

# RISK ADJUSTMENT DATA VALIDATION TOOL



# **Software Documentation and User Guide**

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Augusto Burgos

Spiro Ganas

Anja Guillory

Jamie Richgels

Daniel Stoneburner

Tala Suidan

aburgos3@gatech.edu

spiroganas@gmail.com

anjag1993@gmail.com

jrichgels3@gatech.edu

dstoneburner3@gatech.edu

tmsuidan@gatech.edu

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# STATEMENT OF GOALS

The Affordable Care Act requires health insurance companies to offer insurance to people with pre-existing conditions. By only offering policies with high co-pays and high-deductibles, insurance companies can discourage ill patients from purchasing their products. Risk adjustment prevents this by transferring premiums from insurers with healthy members to those organizations that are insuring for a more ill population.

Risk scores are used to determine the average level of illness in an insurers' population. A risk score is calculated using the list of diagnoses recorded for a patient during the previous calendar year and is a relative score against the average patient (risk score for an average patient=1). This gives providers and insurers a strong financial interest in making medical records accurate and complete.

The RADV tool was designed to help providers validate medical records by identifying health care conditions that may be missing from a patient's recent medical record.

### **BACKGROUND INFORMATION**

Risk Scores are an estimate of an individual's future medical costs. Recent diagnostic history is the most important data in determining an individual's risk score. Other predictors include the individual's geographic area, age/gender and the type of insurance policy (high-deductible, low co-pays, etc.)

Risk Selection occurs when insurers try to avoid enrolling unhealthy people by making their products unattractive to people requiring costly medical care.

Risk Adjustment discourages risk selection by transferring premiums from insurers with healthy members to those with members who are more ill.

If a member has an illness, but the diagnosis code is not reported to the insurance carrier during the calendar year, their risk score will be artificially low.

This data quality issue can substantially reduce an insured's premiums. When provider payments are on a percent-of-premium basis, it also reduces payments to hospitals and doctors.

As doctors and hospitals move to a pay-for-performance structure, correct risk assessment and diagnostic codes ensure appropriate payment for treatment of patients with multiple chronic diseases.

The American Health Lawyers Association recommends the following strategies:

- Know high revenue HCCs that are often undiagnosed or under-coded
- Review missing diagnoses from prior years' HCCs and send reminders to MDs
- Audits of records vs. codes for missing codes: last year and this year.
- Conduct annual comprehensive exams for members who have not yet been seen early in the year.

### **EXAMPLE OF RISK SCORE ERROR & CONSEQUENCES:**

A 68-year-old man with pneumonia, emphysema, diabetes with retinopathy, and respiratory failure has the following risk profile.

ICD-10 Code	Relative Risk Score	
J13: Pneumococcal pneumonia	0.200	
J43.9: Other emphysema	0.346	
E13.39: Diabetes with ophthalmic manifestations	0.368	
J96.00: Acute respiratory failure	0.329	
Demographic Component		
68-Year-Old Male	0.288	
Relative Risk Score	1.531	



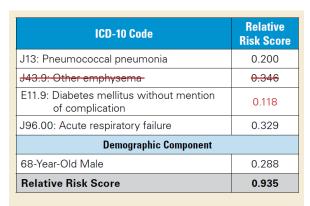




Figure 1 Figure 2

Source: https://www.bcbsal.org/providers/pdfs/riskAdjustment.pdf

A missing diagnosis code and an unspecified code (Figure 2) reduces the relative risk score by 61%.

## **FUNCTIONAL DESCRIPTION**

For systems that use a Fast Healthcare Interoperability Resources (FHIR) Server or another centralized data source, RADV allows clinical staff and doctors to search a patient's available clinical history for any conditions that are not listed in the current year. Upon finding any missing conditions or hierarchical condition categories (HCCs), clinical staff can add the HCC to the patient's record. This facilitates accurate risk scoring and financial accounting and payments.

#### **FUTURE OF THE APPLICATION**

In its current version, RADV uses the FHIR server with artificial data provided by the Georgia Institute of Technology for educational and research purposes. A real world implementation would interact with an actual FHIR server or one of the open source FHIR servers.

