

## Risk Adjustment/HCC Coding and Documentation

**Last Updated: 9/10/2025**

**Last Reviewed: 9/10/2025**

**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. We are required by the federal government to gather, validate, and report risk adjustment data to CMS and HHS for our member claims. Therefore, we routinely conduct HCC diagnosis coding and documentation reviews to ensure accurate HCC data reporting. These HCC reviews are part of our quality review program.
2. CMS and HHS reserve the right to audit any risk adjustment findings through a process known as Risk Adjustment Data Validation (RADV). In the event a member is chosen for RADV, we are required to 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 the state of Texas, reimbursement will be made for providing copies of medical records, not to exceed the amount required by current Texas state law.
    - ii. For all other plans no separate payment will be made for records/copying fees.<sup>A</sup>

#### B. Medical Record Documentation is Important for Risk Adjustment

1. Physician documentation and diagnosis coding data is 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 ensure an accurate clinical record of the patient's condition. Thorough medical record documentation and coding will provide a full and complete picture of the practitioner's work and care of the patient, particularly of those 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. Documentation for a valid diagnosis must indicate how the condition is **managed, evaluated, assessed, or treated (MEAT)** for it to be captured for risk adjustment.
  - a. The diagnosis must be documented, and it should be very clear how the provider is managing the condition.
  - b. The Problem List, Active Condition List, Past Medical History List, etc., are not suitable examples of documentation of MEAT.
  - c. If there is no MEAT documented to substantiate the diagnosis, the diagnosis will be rejected by CMS due to the lack of evidence by provider.
3. Diagnoses may not be captured from cloned encounters.
  - a. Do not copy and paste encounters.
  - b. Each encounter must be unique and should reflect the visit as it occurred.
4. See also "[Medical Records Documentation Standards.](#)" Moda Health Reimbursement Policy Manual, RPM039. <sup>B</sup>

### D. Records Copying Fees

1. For member plans originating in the state of Texas, reimbursement will be made for providing copies of medical records, not to exceed the amount required by current Texas state law.
2. For all other plans, separate reimbursement is not provided for records fees, copying fees, etc. for these HCC reviews. Any costs associated with copying and providing needed records for purposes of quality reporting reviews are also considered a normal part of providing the services to our members which are being reviewed for quality, and records copying fees are not eligible for separate reimbursement. <sup>A</sup>

## 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.)
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](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](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](https://www.modahealth.com/medical/policies_reimburse.shtml)

Date	Summary of Update
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.