



## **WILL YOU OBTAIN ALL THE REVENUE YOUR PLAN DESERVES WHEN NEW YORK STATE RISK ADJUSTS PAYMENT FOR YOUR MEDICAID MEMBERSHIP?**

### ***THE ISSUE***

Reimbursement for Medicaid Managed Care Plans is undergoing a significant change in New York. The State is collecting information that will be used to risk adjust health plan reimbursement based on 3M Health Information Systems' (HIS) Clinical Risk Groups (CRGs). Starting in the Spring of 2008, 25% of each Managed Medicaid Plan's payment will be based on the new risk scores. By 2011, 100% of reimbursement is expected to be risk adjusted.

CRGs have been evaluated objectively by the Society of Actuaries and have been found to be one of the best methods to measure a given population's burden of illness and projected costs. However, CRGs have features that must be understood if your plan is to achieve its appropriate risk score and reimbursement. New York State's actuarial vendor, Mercer, will extract diagnostic, procedural and pharmacy information from claims, which become inputs for the CRG algorithm. Physician under-coding is a major threat to plans, because risk-adjusted reimbursement presents the real possibility that plans will be paid less than at present, or less than appropriate, if the clinical complexity of members served is not being documented by network providers.

### ***THE CAREADVANTAGE SOLUTION***

CareAdvantage (CAI) is a healthcare consulting company that has worked with 3M HIS since CRGs were first available commercially. As an early adopter, CAI contributed to the subsequent evolution of CRGs and has analyzed over 7 million Medicaid, Medicare, and commercial lives using this algorithm.

To assure that its NY Medicaid Plan clients achieve a risk score that fully reflects the burden of illness of their membership, CareAdvantage uses a 6-step process.

- First, CAI determines which members are likely requiring additional documentation to substantiate a higher risk than current medical and pharmacy claims would indicate ("near misses"). This involves identifying clinical patterns that indicate under-diagnosis. For example, using CareAdvantage's advanced data mining techniques, we frequently find patients with diabetes who are coded as uncomplicated type 2 diabetes mellitus (ICD9 250.00), but whose lab values, medication use or other claims suggest that there are also kidney complications (250.40). Such individuals will have a risk score almost three times higher than someone with diabetes alone.
- Second, CAI provides a list of "near miss" members and identifies their primary physician. The plan can then request further documentation and re-submit encounter data to substantiate a higher level of severity and risk score.
- Third, CAI provides a list of members not seen within the past year for the plan to outreach for routine visits and to document new problems. CAI can develop a brief health risk assessment for use during the phone encounters to determine who have significant conditions requiring follow-up and tracking on a priority basis. Alternatively, the plan can arrange a PCP visit for these members to obtain baseline clinical information.



- Fourth, after reviewing all submitted encounters and the pharmacy data for covered members, CAI calculates each member's revised risk score and the plan's revised total risk score to compare it with the one calculated by the State's actuary, Mercer Consulting.
- Fifth, CAI will make recommendations for a specialty-specific encounter form, or SuperBill, that will optimize the likelihood of physician's checking off all appropriate diagnoses that have higher value under CRGs.
- Last, CAI works with the plan to develop an incentive system to encourage physicians to consistently identify all appropriate, high-value diagnoses.

## ABOUT CAREADVANTAGE, INC

CareAdvantage, Inc. is in the business of providing management and consulting services to health plans, employers, national consulting firms, hospital systems, providers and other purchaser groups. The management and consulting services include care management program enhancement services, executive and clinical management services, and training programs.

CAI's level of care decision support tool (**RPNavigator, RPN<sup>®</sup>**), in concert with the underlying Clinical Risk Group (CRG) classification methodology, and All Patient Refined (APR-DRG) from 3M Health Information Systems, may be used on an enterprise wide basis to accomplish any or all of the following functions:

- Predictive Modeling to Facilitate Data Transparency and Actionable Intervention Strategies
- Implementation of Cost Containment and Quality Enhancing Initiatives
- Medical, Network, and Benefit Management Decision Support
- Evaluation of Care Management (CM) Programs and Identification of CM Opportunities
- Case Mix and Severity Adjusted Analysis of Provider and Vendor Performance
- Risk Stratification to Quantify Disease Burden and Trends in Cost and Care
- APRs Risk Stratification to evaluate performance in profile quality of care within the hospital setting

The CAI team consists of former health plan executives, senior medical directors and care management operations directors, as well as experts in clinical data analysis and information technology. CAI will allocate individuals from each practice area to support your organization from a technical, clinical, and data analytical perspective.

To learn more about these options, please contact:

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