### POTENTIAL PARTNERSHIPS

We aim to sell our application to hospitals, insurers, health informatics organizations, and EHR developers such as Cerner, Epic Systems, and athenahealth. For all, they would buy the application from us with any customized reporting features they desire at a flat rate. We would make a maintenance agreement with the buyer unless they sought to buy the application and any intellectual property rights associated with it. Stakeholders are physicians, clinical staff including nurses, physician assistants, and medical coders, insurers, EHR developers, and health informatics organizations.

# TENTATIVE FINANCIAL ESTIMATES

# BALANCE SHEET

CURRENT ASSETS  Cash in bank  Accounts Receivable  Inventory  Prepaid Expenses  Deposits  Other current Assets  TOTAL CURRENT ASSETS  FIXED ASSETS  Machinery & Equipment  Furniture & Fixtures  Leaseholder improvements  Land & Buildings  Other fixed assets	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$
Accounts Receivable Inventory Prepaid Expenses Deposits Other current Assets TOTAL CURRENT ASSETS FIXED ASSETS Machinery & Equipment Furniture & Fixtures Leaseholder improvements Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Inventory Prepaid Expenses Deposits Other current Assets TOTAL CURRENT ASSETS FIXED ASSETS Machinery & Equipment Furniture & Fixtures Leaseholder improvements Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Prepaid Expenses  Deposits  Other current Assets  TOTAL CURRENT ASSETS  FIXED ASSETS  Machinery & Equipment  Furniture & Fixtures  Leaseholder improvements  Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Deposits Other current Assets TOTAL CURRENT ASSETS FIXED ASSETS Machinery & Equipment Furniture & Fixtures Leaseholder improvements Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0
Other current Assets  TOTAL CURRENT ASSETS  FIXED ASSETS  Machinery & Equipment  Furniture & Fixtures  Leaseholder improvements  Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0 \$0 \$0
TOTAL CURRENT ASSETS  FIXED ASSETS  Machinery & Equipment  Furniture & Fixtures  Leaseholder improvements  Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0 \$0
FIXED ASSETS  Machinery & Equipment  Furniture & Fixtures  Leaseholder improvements  Land & Buildings	\$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0
Machinery & Equipment Furniture & Fixtures Leaseholder improvements Land & Buildings	\$0 \$0 \$0 \$0	\$0 \$0 \$0
Furniture & Fixtures  Leaseholder improvements  Land & Buildings	\$0 \$0 \$0 \$0	\$0 \$0 \$0
Leaseholder improvements Land & Buildings	\$0 \$0 \$0	\$0 \$0
Land & Buildings	\$0 \$0	\$0
-	\$0	
Other fixed assets		¢n.
	\$0	\$0
TOTAL FIXED ASSETS(net of depreciation)		\$0
OTHER ASSETS		
Intangibles	\$10,000	\$10,000
Other		
TOTAL OTHER ASSETS	\$10,000	\$10,000
TOTAL ASSETS	\$10,000	\$10,000
Liabilities & Equity		
CURRENT LIABILITIES		
Accounts Payable	\$0	\$0
Interest Payable	\$0	\$0
Taxes Payable	\$288	\$288
Notes, short term (due in 12 months)	\$0	\$0
Current part, long-term debt	\$0	\$0
TOTAL CURRENT LIABILITIES	\$0	\$288
LONG TERM DEBT		
Bank loans payable	\$0	\$0
Notes payable to stockholders	\$0	\$0
LESS: short-term portion	\$0	\$0
Other long-term debt	\$0	\$0
TOTAL LONG-TERM DEBT	\$0	\$0
TOTAL LIABILITIES	\$288	\$288
OWNERS EQUITY	1 4200	7,200
Common Stock	\$10,000	\$10,000
Retained Earnings	\$10,000	\$10,000
TOTAL OWNERS EQUITY TOTAL LIABILITIES & EQUITY	\$10,000 \$9,712	\$10,000 \$9,712

