

# QHP Risk Adjustment

## What is Qualified Health Plan (QHP) Risk Adjustment?

QHP risk adjustment is a methodology designed to determine the overall health status of patients who have purchased a QHP through Vermont Health Connect or directly from Blue Cross and Blue Shield of Vermont. It is regulated by the Department of Health and Human Services (HHS) using the Centers for Medicare and Medicaid Services (CMS) guidelines and standards. The purpose of risk adjustment is to adequately cover the cost of care by providing benefits to all individuals enrolled, including those with chronic and complex conditions.

## Why is Risk Adjustment important?

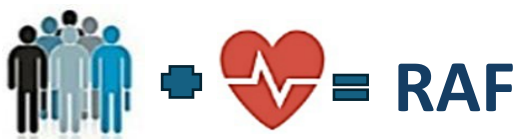
Risk adjustment is centered on the patient receiving care and the accurate clinical documentation of the patients' overall health status and disease burden. This enables early identification of illness, coordination and plan of care, management of chronic conditions, improved health outcomes, and decreased costs - all drivers to succeeding in Population Health.

It also ensures that health plans have appropriate financial resources based on each patients' predicted level of care.

## Hierarchical Condition Categories (HCCs)

A patients' health status is measured by assigning a Risk Adjustment Factor (RAF) score based on the demographics and diagnosis<sup>1</sup> codes submitted by healthcare providers.

1. Healthcare providers submit claims with ICD-10-CM diagnosis codes to the health plan
2. The ICD-10-CM codes are categorized into Hierarchical Condition Categories (HCC), as defined by CMS, and then combined to assign each individual a RAF score
3. The higher the RAF score, the greater than average disease burden
4. RAF scores are used in calculating reimbursement for the cost of care required for treatment



**Demographic Characteristics** + **Risk Adjustment Diagnoses (HCCs)** = **RAF**

## How does Risk Adjustment impact providers?

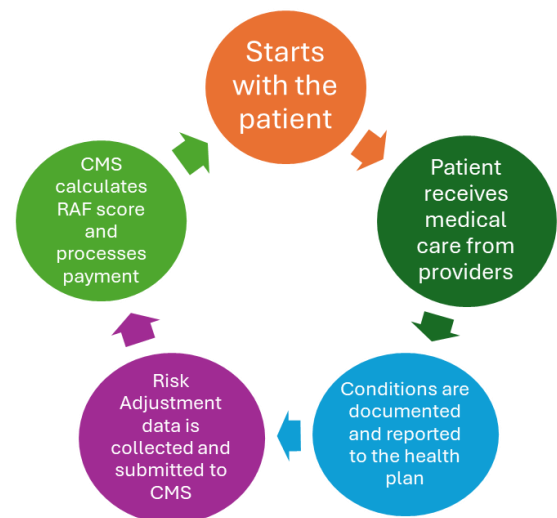
Risk adjustment is a data-driven and whole-patient approach to chronic care support, establishing the workload and complexity of patient panels. It can be used to stratify the health risk of the attributed population in order to provide proactive care planning.

## Benefits of Risk Adjustment

Overall, risk adjustment supports the delivery of high-quality care by both provider and health plan. It encourages scheduling preventive visits and reinforces patient self-care strategies and treatment plans. With complete and accurate condition reporting, health plans may offer richer benefits to patients such as chronic disease management programs.

## Risk Adjustment Cycle

The patient RAF scores are reset at the beginning of every calendar year. This requires that current, chronic and ongoing conditions be assessed, documented, and reported at least annually. Every point of service is an opportunity to address the burden of illness and submit to CMS.



## Medical Record Documentation and Coding

- Assess conditions during a face-to-face encounter or video telehealth visit
- Document and code all diagnoses that impact the decision-making, care and treatment of each encounter to the highest level of specificity
- Avoid unspecified diagnoses and ICD-10-CM codes

1-Some CPT and HCPCSII codes are also used