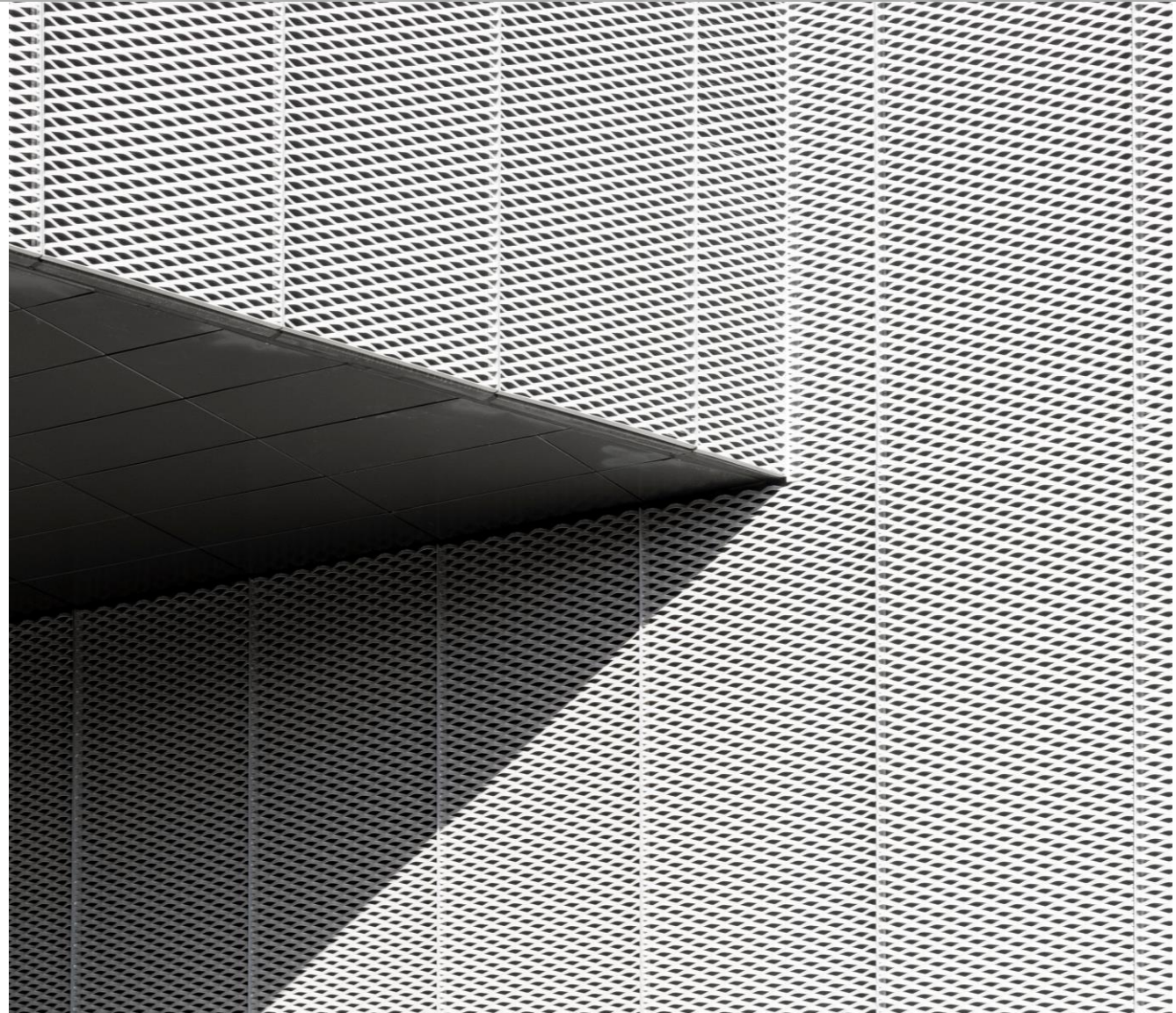


Characteristics of Medicare Fee-for-Service Beneficiaries and Providers Impacted by Proposed CY2024 HCC Model

March 2023

[Updated March 24, 2023]*

ATI Advisory



*This deck has been updated from its original publication to reflect more detailed methodological approaches and statistical analysis. Additional detail on methods is provided in the [appendix](#).

→ Background and Purpose

On February 1, 2023, CMS released the [Advance Notice of Methodological Changes for Calendar Year \(CY\) 2024 for Medicare Advantage \(MA\) Capitation Rates and Part C and Part D Payment Policies](#), notifying the public of planned changes to the Medicare Advantage capitation rate and risk adjustment methods for CY2024. The proposal would make several changes to the Hierarchical Condition Category (HCC) model (excluding the Program of All-Inclusive Care for the Elderly (PACE)), including restructuring and clinically reclassifying diagnoses codes that are incorporated into HCCs, adjusting the value of certain HCCs, and removing diagnoses from the model. The impacts of these changes could result in higher or lower payments to Medicare Advantage plans, and from Medicare Advantage plans to providers, for services for different beneficiaries, based on their individual diagnoses.

To understand potential beneficiary-level effects of the Advance Notice, America's Physician Groups (APG) asked ATI Advisory (ATI) to assess characteristics of Medicare beneficiaries whose HCC coefficients are most likely to be affected. Our analysis includes demographic and related attributes of beneficiaries based on whether their HCC coefficient within a given diagnostic group would increase, decrease, or be eliminated. ATI also quantified potential impacts to providers across these same HCC changes.

Navigate directly to a section of this analysis:

- [Summary of Overall Findings](#)
- [Summary of Coefficient Changes](#)
- [Profiles of Beneficiaries with HCC Coefficient Changes](#)
- [Provider Types Serving Beneficiaries with HCC Coefficient Changes](#)

SUMMARY OF METHODS

- Our analysis included data from the Medicare Current Beneficiary Survey (MCBS) between 2018 and 2020. MCBS data were linked at a beneficiary level to fee-for-service (FFS) administrative claims data. Analysis was limited to beneficiaries participating in Medicare FFS.*
- We focused on 51 HCC conditions (22 from V24; 29 from V28) that were grouped into 6 disease/condition categories. We sought a combination of disease/condition categories reflecting different levels of population prevalence as well as a mix of increasing, decreasing, and eliminated HCC coefficient scoring based on each continuing enrollee cohort.
- Demographic and health related social need beneficiary information was based on survey obtained self-report.
- Providers were grouped into one of four categories based on their Medicare taxonomy on a submitted FFS claim: primary care, medical specialist, mental health specialist, surgical specialist.

Detailed methods are available in the Appendix.

