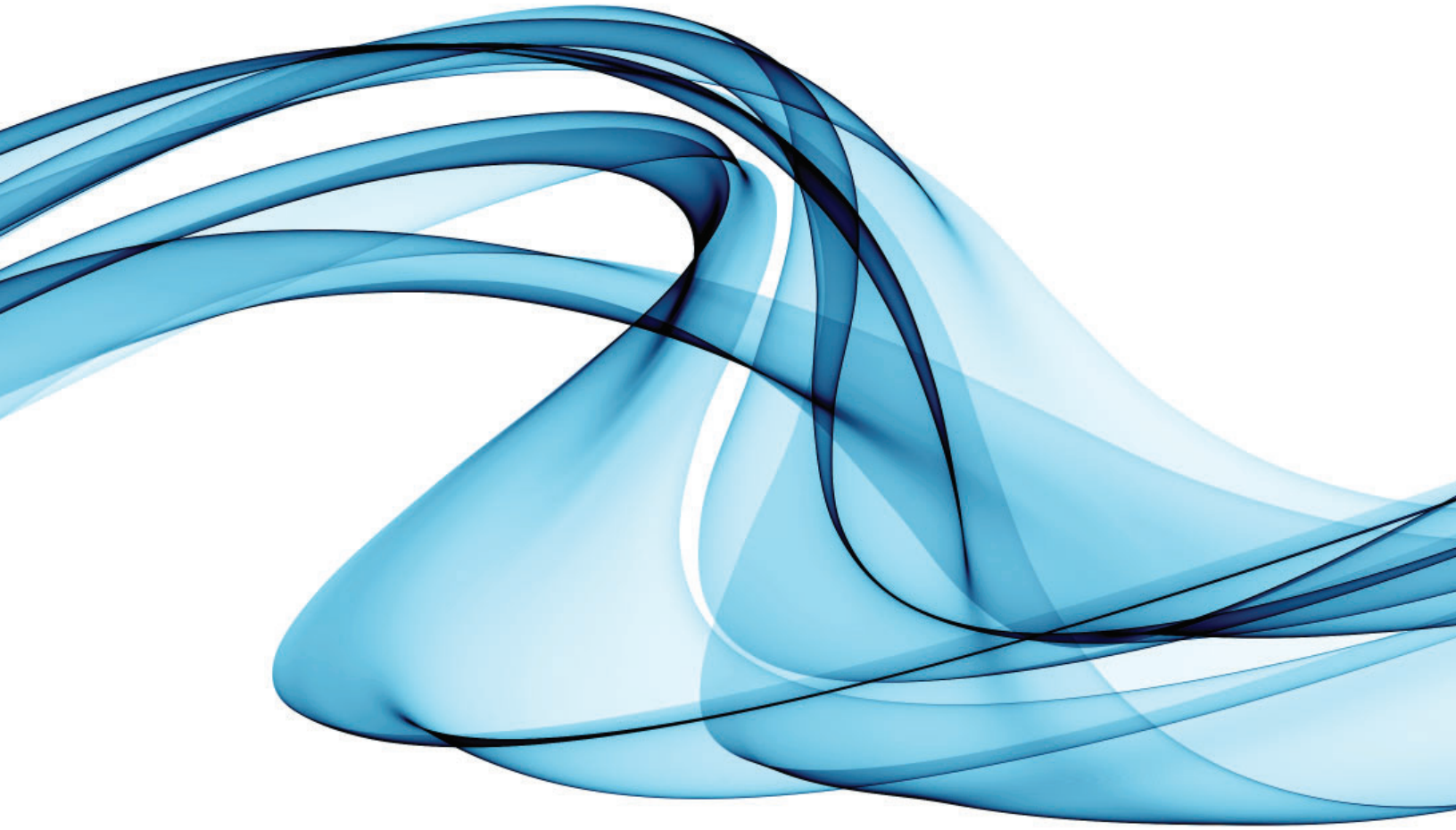
IMO Intelligent Medical Objects

WHITE PAPER

Get the Right Reimbursement for High Risk Patients

A Proven Strategy for Managing Hierarchical Condition Categories (HCC) in your EHR



e-imo.com

847-272-1242
sales@e-imo.com

OVERVIEW

Medicare Advantage (MA), an alternative to traditional Medicare, has tripled in size in the last 10 years to over 16 million enrollees, or 31% of all Medicare beneficiaries. Estimates indicate that by 2022, the number of enrollees will reach 22 million. MA programs contract with CMS to administer health benefits to their members. CMS payments to the MA plans use a prospective risk-adjusted model to reflect health care expenditures of members based on demographic and overall health risk. MA's apply the same risk-adjusted model to determine provider reimbursement.

