HCC Overview

Risk Adjustment Coding Guide

HCCs, or Hierarchical Condition Categories, are part of a risk adjustment model with sets of medical codes linked to specific diagnoses. One goal of risk adjustment is to align payment and benchmarks to reflect acuity of illness.

HCC coding is based on a patient's health status. HCC codes represent severe acute and chronic health conditions documented on outpatient and some inpatient claims. Diagnoses are arranged in a hierarchy within body systems or disease processes. **All HCCs must be documented and coded at least once per year.**
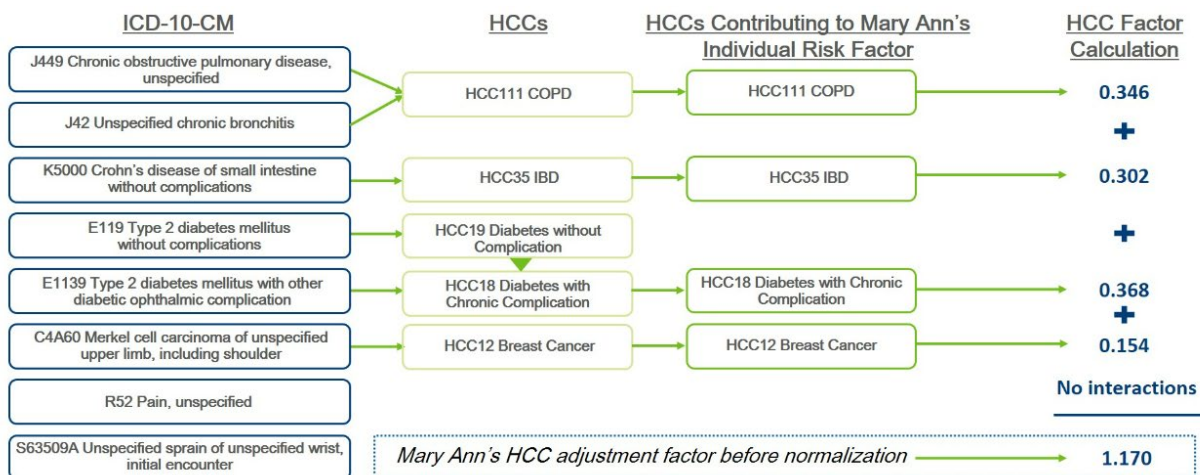
As of 2021, there are over 9,700 ICD-10-CM codes that risk adjust, each representing one medical condition. Not every ICD-10-CM code will risk adjust.

A Risk Adjustment Factor, known as a RAF score, is a measure of the estimated complexity of an individual's care based on their disease burden and demographic information. The RAF score is then used to calculate payments to healthcare organizations. Scores are calculated on an annual basis.

The average patient's RAF is 1.0. Lower risk adjustment scores can signify a healthier population, inadequate documentation, or incomplete coding. A higher score indicates a sicker patient group, unsupported documentation, or overcoding.

In order to ensure that all coexisting conditions that require or affect their care, treatment or management are coded for each visit, **the most effective way to document is MEAT (Monitor, Evaluate, Assess, Treat).**

The challenge of COVID-19 has changed the dynamics of healthcare. CMS now allows risk adjustment to be captured with telemedicine visits if the same criteria as a face-to-face visit is met and the visit was conducted via audio and video in real time.

ICD-10-CM	HCCs	HCCs Contributing to Mary Ann's Individual Risk Factor	HCC Factor Calculation
J449 Chronic obstructive pulmonary disease, unspecified	HCC111 COPD	HCC111 COPD	0.346
J42 Unspecified chronic bronchitis			**+**
K5000 Crohn's disease of small intestine without complications	HCC35 IBD	HCC35 IBD	0.302
E119 Type 2 diabetes mellitus without complications	HCC19 Diabetes without Complication		**+**
E1139 Type 2 diabetes mellitus with other diabetic ophthalmic complication	HCC18 Diabetes with Chronic Complication	HCC18 Diabetes with Chronic Complication	0.368
C4A60 Merkel cell carcinoma of unspecified upper limb, including shoulder	HCC12 Breast Cancer	HCC12 Breast Cancer	**+** 0.154
R52 Pain, unspecified			**No interactions**
S63509A Unspecified sprain of unspecified wrist, initial encounter		*Mary Ann's HCC adjustment factor before normalization*	1.170

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