SUMMARY OF FINDINGS

- In general, Medicare FFS beneficiaries in the assessed condition groups whose HCC coefficients would change with the proposed model (positively or negatively) are demographically different than the general Medicare FFS population, partly reflecting the demographics of individuals with high rates of chronic conditions.
- Across all of the assessed condition groups, beneficiaries leaving an HCC group or with a reduced coefficient (if the proposed model were enacted) are demographically different than those with an increasing HCC coefficient.
 - Across diabetes, heart, kidney, and musculoskeletal conditions, beneficiaries leaving an HCC or with a reduced coefficient are more likely to be dually eligible for Medicaid than beneficiaries with an increasing HCC coefficient; specific to diabetes, beneficiaries with a reduced coefficient are also more likely to be low income, Black or Latinx, or have lower levels of education.
 - Specific to psychiatric conditions, beneficiaries leaving an HCC or with a reduced coefficient are *less likely* to be Black or Latinx, fully dually eligible for Medicaid, low income (<100% FPL), and live in a facility; and *more likely* to be partially dually eligible for Medicaid, low income (100-200% FPL), and aged 75 or older.
- Across all assessed condition groups except heart disease, HCC coefficients on average will decrease (if the proposed model were enacted), for Medicare FFS beneficiaries currently included in those condition groups.
- Primary care providers make up a disproportionately higher share of Medicare services rendered to Medicare FFS beneficiaries “leaving” an HCC grouping for psychiatric/mental health conditions or musculoskeletal conditions, experiencing a changed HCC coefficient for diabetes and heart conditions (either increased or decreased), or experiencing a decreased HCC coefficient for kidney conditions, compared to services rendered for all Medicare FFS beneficiaries.

Due to time constraints, this analysis was limited to a subset of conditions and did not explicitly evaluate access to care. In addition, we focused on Medicare FFS beneficiaries, given the linkability in their claims experience and their socioeconomic information (e.g., income level). A more comprehensive analysis is needed to understand how changes in the HCC model will affect Medicare beneficiaries enrolled in Medicare Advantage, who are typically lower income and at higher risk for HRSN than beneficiaries in Medicare FFS, and to understand resulting implications on access.

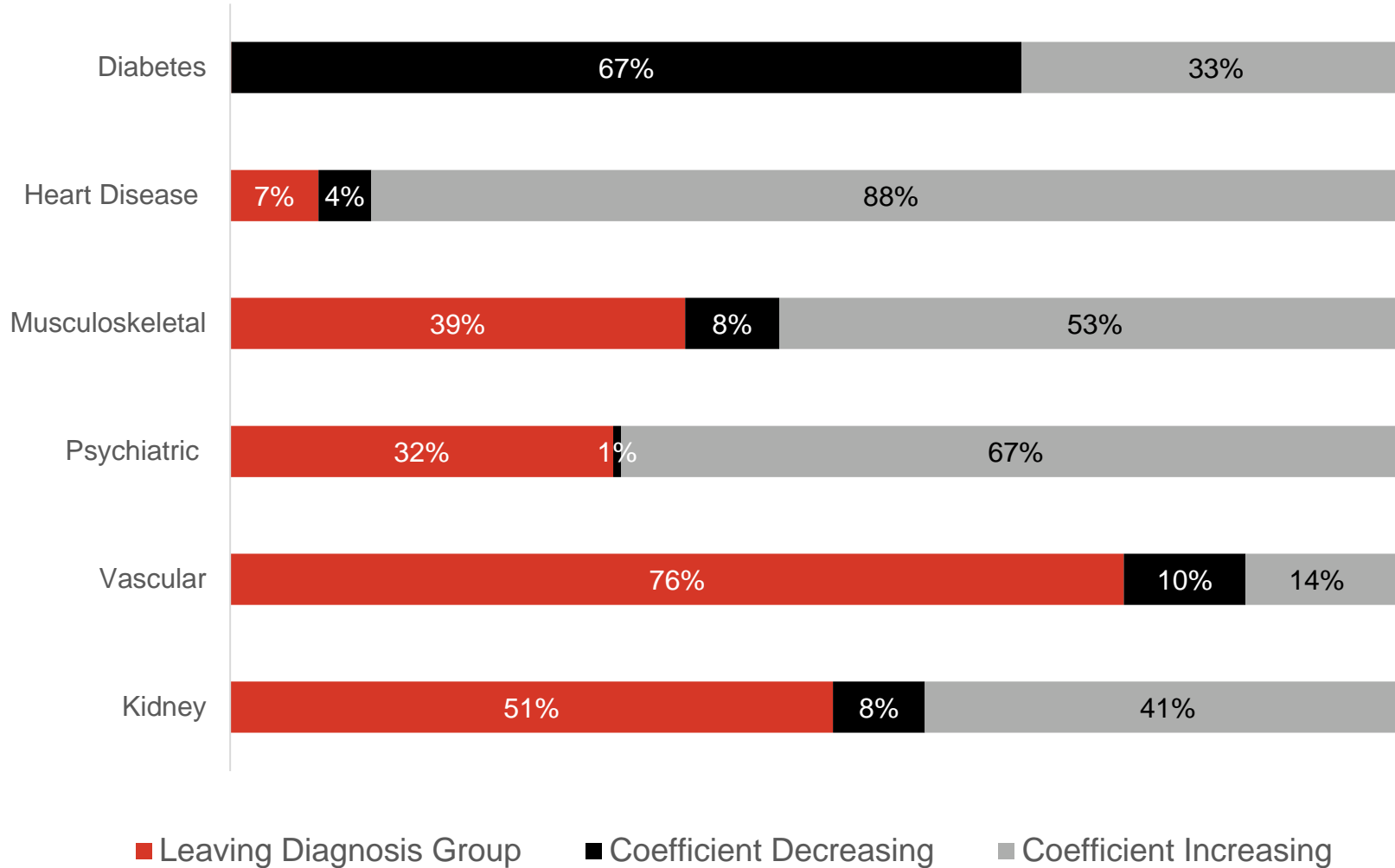
Additional research questions include:

- Within a given condition group, are Medicare beneficiaries with specific diagnosis codes more likely to experience a changed HCC coefficient and overall score (e.g., individuals with an earlier stage condition or disease); what are the characteristics of these beneficiaries and the providers serving them?
- Are there geographic implications associated with variation in patterns of care, and does access increase or decrease as a result of a modified HCC model?
- Is there an interaction between specific diagnostic codes (or HCC group) and provider type that may impact access?
- Holistically across all condition groups (beyond only those explored for this analysis), what are the characteristics of Medicare beneficiaries likely to experience a coefficient change?
- What are the differential impacts on Medicare beneficiaries enrolled in Medicare Advantage (as compared to this analysis), given the generally higher rate of HRSN among these beneficiaries?

HCC Adjustment Coefficient Impact

PROPOSED HCC MODEL IMPACTS ON BENEFICIARIES' HCC COEFFICIENTS

Adjustment Coefficient Change by Diagnosis Group



The impact of the proposed HCC Model varies widely by diagnosis group; for example, two thirds of beneficiaries with diabetes will have their diabetes adjustment coefficient decrease, while most heart disease adjustment coefficients will increase.

AVERAGE COEFFICIENT CHANGES ACROSS SELECT CONDITION GROUPS

Diagnosis Groups	Average Coefficient Change V24 – V28 by Diagnosis Group	
	Beneficiaries Remaining In Diagnosis Group Under V28	All Beneficiaries in Diagnosis Group Under V24 (including those leaving a diagnostic group in V28)
Diabetes	- 0.05	- 0.05
Heart Disease	+ 0.07	+ 0.05
Musculoskeletal	+ 0.15	- 0.04
Psychiatric	+ 0.05	- 0.05
Vascular	+ 0.01	- 0.18
Kidney	+ 0.14	- 0.15

Among beneficiaries remaining in a given diagnosis group, the average adjustment coefficient would increase among many diagnosis groups.

