

# Closing Gaps & Meeting Metrics

## *Coding Tips & Best Practices*

April 2023

## 2024 CMS-HCC Model Version 28

### Advance Notice

The Centers for Medicare and Medicaid Services (CMS) announced the final rule for Medicare Advantage Plans on March 31, 2023. The CMS hierarchical condition categories (CMS-HCC) risk adjustment model is designed to estimate future health care costs for patients. A key element in CMS' calculation of the predictive accuracy of the model is measuring how well CMS anticipates costs over subgroups of beneficiaries. As noted in the calendar year 2024 Medicare Advantage Capitation Rates and Part C and Part D Payments Policies, the CMS-HCC model has been updated and revised to improve or maintain predictive accuracy.

The modifications to the risk adjustment program will be phased in over three years. Over this time, risk scores will be calculated as a blend of risk scores with the current model (CMS-HCC Model Category V24) and the updated model (CMS-HCC Model Category V28).

| Calendar Year | Percent Current Model (V24) | Percent New Model (V28) |
|---------------|-----------------------------|-------------------------|
| 2024          | 67%                         | 33%                     |
| 2025          | 33%                         | 67%                     |
| 2026          | 0%                          | 100%                    |

### Model Recalibration

CMS is updating the data years used to calibrate the model from 2014-2015 to 2018-2019 and the denominator year (the year used as the baseline year for comparing average per capita predicted expenditures) from 2017 to 2020.

### Model Reclassification

The 2024 risk model includes a clinical revision of the HCCs used in the risk model, using codes under the ICD-10 classification system rather than the ICD-9 system used in the prior model with "rebuilt" condition categories (HCCs) reflecting ICD-10 coding. CMS is also reclassifying certain diagnoses and condition categories based on relative coding in Medicare Advantage versus fee-for-service plans. The 2024 risk model will have 115 payment HCCs, up from 86 payment HCCs in the current model, but with fewer diagnosis codes mapped to an HCC for payment.

This release also acknowledges that patient's beneficiary scores will change, even without a significant change in health status. The conclusion is that the new version will provide more accurate relative weights and risk scores because they are based upon more recent utilization, coding, and expenditure patterns.

## Principle 10

Principle 10 states:

Discretionary diagnostic categories should be excluded from payment models. Diagnoses that are particularly subject to intentional or unintentional discretionary coding variation or inappropriate coding by health plans/providers, or that are not clinically or empirically credible as cost predictors, should not increase cost predictions. Excluding these diagnoses reduces the sensitivity of the model to coding variation and coding proliferation.

This is a longstanding principle used as part of the standard evaluation of all the risk adjustment models. CMS used Principle 10 to identify a number of diagnoses and condition categories to reclassify.

## Difference between CMS-HCC Model (V24) and CMS-HCC Model (V28)

The CMS-HCC Model (V28) includes 7,770 ICD-10-CM codes mapped to 115 payment hierarchical condition categories (HCCs). Based on this information, 2,236 ICD-10-CM codes no longer map to a payment HCC (Model Category V28).

|                                        | 2020 CMS-HCC Model (V24) | 2024 CMS-HCC Model (V28)                     |
|----------------------------------------|--------------------------|----------------------------------------------|
| ICD-10-CM Codes mapped to payment HCCs | 9,797                    | 7,770<br>209 added<br>2,236 no longer mapped |
| HCCs payment                           | 86                       | 115                                          |

## Diagnosis Codes that Will Not Map to a Payment HCC in 2024 CMS-HCC Model (V28)

(Not an exhaustive list)

| Diagnosis Code | Description                                                              | 2020 CMS-HCC Model Category (V24) |
|----------------|--------------------------------------------------------------------------|-----------------------------------|
| D69.2          | Other nonthrombocytopenic purpura                                        | 48                                |
| D84.81         | Immunodeficiency due to conditions classified elsewhere                  | 47                                |
| E44.0          | Moderate protein-calorie malnutrition                                    | 21                                |
| F33.0          | Major depressive disorder, recurrent, mild                               | 59                                |
| I20.8          | Other forms of angina pectoris                                           | 88                                |
| I70.0          | Atherosclerosis of aorta                                                 | 108                               |
| I70.201        | Unspecified atherosclerosis of native arteries of extremities, right leg | 108                               |