Reimbursement centers on the use of Hierarchical Condition Category (HCC) codes. HCC payments are risk-adjusted based on patient complexity, allowing for increased payments for high-risk patients.

Accurate HCC coding information helps create a more complete picture of a patient population complexity, improves the value of individual patients' problem list, and enables better chronic disease management.

The HCC model has expanded to assist with reimbursement for both Accountable Care Organizations (ACOs) and other shared savings programs. As reimbursement models continue to evolve it is increasingly important to have an effective HCC strategy. The strategy must include documentation capture of the patient's diagnoses.

This case study demonstrates the return on investment through an effective HCC strategy implementation. The study illustrates the importance of tool integration supporting the HCC strategy, which includes identification, capture, and documentation for high-risk patients. Using electronic health record (EHR) tools all areas of the strategy are supported, leading to an increase HCC capture and risk adjustment factors (RAF). This ensures appropriate reimbursement is not lost for the delivered care.

Physicians are a key piece in HCC capture and reimbursement through accurate documentation of the patient's health status in the EHR. The case study demonstrates the importance of using EHR tools, such as Intelligent Medical Objects' Problem IT Terminology and IMO's Intelligent Problem List (IPL®), in the physician's workflow to document and track patient complexity.

WHAT ARE HCCS?

Hierarchical Condition Category (HCC) codes lie at the heart of a payment methodology used by the Centers for Medicare and Medicaid Services (CMS) to determine capitated payments for the Medicare Advantage (MA) program and other Medicare programs. HCC codes allow payments to be risk-adjusted based on patient complexity, leading to increased payments for high-risk patients.

The CMS methodology uses the diagnostic coding history for a patient over a calendar year, along with demographic data, to predict future financial utilization and risk. Diagnosis codes from the International Classification of Diseases Clinical Modification version 10 (ICD-10-CM) are categorized into disease groups that are clinically and financially similar.

There are more than 9000 ICD-10-CM codes that map to 79 HCC categories, representing costly, chronic diseases, as well as some acute conditions such as:

- Diabetes
- Chronic kidney disease
- Congestive heart failure
- Chronic obstructive pulmonary disease
- Malignant neoplasms
- Some acute conditions (myocardial infarction, cerebrovascular accident, hip fracture).

Each HCC is assigned a risk adjustment factor (RAF). The RAF reflects patient complexity in a numeric value, similar to the relative weight factor used in the inpatient DRG system. The RAF is multiplied by a pre-determined dollar amount to set the per-member-per-month (PMPM) capitated reimbursement for the next period of coverage. The PMPM is the payment amount providers receive for their patients enrolled in a MA. The payment is a fixed amount based upon risk adjusted HCC methodology and received prospective of the services provided.

Because payments are individualized, two patients within the same geographic location will have different payment rates based calculated risk scores. While risk scores are patient specific, aggregation of the RAF across a payer-defined population can serve as a key foundation for population health management. The fixed revenue associated with the population is obtained in addition to overall health factors of the patient population.

Timing and specificity are key in risk calculation. Every January 1, the diagnoses used to determine the RAF refresh. The model requires physicians to evaluate and document the patient's history and chronic conditions each year. Only diagnoses meeting the conditions determine the patient's risk score. Diagnostic combinations also affect the risk score. CMS established a hierarchy for patient's conditions. Some diagnostic combinations, such as congestive heart failure, and diabetes, generate a higher RAF value, resulting in higher payments. For unrelated diagnostic combinations, individual HCC values present for each individual diagnosis. The HCC's accumulate so a patient is able to have more than one HCC attributed to them. For example, if the physician documents that a male patient suffers from heart disease, stroke, and cancer, each diagnosis maps to a separate HCC. CMS factors all three HCCs in when making a payment to the Medicare Advantage plan.