	Pre Startup EST	Year 1	Year 2	Year 3	Total Item EST
Cash on hand	\$0	\$0	\$16,927	\$51,831	\$68,758
CASH RECEIPTS					
Cash Sales		\$50,000	\$100,000	\$150,000	\$300,000
Collections from CR Accounts	\$0	\$0	\$0	\$0	\$0
Loan/Cash Injection	\$0	\$0	\$0	\$0	\$0
TOTAL CASH RECEIPTS	\$0	\$50,000	\$100,000	\$150,000	\$300,000
TOTAL CASH AVAILABLE(before cash out)	\$0	\$50,000	\$116,927	\$201,831	\$368,758
CASH PAID OUT					
Purchases					\$0
Gross Wages	\$0	\$17,000	\$34,000	\$51,000	\$102,000
Outside Services	\$0	\$0	\$0	\$0	\$0
Supplies	\$0	\$0	\$0	\$0	\$0
Repairs & Maintenance	\$0	\$0	\$0	\$0	\$0
Advertising	\$0	\$1,000	\$1,000	\$1,000	\$3,000
Car, delivery & travel	\$0	\$0	\$0	\$0	\$0
Accounting & legal	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0
Telephone	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0
Taxes (real estate, etc.)	\$0	\$73	\$96	\$119	\$288
Interest		\$0	\$0	\$0	\$0
Other expenses	\$0	\$0	\$0		\$0
SUBTOTAL	\$0	\$18,073	\$35,096	\$52,119	\$105,288
Loan principal payment	\$0	\$0	\$0	\$0	\$0
Capital purchase	\$0	\$0	\$0	\$0	\$0
Other startup costs	\$0	\$0	\$0	\$0	\$0
Reserve and/or Escrow	\$0	\$0	\$0	\$0	\$0
Others withdrawal	\$0	\$15,000	\$30,000	\$45,000	\$90,000
TOTAL CASH PAID OUT	\$0	\$33,073	\$65,096	\$97,119	\$195,288
CASH POSITION	\$0	\$16,927	\$51,831	\$104,712	\$173,470

	Year 1	Year 2	Year 3
Sales	\$50,000	\$100,000	\$150,000
Costs/Goods Sold	\$17,000	\$34,000	\$51,000
GROSS PROFIT	\$33,000	\$66,000	\$99,000
OPERATING EXPENSES			
Salary (Office & Overhead)	\$0	\$0	\$0
Payroll (taxes, etc.)	\$1,020	\$2,040	\$3,060
Outside Services	\$0	\$0	\$0
Supplies (office & operation)	\$0	\$0	\$0
Repairs & Maintenance	\$0	\$0	\$0
Advertising	\$1,000	\$1,000	\$1,000
Car, delivery & travel	\$0	\$0	\$0
Accounting & legal	\$0	\$0	\$0
Rent	\$0	\$0	\$0
Telephone	\$0	\$0	\$0
Utilities	\$0	\$0	\$0
Insurance	\$0	\$0	\$0
Taxes (real estate, etc.)	\$0	\$0	\$0
Interest	\$0	\$0	\$0
Depreciation	\$0	\$0	\$0
Other expenses	\$0	\$0	\$0
TOTAL EXPENSES	\$2,020	\$3,040	\$4,060
NET PROFIT (before taxes)			
Income Taxes	\$73	\$73	\$73
NET PROFIT (after tax)	\$30,907	\$62,887	\$94,867
Owner Draw/Dividends	\$25,000	\$50,000	\$75,000
ADJUSTED TO RETAINED	\$5,907	\$12,887	\$19,867

DIRECT COSTS	Fixed Costs (\$)	Variable Costs
	(7)	(%)
Cost of Goods Sold	\$0	0%
Inventory	\$0	0%
Raw Materials	\$0	0%
Direct Labor	\$17,200	0%
INDIRECT COSTS		
Salaries	\$15,000	
Supplies	\$0	0%
Repairs & Maintenance	\$0	0%
Advertising	\$0	0%
Car, delivery & travel	\$0	0%
Rent	\$0	0%
Telephone	\$0	0%
Utilities	\$0	0%
Insurance	\$0	0%
Taxes	\$288	0%
Interest	\$0	0%
Depreciation	\$0	0%
Other Costs	\$0	0%
TOTAL DIRECT COSTS	\$17,200	0%
TOTAL INDIRECT COSTS	\$15,288	0%
BREAKEVEN SALES LEVEL: \$32,488		

# SYSTEM ARCHITECTURE

The prototype RADV tool was developed in Python and currently hosted on the Google App Engine.

