Risk Adjustment/HCC Coding and Documentation

Last Updated: 10/28/2026 **Last Reviewed:** 11/19/2026 **Originally Effective:** 1/1/2013
Last update includes payment policy changes, subject to 28 TAC §3.3703(a)(20)(D)? No
If yes, Texas Last Update Effective Date: n/a **Policy #: RPM050**

Scope

Companies: Moda Partners, Inc. and its subsidiaries & affiliates (All) **Provider Contract Status:** Any
Claim Forms: CMS1500 & CMS1450 (paper and electronic versions) **Claim Dates:** All

Reimbursement Guidelines

A. HCC Risk Adjustment Requirements

1. Federal requirements mandate that we gather, validate, and report risk adjustment data to CMS and HHS for our member claims. We routinely review Hierarchical Condition Category (HCC) diagnosis coding and documentation to ensure accurate HCC data reporting as part of our quality review program.
2. CMS and HHS reserve the right to audit any risk adjustment findings through Risk Adjustment Data Validation (RADV). If a member is selected for RADV, we must participate and retrieve all claim and encounter data for that member.
3. HCC reviews apply standard diagnosis coding and documentation guidelines (e.g., ICD-10-CM guidelines, Coding Clinic guidelines, CMS guidelines).
4. Medical records will be requested for HCC reviews and federally mandated RADV reviews.
   a. Providers are required to cooperate with medical records requests.
   b. Records/copying fees:
      i. For member plans originating in Texas, medical record copies will be reimbursed up to the amount required by current Texas state law.
      ii. For all other plans no separate payment will be made for records/copying fees. [A]

B. Medical Record Documentation is Important for Risk Adjustment

1. Physician documentation and diagnosis coding data are critical for accurate risk adjustment.
2. CMS-HCC and HHS-HCC models rely on ICD-CM coding specificity. Appropriate coding requires use of the most specific code available.
   a. ICD-CM diagnosis coding is substantiated by the medical record.
   b. Physicians are the largest source of data for the risk adjustment model.
3. Medical record documentation for the encounter dictates what code is assigned. Coders are not permitted to assume any diagnosis.
4. Providers are expected to fully document and accurately code the evaluation and ongoing management of all severe and chronic conditions to accurately reflect the patient's condition. Thorough documentation and coding provide a complete picture of the practitioner's work and patient care, particularly for patients with complex and challenging health concerns.

C. Supporting a Diagnosis in the Medical Record

1. Documentation is the only way a diagnosis can be supported for an encounter.
2. To capture a valid diagnosis for risk adjustment, documentation must show how the condition is **managed, evaluated, assessed, or treated (MEAT)**.
   a. The diagnosis must be documented, and the provider's management of the condition should be clear.
   b. The Problem List, Active Condition List, Past Medical History List, and similar lists do not adequately document MEAT.
   c. CMS will reject a diagnosis without supporting MEAT documentation from the provider.
3. Diagnoses may not be captured from cloned encounters.
   a. Do not copy and paste encounters.
   b. Each encounter must be unique and reflect the visit as it occurred.
4. See also our policy on "Medical Records Documentation Standards." [B]

D. Records Copying Fees

1. For member plans originating in Texas, medical record copies will be reimbursed up to the amount required by current Texas state law.
2. For all other plans, records and copying fees for HCC reviews are not reimbursed separately. Copying and providing records for quality reporting reviews are considered part of providing the services under review to our members. [A]

Definitions

Acronyms/Abbreviations

Acronym	Definition
AHA	American Hospital Association
AHIMA	American Health Information Management Association
CCIIO	Center for Consumer Information and Insurance Oversight
CMS	Centers for Medicare and Medicaid Services
HCC	Hierarchical Condition Category
HHS	U. S. Department of Health & Human Services
MEAT	Managed, evaluated, assessed, or treated
NCHS	National Center for Health Statistics
RADV	Risk Adjustment Data Validation
RPM	Reimbursement Policy Manual (e.g., in context of "RPM052" policy number, etc.)
TAC	Texas Administrative Code
UB	Uniform Bill

Related Policies

A. "Moda Health Reimbursement Policy Overview." Moda Health Reimbursement Policy Manual, RPM001.
B. "Records Fees, Copying Fees." Moda Health Reimbursement Policy Manual, RPM005.
C. "Medical Records Documentation Standards." Moda Health Reimbursement Policy Manual, RPM039.