HOW MUCH DOES SPECIFICITY MATTER?

CMS requires that all diagnosis codes be reported to the highest level of specificity.

Diagnosis	ICD-10-CM	HCC	Premium Bonus
Diabetes with no complications	E11.9	19	$894.40
Diabetes with diabetic neuropathic arthropathy	E11.610	18	$1094.40
Diabetes with hyperosmolar coma	E11.01	17	$1094.40
Diabetes with ESRD	E11.22, N18.6	18, 136	$1273.60
Diabetes with ESRD on chronic dialysis	E11.22, N18.6, 299.2	18, 136, 134	$1475.20

Note: Payments are shown as examples and may differ based upon patient, region, and other factors.

PRESERVING REVENUE INTEGRITY AND CLINICAL INTENT

Preserving revenue integrity is already challenging for healthcare organizations. Changes in the risk adjustment methodology by CMS make it even harder as the number of HCCs and affected ICD codes can change from year to year. A change in the risk score can significantly affect the total payment you receive as part of the MA program.

Provider organizations face several challenges as they adopt HCC coding and documentation practices:

- Insufficient documentation in the EHR
- Lack of HCC-specific analysis and prioritization in the EHR
- Poor problem list utilization
- Incorrect coding
- Disruptions to workflow and efficiency

Accurate documentation of the patient's health status using the proper ICD-10-CM codes is critical to ensuring that appropriate reimbursement occurs CMS requires reporting all applicable diagnosis codes to the highest level of specificity and substantiated by the medical record. Historically, providers focused on documentation supporting the evaluation and management level of service with less emphasis on diagnostic specificity.

Failure in full diagnostic capture shortchanges patients and providers in accurate reflection of risk. Diagnostic specificity is key to reflecting the patient's clinical complexity. Documenting the complexity is key to success. Electronic health record tools, like Problem IT Terminology and IPL® (Intelligent Problem List) facilitate provider's workflow to support their documentation capture.

HOW CAN YOU EFFECTIVELY CAPTURE HCCS IN YOUR EHR?

Improving the process to capture HCCs has wide-ranging benefits as healthcare organizations take on more shared patient population risk.

In addition to developing organizational competency in the detailed documentation needed for risk contracts, HCCs offer a tremendous opportunity for insight into the patient population.

Real-time decision support embedded in the electronic health record (EHR) can help providers better recognize and manage chronic conditions while improvingthe accuracy of their documentation. Tools like IMO's Problem IT Terminology make it easy to capture and integrate essential data for HCC coding in the EHR. Problem IT Plus, a point-of-care problem and diagnosis management solution from IMO, integrates a patient's existing history with IMO's IPL software and IMO Problem IT Terminology to provide a best-practice user experience for problem and diagnosis management. This translates to improved HCC tracking in both assessment history and problem lists, optimizing reimbursement and adding value to your problem list. Intelligent prompts bring unaddressed HCCs to a provider's attention, allowing them to be confident important details are documented. IPL categorizes the problem list into clinical specialties, organizing the list so that it is easier to view, process, and maintain. With IPL, you can also see which SNOMED® and ICD-10 –CM codes are mapped to a given problem, as well as which problems have associated HCCs. This capability is critical to an effective HCC strategy, as HCCs describe chronic problems that should be managed longitudinally. By identifying chronic

conditions, providers can monitor and manage these conditions over time, provide proper and ongoing care, and optimize reimbursement for value-based insurance plans.

Each October, new ICD-10-CM codes are added and old ones deleted, adding yet another challenge to accurate HCC documentation and coding. IMO's cloudbased delivery platform makes it easy to ensure that you are using the most current diagnosis codes available. As risk adjustment becomes a more prevalent part of a provider's patient care, it will become increasingly important to use such tools to streamline workflow without compromising productivity and profitability.