CMS decided not to include HCCs (and diagnoses) in the CMS-HCC Model (V28) if:

- The conditions did not accurately predict costs
- Coefficients were small
- The conditions they represent are uncommon
- The conditions did not have specified diagnostic coding criteria

## Added Diagnosis Codes

(Not an exhaustive list)

| Diagnosis Code | Description                                           | 2024 CMS-HCC Model Category (V28) |
|----------------|-------------------------------------------------------|-----------------------------------|
| F50.00         | Anorexia nervosa, unspecified                         | 153                               |
| J45.50         | Severe persistent asthma, uncomplicated               | 279                               |
| J91.0          | Malignant pleural effusion                            | 17                                |
| K70.10         | Alcoholic hepatitis without ascites                   | 65                                |
| K71.3          | Toxic liver disease with chronic persistent hepatitis | 65                                |

Some new diagnosis codes that did not previously map to a payment HCC (2020 CMS-HCC Model (V24)) will map to a payment HCC (CMS-HCC Model (V28)).

## Renumbered and Renamed HCCs

Most hierarchical condition categories have been renumbered and/or renamed. For example, this is the HCC comparison for the neoplasm disease group.

| Neoplasm Disease Group<br>2020 CMS-HCC Model (V24): Five HCCs                                                                                                                                                                                                                                                        | Neoplasm Disease Group<br>2024 CMS-HCC Model (V28): Seven HCCs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• HCC 8 Metastatic cancer and acute leukemia</li> <li>• HCC 9 Lung and other severe cancers</li> <li>• HCC 10 Lymphoma and other cancers</li> <li>• HCC 11 Colorectal, bladder, and other cancers</li> <li>• HCC 12 Breast, prostate, and other cancers and tumors</li> </ul> | <ul style="list-style-type: none"> <li>• HCC 17 Cancer metastatic to lung, liver, brain, and other organs; acute myeloid leukemia except promyelocytic</li> <li>• HCC 18 Cancer metastatic to bone, other and unspecified metastatic cancer; acute leukemia except myeloid</li> <li>• HCC 19 Myelodysplastic syndromes, multiple myeloma, and other cancers</li> <li>• HCC 20 Lung and other severe cancers</li> <li>• HCC 21 Lymphoma and other cancers</li> <li>• HCC 22 Bladder, colorectal, and other cancers</li> <li>• HCC 23 Prostate, breast, and other cancers and tumors</li> </ul> |

## HCC Constraints

HCC constraints hold the coefficients of the HCCs equal to each other such that each HCC carries the same weight. All coefficients are the same regardless of complication status. Shown below are HCCs for diabetes and heart disease for example.

| Diabetes Disease Group<br>Four HCCs                                                                                                                                                                                            | Heart Disease Group<br>10 HCCs                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>HCC 36 Diabetes with severe acute complications</li> <li>HCC 37 Diabetes with chronic complications</li> <li>HCC 38 Diabetes with glycemic, unspecified, or no complications</li> </ul> | <ul style="list-style-type: none"> <li>HCC 224 Acute on chronic heart failure</li> <li>HCC 225 Acute heart failure (excludes acute on chronic)</li> <li>HCC 226 Heart failure, except end stage and acute</li> </ul> |

## References

- <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Risk-Adjustors-Items/RiskOtherModel-Related>
- <https://www.cms.gov/files/document/2024-advance-notice.pdf>
- <https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents>
- <https://acdis.org/articles/note-acdis-interim-director-breakdown-cms%E2%80%99s-2024-hcc-proposed-changes>