Advisory Board

Three opportunities to optimize HCC capture

BEST FOR

Population health, care transformation, and ambulatory care leadership

READING TIME

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Population health's financial imperative for HCC improvement

Coding and documentation are important under value-based reimbursement models because they inform Hierarchical Condition Categories (HCCs) and Risk Adjustment Factors (RAFs), which ensure appropriate compensation for treating high-risk beneficiaries. Physicians do most coding, so they have a central role to help organizations set accurate reimbursement rates through risk adjustment.

In Medicare, CMS uses a combination of demographic factors and measures of disease burden to calculate a RAF score. CMS has primarily used RAF scores to determine levels of health plan reimbursement in the past. As payers share risk with providers, RAF scores increasingly impact provider reimbursement and shared savings potential.

HCCs are calculated based on ICD-10 codes, medical classification lists of thousands of clinical and behavioral disorders, and used to measure disease burden used to calculate RAF scores. HCC capture is most important to receive accurate reimbursement for providers with Medicare Advantage (MA), Medicare Shared Savings Programs (MSSP), and Next Generation ACO contracts. HCCs directly determine capitated payments to/from private health plans under MA[1] and set financial benchmarks for MSSPs and Next Gen ACOs. Under these models, future savings potential relies on performance as compared to benchmarks, which are risk-adjusted and rely on a three-year retrospective look at risk. HCC capture matters for commercial contracts too, as health plans look to expand commercial risk contracts and offer better terms to providers who have proven value through CMS's models.

Population health managers can face three consequences if ICD-10 codes aren't coded correctly and HCCs underrepresent disease burden:

• Aggregated codes will not capture the full risk burden and expected costs of beneficiaries

• RAFs, financial benchmarks, and per member per month payments will all be lower

• Quality benchmarks will be more difficult to achieve in shared savings programs

HCC documentation drives both immediate and long-term payment

Patient risk determines **reimbursement rates**	Patient risk determines **performance benchmarks**
Medicare Part B payments for physicians under MACRA	Risk-adjusted benchmarks, savings targets, and performance for Medicare ACOs[3]
Per-member-per-month payment to managed Medicare plans	Incentives under Hospital Value-Based Purchasing Program (i.e., efficiency and quality measures)
Care management fees under CPC+ program[2]	Performance benchmarks for commercial payers to assess provider partners for risk-based models

1) Risk-adjustment impacts PMPM payments to the health plan. For providers who are sharing risk with the plan, this can mean a higher payment or bonus opportunity.
2) E.g., Track 2 Tier 1 HCC: $9; Track 2 Complex HCC: $100.
3) E.g., MSSPs and Next Generation ACOs.

Source: Advisory Board interviews and analytics.

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Three opportunities to optimize HCC capture

Many health systems aren't fully aware of the importance of accurate HCC capture or struggle to do it well. Up to one third of HCCs aren't recorded or updated year-over-year and many others underreported. This means that providers aren't treating patients with chronic conditions or they aren't billing for services. Either way, health systems are making errors in coding and documentation, and with that loose out on opportunities for greater revenue capture.

The main reasons for inaccurate HCC capture are a lack of education, resources, and real-time incentives among physicians. Health systems need to support physicians so that they assign accurate and specific ICD diagnostic codes to capture full disease burden. To advance HCC capture, successful provider organizations educate physicians on the importance of HCC capture and how it impacts their reimbursement. Those providers also offer physicians coding support through technology or staff. To create urgency in HCC capture, some organizations implement continuous rewards tied to documentation accuracy.

Three opportunities to improve HCC capture

Physicians aren't aware of importance to accurately capture HCCs	Physicians lack the time, staff, and expertise to optimize HCC capture	Physicians lack instant reward, reducing urgency to optimize HCC capture
Educate physicians on the importance of accurate HCC capture	Invest in coding support resources	Tie rewards continuously to accurate coding

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Offer didactic and practical training on accurate HCC capture

Education is a critical first step to help physicians understand the importance of improved coding and documentation. System leadership taking on staff education around ICD-10 documentation must make a direct link between improved coding efforts, the closure of clinical care gaps, and financial impacts.

Kettering Health Network (KHN) is a not-for-profit network in southwest Ohio. The network includes eight hospitals, over 170 outpatient facilities, and Kettering Physician Network (KPN), their employed medical group of more than 500 providers. When leadership identified the need to optimize HCC capture, KPN provided didactic and practical education around HCC coding to primary care and specialty physicians. Within four months of launching their education program, KPN improved HCC capture across their network by 31%.

KPN requested all providers attend a meeting focused on the network strategy and education to inform physicians about HCC documentation. The meeting was hosted by their Chief Medical Officer, Quality Manager and Director of Patient Care Services. KPN partnered with a payer group to provide materials and content. Ninety percent of employed physicians attended this educational offering held across five dates within a 6 week period.

The HCC sessions, led by a physician educator, included overviews of the "Who, What, Why" of HCC coding and scoring to ensure all attendees understood the importance of the topic. In addition, the physician educator provided attendees with implementation support from their physician leader of medical informatics, detailing the "how to" of effective documentation in the EMR. By the end of the training session, physician learned:

- The importance of HCC coding;
- How improving HCCs impacts reimbursement; and,
- How to incorporate documentation best practices into day-to-day practice workflows.

Physicians & quality team leads didactic and practical training on HCC documentation

Leadership identifies need to educate physicians on HCC documentation

Physician champion leads training session about HCC capture

Training components

Didactic: "Who, What, Why" of HCC capture

Practical: Walkthrough of documentation best practices to ensure accurate HCC scoring

31%
Improvement of HCC capture between June-October 2017

Download our **ready-to-use slides** and talking points around the importance of HCC documentation to facilitate the discussion at your organization.