However, overall, the adjustment coefficient decreases for most condition groups due to beneficiaries leaving the group.

Profile of Medicare Beneficiaries by Condition-specific HCC Coefficient Changes

BENEFICIARY PROFILE SUMMARY

Medicare FFS beneficiaries leaving an HCC grouping or with decreasing coefficients (referred to as “reduced adjustment” below) are significantly more likely than:

Condition Group with Reduced Adjustment	Those with Increasing HCC Coefficients [<i>in the same chronic condition group</i>] To Be:	General FFS Medicare Beneficiaries To Be:
Diabetes	Black or Latinx, fully and partially dually eligible for Medicaid, low income, and have lower levels of education	75 years or older, Black or Latinx, fully and partially dually eligible for Medicaid, low income, have lower levels of education, have limited English proficiency, experience food insecurity, and live in a facility
Heart Disease	Female, fully dually eligible for Medicaid, experience food insecurity, and live in a facility	75 years or older, female, fully dually eligible for Medicaid, low income, experience food insecurity, and live in a facility setting
Musculoskeletal	75 years or older, female, and partially dually eligible for Medicaid	75 years or older, female, partially dually eligible for Medicaid, and experience food insecurity
Psychiatric	<i>[Considerable variation based on leaving or decreasing; see summary slide 15]</i>	<i>[Considerable variation based on leaving or decreasing; see summary slide 15]</i>
Vascular	75 years or older and live in a facility	75 years or older, fully dually eligible for Medicaid, low income, have lower levels of education, and live in a facility setting
Kidney	Fully dually eligible for Medicaid, low income, experience food insecurity, and live in a facility	75 years or older, Black or Latinx, fully and partially dually eligible for Medicaid, low income, have lower levels of education, have limited English proficiency, experience food insecurity, and live in a facility setting

MEDICARE DEMOGRAPHICS OVERALL

Demographic	All Medicare Beneficiaries	FFS Medicare Beneficiaries	Medicare Advantage Beneficiaries
Age 75+	37.5%	36.4%	39.1%
Female	54.1%	52.6%	56.2%
Limited English Proficiency	5.1%	3.9%	6.9%
Black/Latinx	14.8%	11.6%	19.6%
Full Dual	12.6%	11.5%	14.3%
Partial Dual	5.9%	4.0%	8.6%
100% - 200% FPL	23.7%	20.5%	28.6%
Under 100% FPL	22.7%	19.8%	27.0%
No HS Diploma	14.4%	11.8%	18.3%
College Educated	35.5%	38.4%	31.3%
Food Insecure	14.3%	11.3%	18.6%
Rural	9.0%	9.9%	7.6%
NH Resident	1.6%	1.7%	1.3%
Facility Resident	2.5%	2.8%	2.1%

While this analysis leverages Medicare FFS data, beneficiaries in Medicare Advantage typically are demographically different from those in FFS

DEMOGRAPHICS OF FFS BENEFICIARIES IN DIABETES GROUP BY COEFFICIENT CHANGE*

Demographic	Coefficient Decreasing – 67%	Coefficient Increasing – 33%	Beneficiaries with Diabetes	Overall FFS Medicare Population
Age 75+	43.7% (1.29%) aa	41.1% (1.68%) aa	42.9% (0.93%) aa	36.4% (0.44%)
Female	51.2% (1.46%)	54.6% (1.99%)	52.4% (1.20%)	52.6% (0.53%)
Limited English Proficiency	5.7% (0.72%) aa	5.3% (1.11%)	5.5% (0.70%) aa	3.9% (0.34%)
Black/Latinx	15.0% (1.08%) aaii	12.3% (1.14%)	14.0% (0.92%) aa	11.6% (0.54%)
Full Dual	17.9% (1.13%) aaii	14.5% (1.42%) aa	16.8% (0.90%) aa	11.5% (0.50%)
Partial Dual	6.5% (0.65%) aaii	4.1% (0.70%) dd	5.7% (0.51%) aa	4.0% (0.31%)
100 - 200% FPL	24.0% (1.26%) aa	22.9% (1.67%) a	23.6% (1.00%) aa	20.5% (0.61%)
Under 100% FPL	26.7% (1.12%) aaii	21.1% (1.38%) dd	24.8% (0.89%) aa	19.8% (0.55%)
No HS Diploma	16.8% (1.08%) aaii	13.4% (1.30%)	15.7% (0.96%) aa	11.8% (0.65%)
College Educated	31.0% (1.45%) aa	33.2% (1.94%) aa	31.7% (1.30%) aa	38.4% (1.26%)
Food Insecure	20.1% (1.88%) aa	17.3% (2.03%) aa	19.0% (1.39%) aa	11.3% (0.60%)
Rural	11.2% (2.17%)	11.1% (2.31%)	11.1% (2.14%)	9.9% (1.72%)
NH Resident	3.3% (0.36%) aa	2.8% (0.36%) aa	3.1% (0.28%) aa	1.7% (0.11%)
Facility Resident	4.8% (0.41%) aa	4.2% (0.47%) aa	4.6% (0.33%) aa	2.8% (0.14%)

On slides 12 – 17, each cell has the prevalence of the demographic trait and, in parentheses, the margin of error at the 90% significance level. “aa” = cell significantly differs from the Overall Medicare FFS group at the 95% significance level. “a” = cell significantly differs from the Overall Medicare FFS group at the 90% level. Similarly, “dd” or “d” = cell significantly differs from the Diagnosis Group (diabetes here) at the 95% or 90% level, respectively. Finally, “ii” or “i” = cell significantly differs from the Coefficient Increasing group at the 95% or 90% level, respectively.

