

East Jefferson General Hospital

Documentation Tip: Risk Adjustment

December 2020

Risk Adjustment

Many organizations provide quality rankings for physicians and hospital systems—determined *after* risk adjustment is applied. Risk adjustment is **based on clinical documentation**. Only coded diagnoses are included. **ICD-10 specific documentation is paramount to demonstrating quality!**

Risk Adjustment Methodologies:

ARP-DRG system

- Proprietary program that assigns
 - Risk of Mortality (ROM)
 - Severity of Illness (SOI)
- Used by Medicaid for reimbursement (in many but not all states)
- Used by hospital systems to assess quality
- Used by organizations for profiling clinical providers (eg. Healthgrades and U.S. News)

-DRG system

- Used by Medicare and many commercial insurers for reimbursement
- Expected resource consumption based on certain diagnoses that add weight (per CMS) as:
 - CCs (Complication Comorbidity)
 - MCCs (Major Complication Comorbidity)

HCC system

Medicare Advantage, ACOs, MIPS

- Determine risk adjustment score
- Determine expected costs to care for patients
- Used to calculate physicians shared savings and Medicare reimbursement “adjustments” via MIPS
- Mortality rate:** used by Medicare to risk adjust mortality rate
- Readmission rate:** Used by Medicare to risk adjust readmission rate

Quality Organization use risk adjustment to determine quality ratings.

Medicare:

- Publicly reported on Hospital Compare <https://www.medicare.gov/hospitalcompare>
- Publicly reported on Physician Compare <https://www.medicare.gov/physiciancompare>
 - Leap Frog
 - Healthgrades
 - U.S. News and World Report
 - Hospital Systems
 - Insurance Companies

These quality measures are impacted by risk adjustment based on clinical documentation:

- Mortality
- Length of stay
- Hospital ranking
- Readmission rate



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