CASE STUDY: IMPROVING HCC CAPTURE AND REIMBURSEMENT

A recent case study at a 100+ physician group in Northern Illinois illustrates the improvements to be gained by implementing a sound HCC strategy. The physician group implemented Problem IT Plus in their NextGen EHR. Problem

HCC capture increased 15% while RAF values increased 24%.

IT Plus seamlessly incorporates Problem IT, Intelligent Problem List, and IMO's established best-practices for problem & diagnosis management based on over 20 years of experience in EHR and terminology development. The study evaluated the impact of using this tool on the identification and capture of HCC diagnoses, RAF values for those diagnoses captured, and risk bonuses for MA patients. Data for 43

All conditions coded properly

condition	weight
Female	0.457
Age 76	
Stable	0.141
Angina	
Ac MI ant wall, sub EOC	0.258
Chron Ren Impair, Stage 4	0.224
Edema	0
COPD	0.346
Total RAF	1.285
payment	**$9,586**

Some conditions coded properly

condition	weight
Female	0.457
Age 76	
Stable	0.141
Angina	
Ac MI ant wall, sub EOC	0.258
Chron Ren Impair, unspec stage	0
Edema	0
History of COPD	0
Total RAF	1.285
payment	**$5.334**

No conditions coded

condition	weight
Female	0.457
Age 76	
Stable	
No Angina coded	
No MI Coded	
No Remal Impairment coded	
Edema	
History of COPD	
Total RAF	.457
payment	**$3,409**

primary care providers treating MA patients was examined before and after implementation of the Problem IT Plus solution, applying reasonable controls to eliminate seasonal variation in provider behavior and fluctuations in patient and provider activity. Diagnoses falling under the CMS HCC model were totaled by month and further detailed by provider to determine monthly trends before and after implementation of Problem IT Plus.

Results supported the use of Problem IT Plus to support the organization's risk management strategy in several ways:

- HCC capture increased 15%
- Average HCC per patient increased 16%
- RAF values increased 24%
- Monthly risk bonuses increased by $160k, or $1.9M annually

Problem IT Plus increased not only the number of HCCs captured but also the value of HCCs captured as measured by RAF. The table below further illustrates the impact of the solution on managing HCC capture and reimbursement for the practice.