DEMOGRAPHICS OF FFS BENEFICIARIES IN HEART DISEASE GROUP BY COEFFICIENT CHANGE

Demographic	Leaving Diagnosis Group – 7%	Coefficient Decreasing – 4%	Coefficient Increasing – 88%	Beneficiaries with Heart Disease	Overall FFS Medicare Population
Age 75+	47.5% (4.09%) aaddii	51.0% (4.79%) aaddii	60.0% (1.27%) aa	58.7% (1.16%) aa	36.4% (0.44%)
Female	58.7% (3.00%) aaddii	48.4% (4.75%)	50.1% (1.02%) aa	50.8% (0.98%) aa	52.6% (0.53%)
Limited English Proficiency	3.5% (1.57%)	2.7% (1.77%)	3.8% (0.60%)	3.7% (0.59%)	3.9% (0.34%)
Black/Latinx	9.8% (2.69%)	9.4% (2.70%)	9.3% (0.76%) aa	9.3% (0.75%) aa	11.6% (0.54%)
Full Dual	11.3% (2.39%)	31.1% (4.23%) aaddii	13.2% (0.91%) aa	13.7% (0.85%) aa	11.5% (0.50%)
Partial Dual	3.4% (1.24%)	3.6% (2.56%)	4.6% (0.47%)	4.5% (0.44%)	4.0% (0.31%)
100% - 200% FPL	22.8% (3.40%)	28.2% (4.80%) aa	23.9% (1.01%) aa	24.0% (1.03%) aa	20.5% (0.61%)
Under 100% FPL	20.7% (2.97%)	25.7% (4.49%) aa	21.6% (0.96%) a	21.7% (0.89%) aa	19.8% (0.55%)
No HS Diploma	9.8% (2.04%) ddii	14.6% (3.72%)	15.7% (0.91%) aa	15.2% (0.85%) aa	11.8% (0.65%)
College Educated	36.8% (3.57%)	33.0% (5.42%)	32.0% (1.36%) aa	32.4% (1.31%) aa	38.4% (1.26%)
Food Insecure	14.3% (5.28%)	21.4% (8.08%) aadi	12.3% (1.41%)	12.8% (1.41%)	11.3% (0.60%)
Rural	9.9% (2.67%)	9.8% (3.21%)	11.1% (2.09%)	11.0% (2.06%)	9.9% (1.72%)
NH Resident	0.4% (0.28%) aaddii	31.3% (3.94%) aaddii	3.3% (0.32%) aadd	4.1% (0.31%) aa	1.7% (0.11%)
Facility Resident	2.6% (0.83%) ddii	32.4% (3.99%) aaddii	5.3% (0.36%) aad	6.1% (0.33%) aa	2.8% (0.14%)

DEMOGRAPHICS OF FFS BENEFICIARIES IN MUSCULOSKELETAL GROUP BY COEFFICIENT CHANGE

Demographic	Leaving Diagnosis Group – 39%	Coefficient Decreasing – 8%	Coefficient Increasing – 53%	Beneficiaries with Musculoskeletal Disease	Overall FFS Medicare Population
Age 75+	48.0% (2.60%) aadii	41.0% (6.42%)	40.7% (1.95%) aa	43.5% (1.58%) aa	36.4% (0.44%)
Female	69.3% (2.54%) aa	80.3% (6.15%) aadii	64.8% (2.26%) aa	67.7% (1.58%) aa	52.6% (0.53%)
Limited English Proficiency	1.9% (0.73%) aadii	5.5% (5.28%)	4.6% (0.90%)	3.6% (0.68%)	3.9% (0.34%)
Black/Latinx	7.6% (1.51%) aa	10.9% (3.69%)	10.6% (1.51%)	9.5% (1.06%) aa	11.6% (0.54%)
Full Dual	8.7% (1.42%) aadii	13.5% (5.40%)	15.2% (1.69%) aa	12.6% (1.16%)	11.5% (0.50%)
Partial Dual	6.8% (1.50%) aai	9.3% (3.17%) aadii	4.4% (0.86%)	5.7% (0.76%) aa	4.0% (0.31%)
100% - 200% FPL	18.3% (1.80%) i	24.4% (5.99%)	22.0% (1.82%)	20.8% (1.35%)	20.5% (0.61%)
Under 100% FPL	17.5% (2.14%) ii	17.9% (3.85%)	22.6% (2.07%) a	20.3% (1.58%)	19.8% (0.55%)
No HS Diploma	10.0% (1.96%) i	14.4% (5.33%)	14.2% (1.51%) a	12.6% (1.51%)	11.8% (0.65%)
College Educated	38.5% (2.75%)	32.7% (5.76%)	35.1% (2.95%)	36.2% (2.21%)	38.4% (1.26%)
Food Insecure	14.0% (2.72%)	24.5% (9.07%) aa	14.1% (2.72%)	14.9% (2.01%) aa	11.3% (0.60%)
Rural	9.5% (2.38%)	5.5% (2.85%)	11.0% (2.46%)	10.0% (2.10%)	9.9% (1.72%)
NH Resident	1.0% (0.38%) aadii	*	3.1% (0.65%) aad	2.0% (0.40%)	1.7% (0.11%)
Facility Resident	1.6% (0.45%) aadii	1.0% (0.87%) aadii	4.4% (0.75%) aad	3.0% (0.47%)	2.8% (0.14%)

DEMOGRAPHICS OF FFS BENEFICIARIES IN PSYCHIATRIC GROUP BY COEFFICIENT CHANGE

Demographic	Leaving Diagnosis Group – 32%	Coefficient Decreasing – 1%	Coefficient Increasing – 67%	Beneficiaries with Psychiatric Diagnosis	Overall FFS Medicare Population
Age 75+	43.4% (2.36%) aaddii	32.7% (15.33%)	30.6% (1.45%) aadd	35.2% (1.26%)	36.4% (0.44%)
Female	65.7% (2.36%) aa	66.9% (17.77%)	63.8% (1.65%) aa	64.5% (1.29%) aa	52.6% (0.53%)
Limited English Proficiency	3.5% (0.95%)	4.5% (8.48%)	4.4% (0.91%)	4.1% (0.70%)	3.9% (0.34%)
Black/Latinx	7.8% (1.34%) aaddii	28.1% (20.98%)	12.4% (1.23%)	10.9% (1.03%)	11.6% (0.54%)
Full Dual	17.8% (1.73%) aaddii	*	36.8% (1.98%) aadd	29.7% (1.51%) aa	11.5% (0.50%)
Partial Dual	3.8% (0.95%) ddii	68.1% (19.18%) aaddii	8.0% (1.23%) aa	7.0% (0.85%) aa	4.0% (0.31%)
100% - 200% FPL	25.1% (2.54%) aa	53.7% (19.32%) aaddii	24.5% (1.37%) aa	25.0% (1.39%) aa	20.5% (0.61%)
Under 100% FPL	23.6% (2.03%) aaddii	44.6% (19.46%) aa	40.0% (1.67%) aadd	34.2% (1.37%) aa	19.8% (0.55%)
No HS Diploma	12.2% (1.63%) i	33.6% (17.66%) aadi	15.9% (1.59%) aa	14.7% (1.29%) aa	11.8% (0.65%)
College Educated	34.8% (2.80%)	10.2% (15.12%) a	32.1% (2.15%) aa	32.9% (1.92%) aa	38.4% (1.26%)
Food Insecure	23.5% (4.01%) aa	34.0% (33.10%)	28.5% (3.62%) aa	26.5% (2.79%) aa	11.3% (0.60%)
Rural	8.2% (2.15%)	18.2% (15.28%)	8.7% (2.29%)	8.6% (2.02%)	9.9% (1.72%)
NH Resident	5.1% (0.79%) aaddii	*	9.0% (0.94%) aa	7.5% (0.65%) aa	1.7% (0.11%)
Facility Resident	7.5% (0.91%) aaddii	*	13.5% (1.19%) aad	11.3% (0.78%) aa	2.8% (0.14%)