Resources

1. CMS, DHS, CCIIO. "Risk Adjustment Methodology Overview." Centers for Medicare and Medicaid Service (CMS). May 21-23, 2012: June 2, 2016. https://www.cms.gov/CCIIO/Resources/Presentations/Downloads/hie-risk-adjustment-methodology.pdf
2. CMS, DHS, CCIIO. "Summary Report On Transitional Reinsurance Payments And Permanent Risk Adjustment Transfers For The 2014 Benefit Year." Centers for Medicare and Medicaid Service (CMS). June 30, 2015: June 2, 2016. https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/RI-RA-Report-Draft-6-30-15.pdf
3. Klitgaard, Don, MD, FAAFP. "Risk Adjustment 101." Heartland Rural Physician Alliance. May 8, 2015: June 2, 2016. http://www.heartlandrpa.org/documents/cms/docs/Summit_IV/Risk_101_Presentation_Dr._Klitgaard_May_8_2015.pdf
4. CMS. "Risk Adjustment Data Submission Requirements." Medicare Managed Care Manual, Chapter 7 – Risk Adjustment, § 40. https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/mc86c07.pdf
5. HHS. "Selection of Principal Diagnosis." ICD-10-CM: Official Guidelines for Coding and Reporting. Section II., 2016. U. S. Department of Health and Human Services (HHS), American Health Information Management Association (AHIMA), National Center for Health Statistics (NCHS), Centers for Medicare and Medicaid Services (CMS), American Hospital Association (AHA).
6. "Patient Protection and Affordable Care Act; Standards Related to Reinsurance, Risk Corridors and Risk Adjustment." Federal Register. March 23, 2012: June 2, 2016. https://www.federalregister.gov/articles/2012/03/23/2012-6594/patient-protection-and-affordable-care-act-standards-related-to-reinsurance-risk-corridors-and-risk#h-4
7. ''Patient Protection and Affordable Care Act.'' http://www.hhs.gov/sites/default/files/patient-protection.pdf
8. CMS, DHS, CCIIO. "Reinsurance, Risk Corridors, and Risk Adjustment Final Rule." Centers for Medicare and Medicaid Service (CMS). March 2012: June 2, 2016. https://www.cms.gov/cciio/resources/files/downloads/3rs-final-rule.pdf
9. Pope, et al. "Evaluation of the CMS-HCC Risk Adjustment Model – Final Report." *Medicare & Medicaid Research Review* 2014: Volume 4, Number 3. Centers for Medicare and Medicaid Service (CMS). March 2011: June 2, 2016. https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/downloads/evaluation_risk_adj_model_2011.pdf
10. CMS. "Risk Adjustment Fact Sheet." Centers for Medicare and Medicaid Service (CMS). April 2015: June 2, 2016. https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/PhysicianFeedbackProgram/Downloads/Risk-Adjustment-Fact-Sheet.pdf
11. Kautter, J., Pope, G. C., Ingber, M., et al. "The HHS-HCC Risk Adjustment Model for Individual and Small Group Markets under the Affordable Care Act." Centers for Medicare and Medicaid Service (CMS). April 2015: June 2, 2016.
12. "Explaining Health Care Reform: Risk Adjustment, Reinsurance, and Risk Corridors." The Henry J. Kaiser Family Foundation. January 22, 2014: June 2, 2016. http://kff.org/health-reform/issue-brief/explaining-health-care-reform-risk-adjustment-reinsurance-and-risk-corridors/

Policy History

Reminder: The most current version of our reimbursement policies can be found on our provider website. If you are using a printed or saved electronic version of this policy, please verify the current information by going to: https://www.modahealth.com/medical/policies_reimburse.shtml

Date	Summary of Update
11/19/2026	Minor re-wording. No policy changes.
9/10/2025	Acronyms & Related Policies updated. Background Information section retired. Coding Guidelines & Sources section retired; see Resources for information. Minor rephrasing. Formatting updates. No policy changes.
8/14/2024	Formatting updates. No policy changes.
8/9/2023	Formatting updates. No policy changes.
7/13/2022	Added Texas information in case plans subject to HHS HCC requirements are offered in the future. None now so not subject to 28 TAC. Added Idaho to Scope. Policy History section added; entries prior to 2022 omitted (in archive storage). Updated Acronyms. Formatting updates. No policy changes.
6/8/2016	Policy document initially approved by the Reimbursement Administrative Policy Review Committee & initial publication.
1/1/2013	Original Effective Date (with or without formal documentation). Policy based on CMS and HHS risk adjustment programs, policies, and requirements.