process assists in enabling health plans to maintain member premiums at their current rate.

Risk adjustment helps you meet your CMS provider responsibilities regarding reporting ICD-CM codes, including:

- Secondary diagnoses, to the highest level of specificity.
- Maintaining accurate and complete medical records (ICD-CM codes must be submitted with proper documentation).
- Reporting claims and encounter data in a timely manner.

With your help in providing accurate and timely coding for risk adjustment, we can avoid unnecessary and costly administrative revisions, premium changes and provide your patients and our members with superior customer service.

Why is Medical Record Documentation Important for Risk Adjustment?

- Accurate risk adjusted payment relies on complete medical record documentation and diagnosis coding.
- CMS conducts risk adjustment data validation by medical record review.
- Specificity of the ICD-CM diagnosis coding is substantiated by the medical record.

Importance of ICD-9 Diagnosis Coding

- ICD-CM is the official diagnosis code set for Medicare, and is used for risk adjusted payment.
- Medical record documentation dictates what code is assigned.
- Appropriate coding requires use of the most specific code available.

Medical Record Documentation

- Documentation should be clear, concise, consistent, complete and legible.
- Document coexisting conditions at least annually.
- Use standard abbreviations.
- Utilize problem lists (ensuring they are comprehensive, show evaluation and treatment for each condition relating to an ICD-CM code on the date of service, and are signed and dated by the physician or physician extender).
- Identify patient and date on each page of the record.
- Authenticate the record with signature and credentials.

The Major Points

Federal regulations require Medicare and its agents to review and validate medical records in order to avoid underpayments or overpayments.

It is important for the physician's office to fully code each encounter; the claim should report the ICD-CM code of every diagnosis that was addressed, and should only report codes of diagnoses that were actively addressed.

Contributory (co-morbid) conditions should be reported if they impact the care and are therefore addressed at the visit, but not if the condition is inactive or immaterial. It should be obvious from the medical record entry associated with the claim that all reported diagnoses were addressed and that all diagnoses that were addressed were reported.

Requests for Medical Records

Excellus BCBS continually conducts medical record reviews to identify additional conditions not captured through claims or encounter data and to verify the accuracy of coding.

In addition, if CMS conducts an annual Data Validation Audit on the Medicare Advantage Health Plan, you will be required to assist Excellus BCBS by providing medical record documentation for members included in the audit.

If this occurs, medical records can be mailed or faxed to:

Excellus BlueCross BlueShield
Medicare Division 6th Floor
Attention: Medicare Risk Adjustment
165 Court Street
Rochester, NY 14647
Fax: 1-800-558-4136

Concerned about HIPAA Privacy?

The collection of risk adjustment data and request for medical records to validate payment made to Medicare Advantage organizations is considered a health care operation and, as such, does not violate the privacy provisions of HIPAA (CFR 164.502).

CMS Data Validation

Data validation ensures the integrity and accuracy of risk-adjusted payment. It is the process of verifying that the diagnosis codes submitted by the Medicare Advantage organization are supported by the medical record documentation for a member.

Medicare Advantage Plans are selected for data validation audits annually

It is important for physicians and their office staff to be aware of risk adjustment data validation activities because medical record documentation may be requested by the Medicare Advantage organization. As previously stressed, accurate risk-adjusted payment relies on the diagnosis coding derived from the member's medical record.

For more information related to risk adjustment, visit the Centers for Medicare & Medicaid Services website at http://csscoperations.com.

CPT® is a registered trademark of the American Medical Association.

At Excellus BCBS, we are dedicated to working with our providers to continuously improve the quality of our partnership. For more information related to risk adjustment, contact your Provider Relations Representative.

You can also visit us at excellusbcbs.com/provider.

Excellus BlueCross BlueShield is a nonprofit independent licensee of the Blue Cross Blue Shield Association