DEMOGRAPHICS OF FFS BENEFICIARIES IN VASCULAR GROUP BY COEFFICIENT CHANGE

Demographic	Leaving Diagnosis Group – 76%	Coefficient Decreasing – 10%	Coefficient Increasing – 14%	Beneficiaries with Vascular Diagnosis	Overall FFS Medicare Population
Age 75+	58.3% (1.21%) aaii	53.5% (3.77%) aa	52.5% (2.72%) aad	56.9% (1.03%) aa	36.4% (0.44%)
Female	52.0% (1.42%)	50.8% (3.55%)	52.8% (3.08%)	52.0% (1.27%)	52.6% (0.53%)
Limited English Proficiency	3.5% (0.57%)	2.7% (0.97%)	3.7% (1.10%)	3.5% (0.49%)	3.9% (0.34%)
Black/Latinx	8.6% (0.65%) aaii	15.0% (3.06%) add	12.7% (1.98%) d	9.9% (0.69%) aa	11.6% (0.54%)
Full Dual	15.1% (1.03%) aa	20.5% (2.45%) aaddi	15.6% (2.22%) aa	15.8% (0.91%) aa	11.5% (0.50%)
Partial Dual	4.1% (0.60%)	4.5% (1.22%)	5.5% (1.58%)	4.4% (0.51%)	4.0% (0.31%)
100% - 200% FPL	24.5% (1.21%) aa	21.0% (2.72%)	25.5% (2.51%) aa	24.3% (1.02%) aa	20.5% (0.61%)
Under 100% FPL	19.7% (1.01%) dii	29.3% (2.59%) aadd	27.5% (2.72%) aadd	21.9% (0.90%) aa	19.8% (0.55%)
No HS Diploma	12.9% (0.96%)	16.3% (2.77%) aa	13.6% (2.06%)	13.4% (0.84%) a	11.8% (0.65%)
College Educated	34.2% (1.72%) aa	32.6% (3.42%) aa	34.0% (3.54%)	34.0% (1.54%) aa	38.4% (1.26%)
Food Insecure	12.9% (1.53%)	14.8% (5.38%)	18.5% (5.38%) aa	13.8% (1.58%) a	11.3% (0.60%)
Rural	10.2% (2.07%)	10.6% (2.65%)	7.1% (1.70%)	9.8% (1.94%)	9.9% (1.72%)
NH Resident	5.6% (0.53%) aa	5.3% (1.13%) aa	4.2% (0.82%) aa	5.4% (0.42%) aa	1.7% (0.11%)
Facility Resident	8.4% (0.57%) aaii	7.4% (1.40%) aa	6.2% (1.13%) aad	8.0% (0.48%) aa	2.8% (0.14%)

DEMOGRAPHICS OF FFS BENEFICIARIES IN **KIDNEY** GROUP BY COEFFICIENT CHANGE

Demographic	Leaving Diagnosis Group – 51%	Coefficient Decreasing – 8%	Coefficient Increasing – 41%	Beneficiaries with Kidney Disease	Overall FFS Medicare Population
Age 75+	56.3% (2.24%) aa	59.4% (5.97%) aa	59.6% (2.30%) aa	57.9% (1.37%) aa	36.4% (0.44%)
Female	48.8% (2.10%) aa	54.1% (5.74%)	53.2% (2.80%)	51.0% (1.38%)	52.6% (0.53%)
Limited English Proficiency	5.5% (0.92%) aa	6.4% (2.54%)	3.8% (0.88%)	4.9% (0.69%)	3.9% (0.34%)
Black/Latinx	14.9% (2.19%) aa	14.7% (4.31%)	13.8% (1.58%) a	14.5% (1.31%) aa	11.6% (0.54%)
Full Dual	21.6% (1.87%) aaddii	24.2% (4.99%) aadii	11.7% (1.45%) dd	17.9% (1.24%) aa	11.5% (0.50%)
Partial Dual	6.1% (1.20%) aa	4.6% (1.94%)	5.0% (1.12%)	5.5% (0.72%) aa	4.0% (0.31%)
100% - 200% FPL	27.1% (1.96%) aa	30.9% (5.57%) aa	25.8% (2.07%) aa	26.8% (1.37%) aa	20.5% (0.61%)
Under 100% FPL	32.6% (2.10%) aaddii	27.7% (4.99%) aa	21.8% (2.13%) dd	27.9% (1.34%) aa	19.8% (0.55%)
No HS Diploma	18.7% (2.01%) aa	22.0% (4.91%) aa	16.0% (1.48%) aa	17.9% (1.34%) aa	11.8% (0.65%)
College Educated	27.7% (2.17%) aa	23.3% (4.02%) aa	28.2% (2.17%) aa	27.5% (1.62%) aa	38.4% (1.26%)
Food Insecure	14.7% (3.11%)	24.0% (6.68%) aadi	13.1% (3.19%)	15.0% (2.10%) aa	11.3% (0.60%)
Rural	11.1% (2.69%)	16.1% (5.56%)	10.5% (2.31%)	11.3% (2.49%)	9.9% (1.72%)
NH Resident	7.9% (1.13%) aadii	3.4% (1.31%) aadd	4.2% (0.51%) aadd	6.0% (0.64%) aa	1.7% (0.11%)
Facility Resident	10.4% (1.20%) aadii	4.9% (1.65%) aadd	6.3% (0.66%) aadd	8.3% (0.70%) aa	2.8% (0.14%)

