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Medicaid risk adjustment best practices



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Accurately documenting the health status of Medicaid populations is important to your risk adjustment program. As every managed care organization (MCO) knows, it can be challenging to stay current with the variations and ongoing changes, all while optimizing your risk adjustment strategy to each state's regulatory landscape.

In this piece, we cover what you need to do for your Medicaid risk adjustment program every day, and other activities you should do periodically.

Before you begin to incorporate processes for these suggested activities, you'll need to establish a dedicated Medicaid risk adjustment team. Include **finance**, **provider relations** and **medical management**.





What to do every day

There are activities you should do every day to maximize the potential of your risk adjustment strategy.

Making these small changes in your processes can make a difference.

What to do every day

Focus your risk adjustment efforts on moving toward capturing diagnoses at the point of care (prospectively). This doesn't mean you should completely disregard capturing diagnoses after the encounter (retrospectively) during the risk adjustment scoring period. Here's how you can make these efforts easier:

Explore electronic health record (EHR) and electronic data interface (EDI) integration offerings to facilitate clinical data acquisition.

Incorporate risk adjustment in value-based payment arrangements and contracts with your Medicaid network physicians.

Distribute materials continually to your provider network on the importance of accurate and complete diagnosis capture.

Ensure you receive claim submissions from capitated providers.

Provide further incentives for zero-paid capitation claims submitted by providers, in addition to the standard per member per month (PMPM).

Run a monthly report of capitated providers to investigate outliers.

- Compare panel size to claims submitted, looking for fewer-than-average visits.
- If needed, have your provider relations team intervene with providers to re-emphasize the importance of submitting every patient encounter.





Perform internal risk score analysis and tracking

It’s important to perform internal risk score analysis and track each time new risk scores are published.

Perform internal risk score analysis and tracking

Do a deep dive into each version of the state "risk adjustment methodology" actuarial letters:

Compare your raw and normalized scores to previous periods as well as to the competition.

Recalculate your normalized scores to ensure accuracy by the actuaries. Look for anomalies and outliers and, if needed, approach the state Medicaid agency for explanations.

Reassess your approach and capitalize immediately on any changes to added diagnoses or changes in risk weights.



Reconcile stayers, leavers and joiners at the category-of-aid level after each risk scoring results period. At a high level, this ensures that the scores for each of the components of the risk score are accurate and align with what your health plan is experiencing.

Understand how your risk score was derived based upon the movement of members.

Concentrate on "moving the needle" within your constant cohort. You have no control over who leaves and joins your health plan. That's why it's important to always make sure you know how you did with your constant cohort population.

Perform your own analysis of the final raw and normalized risk scores.

Map out successes and opportunities at the category-of-aid level as well as at the diagnosis (weight) level.

Identify specific areas where you can gain traction on the competition. Use that as your strategy for the following risk-scoring period.



Think outside the box

Finally, it's important to do some things that not everyone else does. These activities are well worth the time and effort, as it can make the difference between long-term success or failure of your Medicaid risk adjustment efforts.

Think outside the box

Re-order diagnoses (where appropriate) – In states with diagnosis limitations, perform encounter diagnosis reordering based upon model weights.



Study the CDPS/ACG/CRG state-specific weights and look for opportunities to move the weights. Compare your medical spend at the category-of-service-matrix level to the corresponding weights in the risk adjustment model. To the extent your spend is far above your competitors', ensure the model weights are leveling the playing field.

Request risk adjustment model changes through the state Medicaid agency based upon your specific experience in each state. Compare and document actual medical expense PMPMs that do not align with the assigned weights.

Explore potential risk adjustment model additions related to services, not diagnosis, such as hours for personal care assistant, home health aide and private-duty nursing.

Request a cost-benefit analysis today.

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