Source: Kettering Health Network, Dayton, OH; Advisory Board interviews and analysis.

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Set providers up with tools to promote coding accuracy

Because accurate HCC coding requires a significant time investment that physicians often feel they don't have, health systems provide coding support. At a minimum, health systems should develop a simple, easily-accessible resource featuring high-impact, often incorrectly coded, diagnosis codes to help physicians be more thoughtful about documentation. But to maximize outcomes, providers invest in real-time analytic staff or technology-based coding support. Technology-based support is often seen as the gold standard as it provides foundational support to physicians.

Allina Health, a not-for-profit integrated health system with more than 500 primary care providers across Minnesota and Wisconsin, invested in coding resources to support their network. Allina Health established a multidisciplinary workgroup[1] to identify and overcome coding challenges. Similar to Kettering Health Network, Allina educates providers about the importance of HCC capture and its financial impact. However, the workgroup identified four additional opportunities to support physicians with documentation efforts: make cleaned-up problem lists[2] easily accessible; flag patients eligible for annual wellness visits; embed coding decision support into the EMR; and implement performance management analytics. With enhanced investments in real-time coding support resources, Allina increased RAF scores by 10% and improved challenging diagnoses codes by 72%.

Four tools for HCC documentation improvement

1

Clean and accessible problem list

- Optimize problem lists by identifying and updating diagnoses commonly miscoded[3]
- Make problem list easily accessible to providers in EMR

2

Report of patients eligible for AWVs[4]

- Share list of patients eligible for annual wellness visit with treating physicians
- Use patient engagement strategies to ensure patients take advantage of appointment

3

EMR-based coding decision support

- Remind physicians to document chronic conditions
- Alert physicians of past diagnosis codes or those active on problem list
- Teach providers to run report highlighting discrepancies across challenging diagnoses[5]

4

Performance management analytics

- Track performance and share feedback with physicians and leadership
- Identify patients who were previously treated for complex needs and could benefit from outreach, assessment, and clinical services

10%
Increase in RAF for the target population in one year

72%
Relative improvement in four key problem list diagnoses[3]

10,000
Diagnoses updated in problem lists

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1) Nurses, primary care providers, coders, HCC experts, quality improvement advisors, IT, and data and analytics subject matter experts.
2) Complete summary of clinical needs.
3) Morbid obesity (patients with a body mass index (BMI) >40), BMI between 35 and 40 with associated co-morbidity, type 2 diabetes with complications, major depression single episode unspecified, chronic kidney disease (CKD).
4) Annual well visits.
5) Morbid obesity, type 2 diabetes with complications, major depression single episode, and CKD.

Source: Health Catalyst, *Improving Accuracy of Clinical Documentation Positively Impacts Risk Adjustment Factor and HCC Coding,* https://www.healthcatalyst.com/success_stories/hcc-risk-adjustment-coding-allina-health; Advisory Board interviews and analysis.

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Give continuous rewards for documentation diligence

What about "Pay for diligent documentation?"

Given the key role that physicians play in driving coding and documentation improvement efforts, health systems are looking for ways to incentivize physicians for documentation improvement. Examples include tying a portion of physician compensation to accurate capture of disease burden, offering "pay-as-you-go" programs that reward incremental coding improvement, and non-financial incentives rewarding improved HCC capture.

Financially incentivizing physicians to focus on updating and tracking chronic conditions that are unlikely to resolve year-over-year can be an easy win in the short-term as it addresses a frequent misstep in HCC coding. Some health systems offer bonuses to physicians for hitting certain coding accuracy thresholds (e.g., adequately documenting 80% of chronic HCCs year-over-year), while others pay physicians incrementally for updating information about chronic conditions (e.g., paying providers for each chronic HCC adequately documented). These incentives are often only short-term solutions, given resource constraints. Spurring friendly competition among providers to achieve documentation thresholds presents a more sustainable option for long-term change.

Ways to incentivize provider engagement in coding accuracy

Tie physician compensation to disease burden accuracy	Provide bonuses for meeting pre-set coding accuracy standards	Facilitate friendly competition through performance transparency

Summit Medical Group (SMG), a Knoxville, Tenn.-based independent medical group with 170 primary care providers across 55 offices, implemented their Rewards & Engagement Program in 2015, investing $5 PMPM[1] to improve documentation and ICD-10 coding for MA patients. During the first year of their program, SMG used 35% of the investment to reward documentation of prior year chronic HCCs. Each month, SMG paid physicians a bonus for adequately documenting HCCs above a specific threshold: Physicians received a financial bonus per chronic HCC once they updated 60% of the prior year's chronic HCCs among their patient panels. Bonuses increased by 50% per additional chronic HCC documented once reaching a threshold of 90%, and doubled once reaching a threshold of 100% (i.e., documenting reported, undocumented chronic conditions).

The "pay-as-you-go" incentive program was highly effective, as it offset the delayed financial rewards of shared savings arrangements. However, given resource constraints, SMG now relies on friendly competition to optimize HCC capture by providing transparency within medical groups around individual providers' HCC documentation performance. SMG shares a monthly dashboard across medical groups, including information about each provider's performance on capturing the prior year's chronic HCCs. To help physicians optimize HCC capture, through the dashboard, SMG provides them with lists of their patients whose chronic conditions have yet to be updated, so the physicians know where to focus their outreach.

.05 Average RAF score increase (2015-2016)	**5%** Increase in year-over-year improvement in prior year chronic HCCs submitted

1) Per-member-per-month.

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The best
practices are
the ones that
work for **you.**^{SM}