Provider Types Serving Medicare Beneficiaries with HCC Coefficient Changes

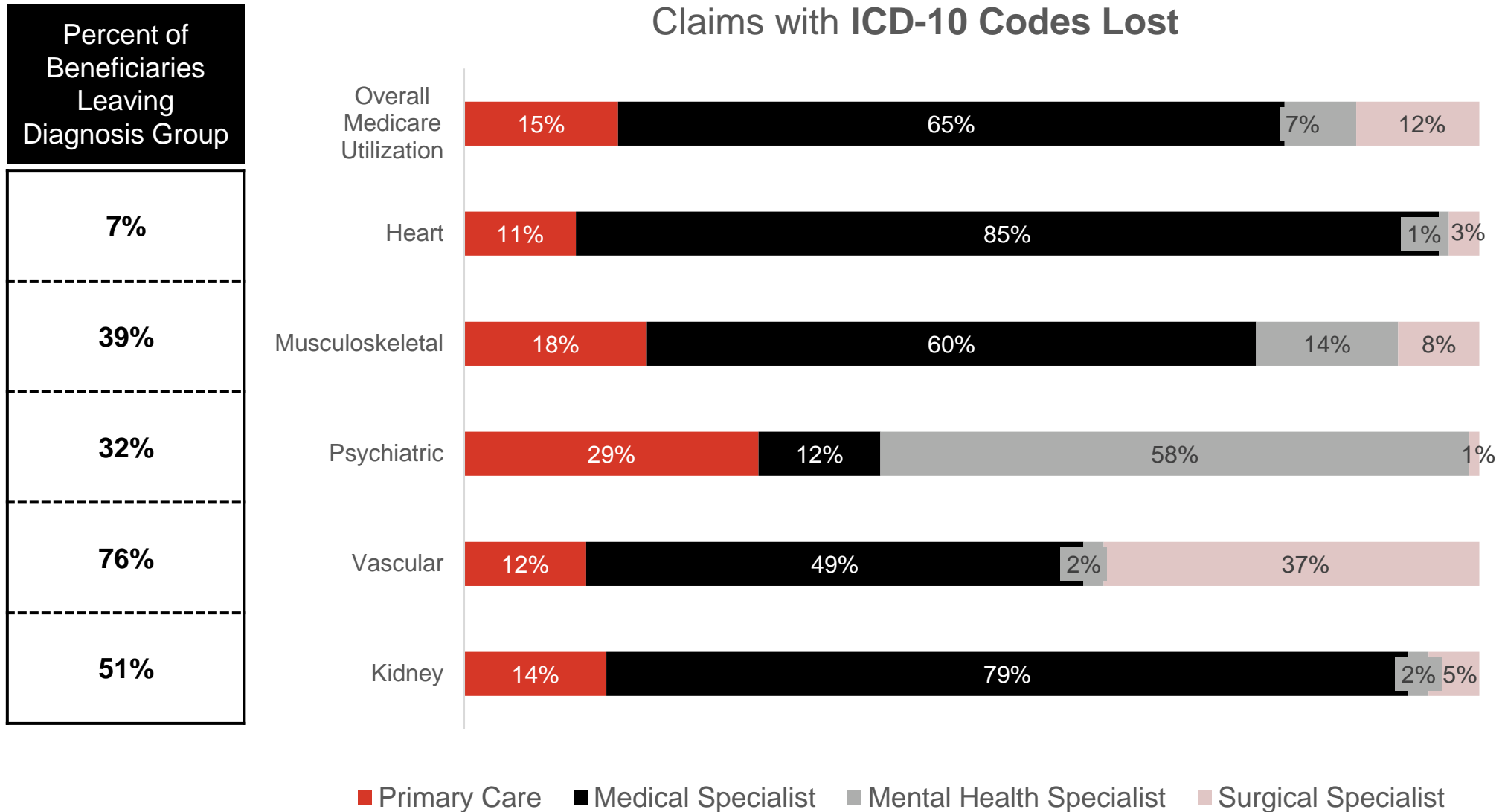
- Across all provider types and all but one conditions analyzed (the exception being diabetes), providers would experience a lower volume of claims represented in the proposed HCC model, ranging from a 3% decrease to an 86% decrease depending on the condition
- The condition groups with the greatest decrease in visits included in HCC calculations are vascular, kidney, and musculoskeletal
- Compared to their overall average Medicare FFS visits, primary care providers are disproportionately likely to have claims:
 - Leaving the HCC condition cohort for psychiatric conditions
 - Leaving the HCC condition cohort for musculoskeletal conditions
 - Experiencing a reduced HCC coefficient for kidney conditions
 - Experiencing a reduced *or* an increased HCC coefficient for heart disease
 - Experiencing a reduced *or* an increased HCC coefficient for diabetes conditions

CHANGE IN AVERAGE NUMBER OF CLAIMS CONTRIBUTING TO DIAGNOSIS GROUP FROM V24 TO V28 BY PROVIDER TYPE

Diagnosis Groups	Average Number of Diagnosis-Related Claims by Diagnosis Group and Provider Type in V24 (Percent change in average number of visits in proposed V28)			
	Primary Care	Medical Specialist	Mental Health Specialist	Surgical Specialist
Diabetes	0.81 <i>no change</i>	1.95 <i>no change</i>	0.13 <i>no change</i>	0.52 <i>no change</i>
Heart Disease	0.73 <i>(-4%)</i>	3.33 <i>(-6%)</i>	0.09 <i>(-3%)</i>	0.18 <i>(-4%)</i>
Musculoskeletal	0.38 <i>(-39%)</i>	2.09 <i>(-23%)</i>	0.15 <i>(-72%)</i>	0.25 <i>(-28%)</i>
Psychiatric	0.59 <i>(-33%)</i>	0.28 <i>(-28%)</i>	3.05 <i>(-13%)</i>	0.03 <i>(-17%)</i>
Vascular	0.27 <i>(-69%)</i>	1.10 <i>(-69%)</i>	0.04 <i>(-70%)</i>	0.66 <i>(-86%)</i>
Kidney	0.34 <i>(-55%)</i>	1.93 <i>(-53%)</i>	0.03 <i>(-63%)</i>	0.13 <i>(-48%)</i>

Many of the ICD-10 codes associated with claims that were part of a diagnosis group are no longer part of a diagnosis group, thus not associated with an adjustment coefficient.