MAKE MEDICARE ADVANTAGE A PROFITABLE PART OF YOUR PRACTICE

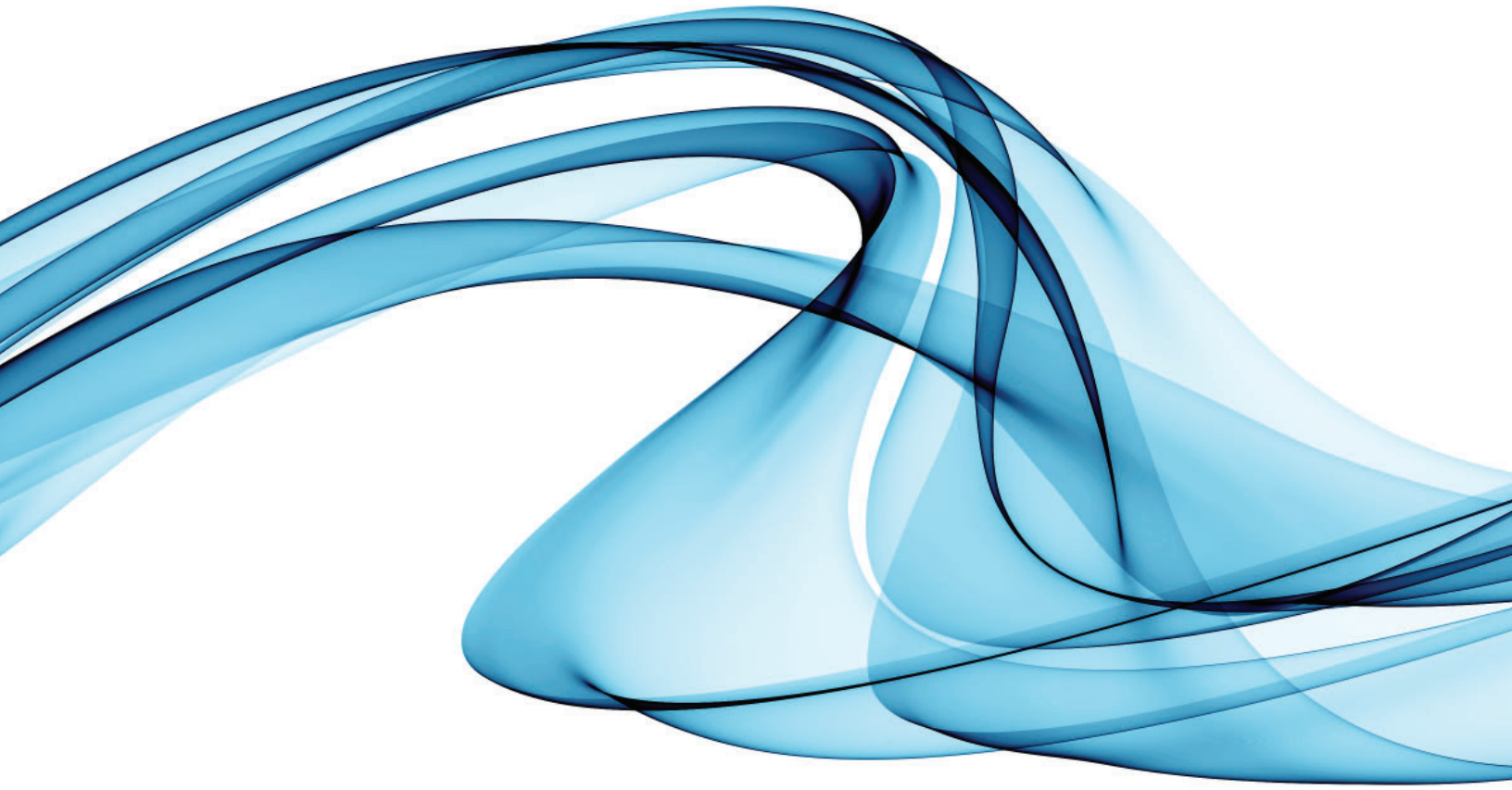
Medicare Advantage plans using the risk adjusted HCC model shows no signs of decreasing. Estimates indicate by 2022, the number of enrollees will reach 22 million. Risk adjusted models continue to influence ever changing reimbursement models such as Accountable Care Organizations. Having a sound risk adjusted program, including documentation capture is vital for providers.

Documenting a patient's full complexity supports the appropriate reimbursement for the risk adjusted methodology through accurate HCC capture. Accurate HCC coding creates a more complete picture of the complexity of a patient population, improves the value of the problem list, and enables better management of a patient's chronic diseases. Verifying documentation specificity taken today ensures provider services remains profitable and relevant. Using electronic health record tools is a key component to accurately capture the diagnoses.

IMO's best-practice and solution suite, including IMO Problem IT Terminology and IMO IPL® work together to ensure capture of the highest level of care while making the most of reimbursement opportunity.

ABOUT INTELLIGENT MEDICAL OBJECTS (IMO)

Intelligent Medical Objects, Inc. (IMO), is the developer of the most widely accepted medical terminology solution for the management of medical vocabularies and software applications at healthcare organizations worldwide. IMO's terminology is used by more than 4,500 hospitals and 450,000 physicians daily, and this trusted terminology platform supports innovations by provider systems. IMO medical vocabulary and mapping solutions effectively capture clinical intent and help EMRs preserve and communicate this across the entire spectrum of care. IMO clinical terms are mapped to all standard coding systems including ICD-9, ICD-10, and SNOMED®. The accuracy of IMO's interface terminology was found to be "nearly perfect" in an independent study published by the US Centers for Disease Control. In 2016, IMO received a growth capital investment from Warburg Pincus, a global private equity firm focused on growth investing. Read more at www.e-imo.com.



Intelligent Medical Objects, Inc.

60 Revere Drive, Suite 400
Northbrook IL 60062

847-272-1242
sales@imo-online.com
www.e-imo.com