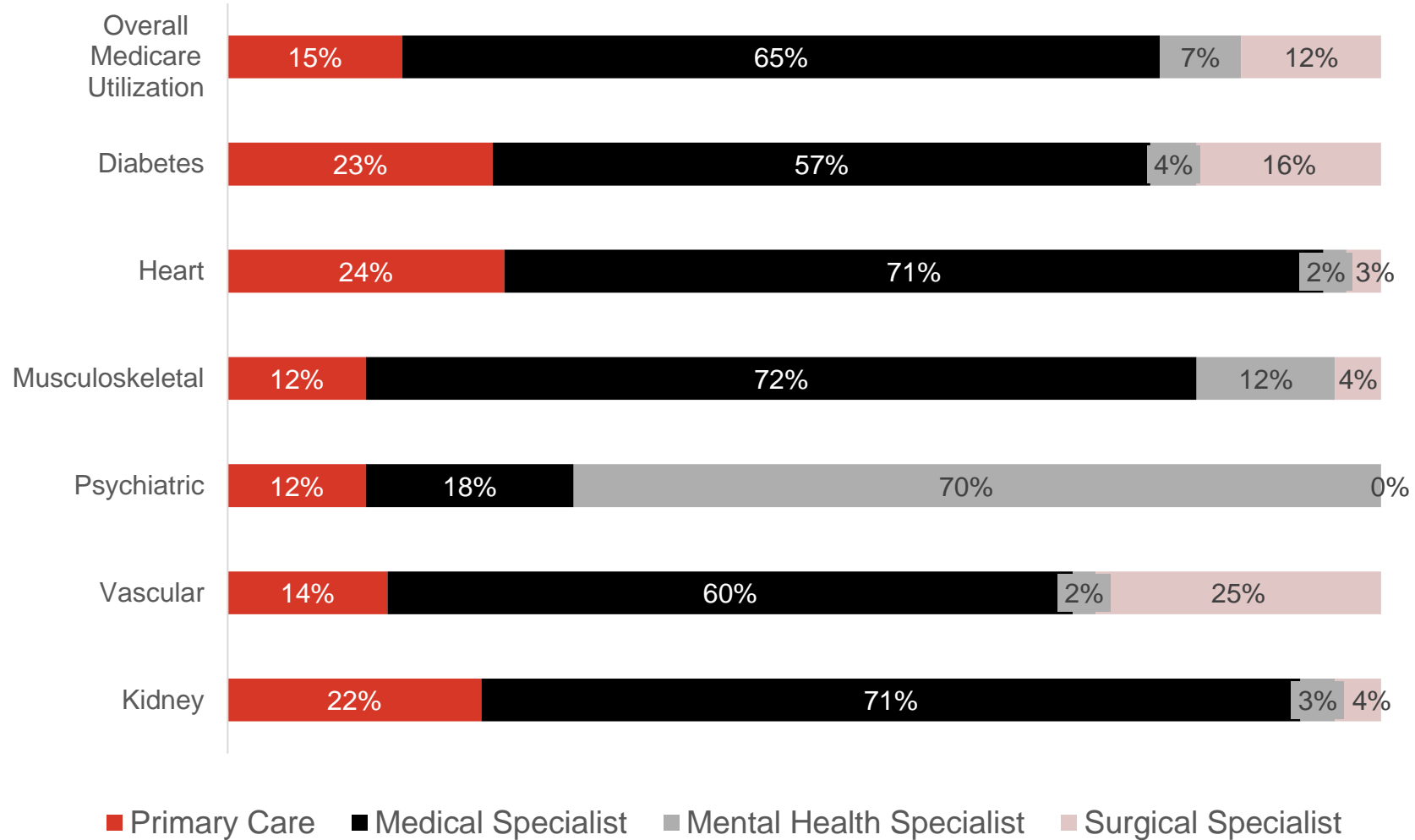
PORTION OF CLAIMS LEAVING DIAGNOSIS GROUP, BY PROVIDER TYPE



PORTION OF CLAIMS FOR FFS BENEFICIARIES WITH HCC COEFFICIENT DECREASING, BY PROVIDER TYPE

Percent of Beneficiaries Decreasing Coefficient
67%
4%
8%
1%
10%
8%

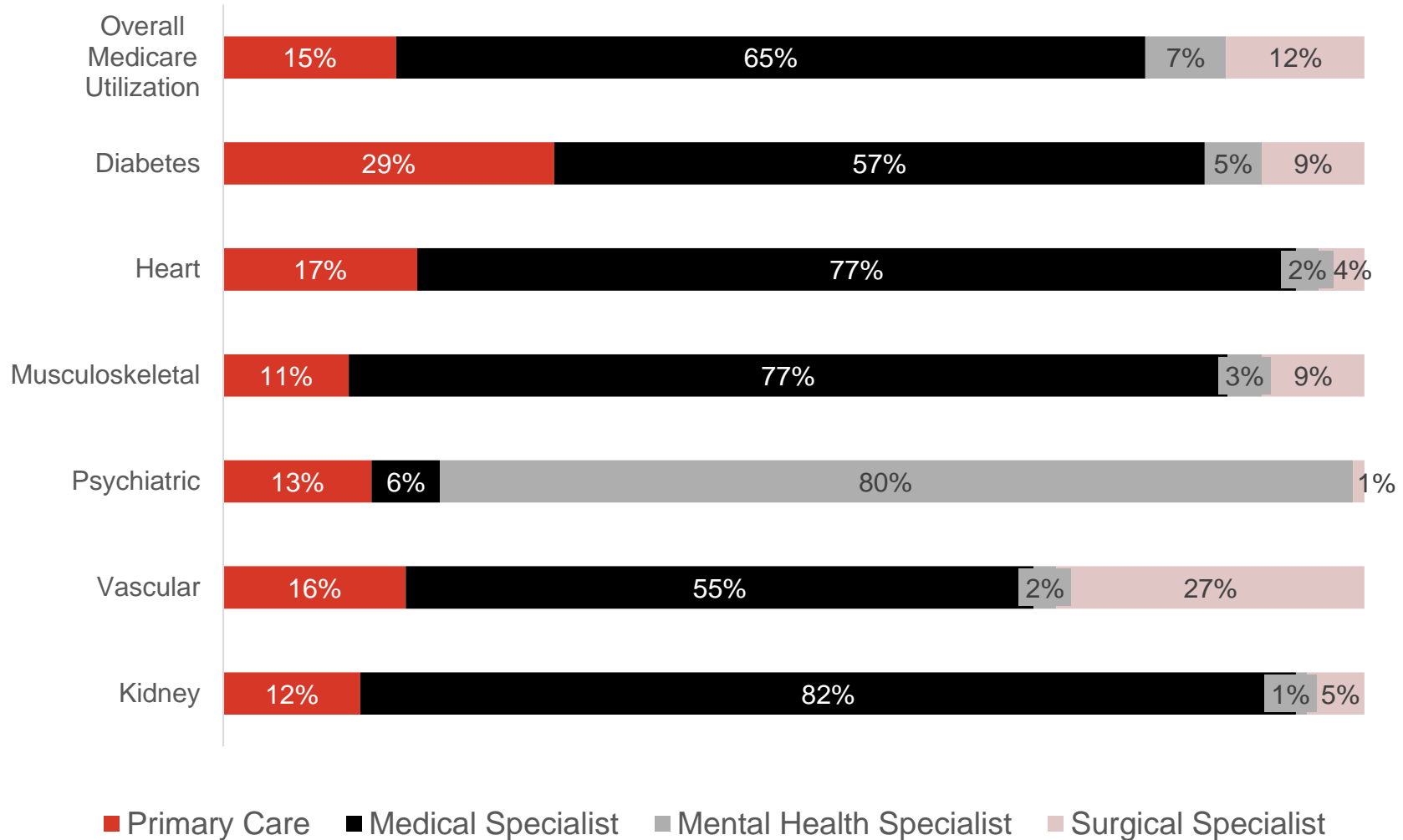
Claims with HCC Coefficient Decreasing



PORTION OF CLAIMS FOR FFS BENEFICIARIES WITH HCC COEFFICIENT INCREASING, BY PROVIDER TYPE

Percent of Beneficiaries Increasing Coefficient
33%
88%
53%
67%
14%
41%

Claims with HCC Coefficient Increasing



Appendix

→ Data Source and Sample:

- Medicare Current Beneficiary Survey (MCBS), 2018-2020; linked to Medicare fee-for-service (FFS) administrative claims
- Survey sample size: 27,763 Medicare beneficiaries, 27,477 of whom did not have End Stage Renal Disease (ESRD) indicated in the Medicare Status Code
- FFS claims sample size: 16,036 Medicare beneficiaries, 15,819 of whom did not have ESRD indicated in the Medicare Status Code
- Individuals were included in the sample if they had at least 12 months of Medicare FFS coverage, and excluded if they had ESRD indicated in the Medicare Status Code

→ Conditions Reflected in Analysis:

- Determined by comparing ICD-10 codes in the V24 model and the V28 proposed model
 - Diabetes:
 - V24 – 17, 18, 19; V28 – 35, 36, 37, 38
 - Heart Disease
 - V24 – 85, 86, 87, 88, 96; V28 – 221, 222, 223, 224, 225, 226, 227, 228, 229, 238
 - Kidney Disease:
 - V24 – 134, 135, 136, 137, 138; V28 – 326, 327, 328, 329
 - Musculoskeletal Disease:
 - V24 – 39, 40; V28 – 92, 93, 94
 - Psychiatric:
 - V24 – 57, 58, 59, 60; V28 – 151, 152, 153, 154, 155
 - Vascular Disease:
 - V24 – 106, 107, 108; V28 – 263, 264, 267

→ Provider Groupings

- Determined by Medicare taxonomy on a submitted claim (“Medicare Provider/Supplier Type Description” combined with “Provider Taxonomy Description: Type Classification Specialization”)
 - Primary Care
 - Medical Specialist
 - Mental Health Specialist
 - Surgical Specialist
- Providers with multiple specialty types were categorized using the following hierarchy: surgical specialist → mental health specialist → medical specialist → primary care (for example, a provider with both a medical specialty type and primary care was classified as “medical specialist”)

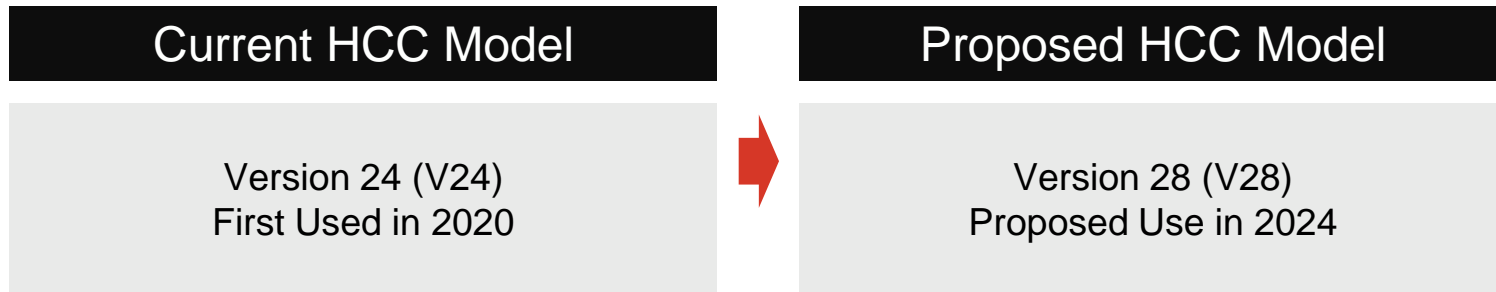
→ HCC Analysis

- Adjustment coefficients for V28 were collected from the *Advance Notice of Methodological Changes for Calendar Year (CY) 2024 for Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies* and V24 adjustment coefficients were collected from the *CY 2020 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter*.
 - Seven different adjustments were applied to each HCC group depending on the Medicare beneficiaries' demographics including dual eligibility for Medicare, age, and if the beneficiary lives in an institution (continuing enrollment segments).
- To compare across HCCs, we used claims-based diagnoses to determine which HCC codes a beneficiary would be categorized under using the V24 HCC model and separately, the proposed V28 HCC model. Beneficiaries were grouped into cohorts based on:
 - Leaving an HCC grouping altogether in the transition to V28
 - Remaining in an HCC grouping but with a decreased V28 HCC coefficient for that condition group
 - Remaining in an HCC grouping but with an increased V28 HCC coefficient for that condition group. Note, a small number of beneficiaries were part of a diagnosis group in V28 but not V24, thus “gained” an HCC grouping. These beneficiaries are included in the “Increased HCC coefficient” cohort.

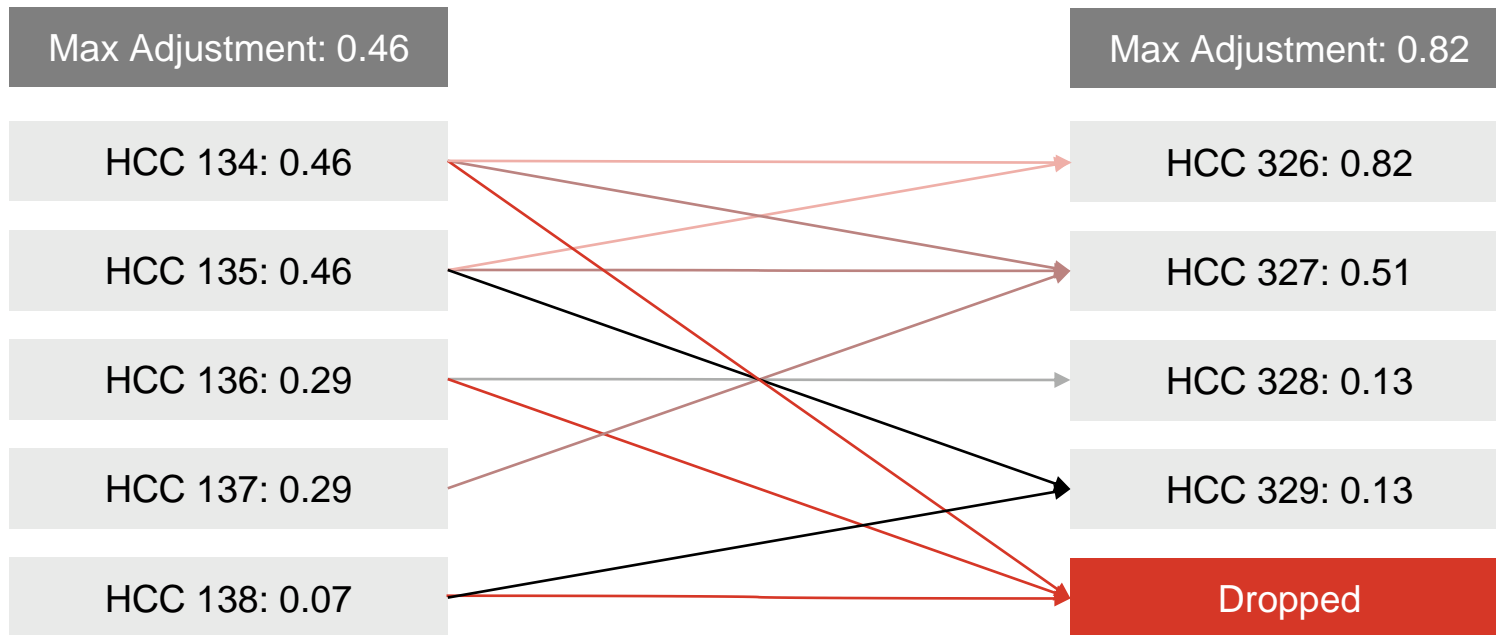
→ Limitations and Considerations

- The current study focuses on a subset of conditions and not every possible condition a beneficiary might have. This approach was due to time constraints; however, the subset of conditions included were chosen to reflect those for which the Advance Notice suggested HCC values would increase, and those for which the Advance Notice suggested HCC values would decrease. In addition, analyzed conditions represent an array of high and low prevalence among the Medicare population, as well as varying levels of complexity. This approach was taken to get as broad a representation as possible with a subset of conditions.
- Each year, CMS normalizes raw HCC scores to a value of 1.0. Because this analysis reports experiences for a subset of mutually exclusive diagnosis groups versus all conditions across all beneficiaries, the full-HCC model normalization factor was applied to each individual condition and its coefficient. Based on actual experiences in the V24 model and proposed experiences in the V28 model, 1.127 and 1.015 were used, respectively.
- CMS uses an alternative approach for “new” enrollees; our analysis was limited to individuals with at least 12 months of continuous FFS coverage and therefore, we did not use new enrollee segments in our calculations.
- Sortable statistical analyses of demographics are provided in a companion spreadsheet, available [here](#).

EXAMPLE HCC ANALYSIS CROSSWALKING



Illustrative Example - Kidney Disease: Adjustment Coefficient



Key Terms:

HCC – Hierarchal Condition Category

Adjustment/HCC Coefficient – Value multiplied by the Payment Rate to increase or decrease payment. Example: $\$100 \times 1.23 = \123

Diagnosis Group – A collection of HCCs that produce one adjustment coefficient

ATI Advisory