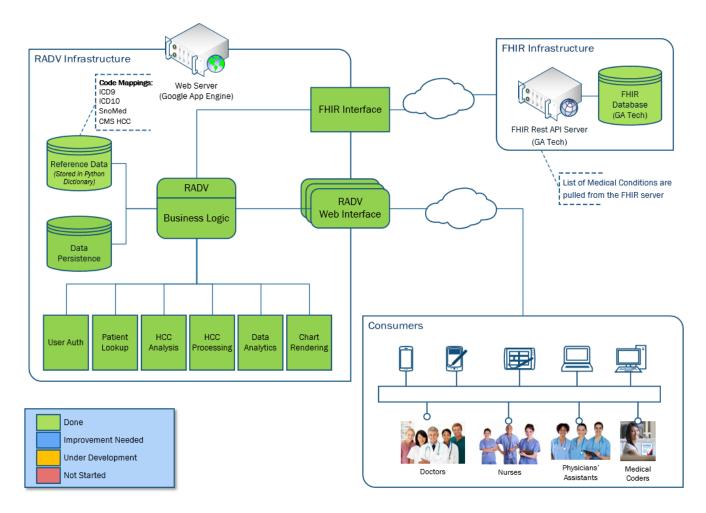


Figure 3

## SYSTEM REQUIREMENTS

In order for a user to gain access to the RADV tool they will need a machine with a modern operating system installed (tested on Windows 8, Windows 10, OS X, Ubuntu 16.04, CentOS 7, and Chrome OS) with a modern browser installed (tested on Internet Explorer 11, Safari, Firefox, Chrome, and Microsoft Edge. The minimum specs tested 4 GB of RAM and a dual core 1.70 GHz processor although lower specifications should also work as the client machine does not perform processing in the application.

# **ON-LINE DEMO**

RADV is accessible via <a href="https://focus-appliance-122323.appspot.com/">https://focus-appliance-122323.appspot.com/</a>. It connects to and directly parses the Georgia Institute of Technology's FHIR server. Screenshots are available in the use instructions.

Username: FHIRedUp Password: PjV7kGTD

### **ACRONYMS & ABBREVIATIONS**

EHR	Electronic Health Record
FHIR	Fast Healthcare Interoperability Resources
НСС	Hierarchical Condition Categories
HIPAA	Health Insurance Portability and Accountability Act of 1996
HL7	Health Level Seven International
ICD (9 & 10)	International Classification of Diseases (9 <sup>th</sup> & 10 <sup>th</sup> Editions)
RADV	Risk Adjustment Data Validation
SNOMED	Systematized Nomenclature of Medicine

# **USER ACCESS LEVELS**

In this implementation all users have the same permissions, however, as noted in the "Constraints" section below a real-world implementation would employ role-based access to control functionality and ensure security.

# CONSTRAINTS

- A real-world implementation would employ Role-Based Access Control or other permissions and workflows to
  ensure that a medical doctor confirms all additions or deletions to patient's Electronic Health Record in the FHIR
  server in addition to complying with HIPAA regulations for privacy and HL7 for security.
- The application server's cache is flushed automatically every 5 minutes to ensure the patient's record is obtained with the most recent information.
- There is a persistence API to store all changes made through RADV. A real world application would add data to the FHIR server itself, making entries on the FHIR server's audit trail.
- There is limited patient data in the FHIR server used. Patients 4 and 725 have entries that demonstrate features of the RADV application.

# **REPOSITORY**

FHIRed\_Up uses a private repository on the Georgia Institute of Technology's enterprise GitHub server for collaboration and file storage of the RADV application and documentation.

# **USING RADV**

#### LOGIN

Using your web browser, navigate to <a href="https://focus-appliance-122323.appspot.com">https://focus-appliance-122323.appspot.com</a>

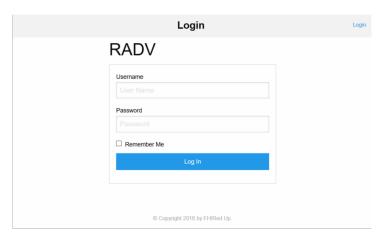


Figure 4

Login with the username, FHIRedUp, and password, PjV7kGTD.

### PATIENT LOOKUP

Once authenticated, the Patient lookup screen (*Figure 5*) should appear. A user can search by patient name or ID by selecting the appropriate radio button. This user guide employs patient 4 for examples.

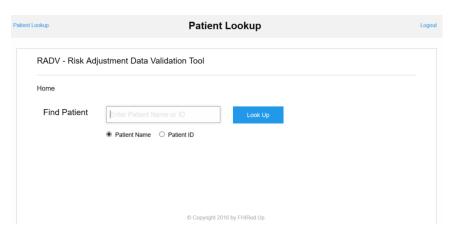


Figure 5

In *Figure 5*, a user can enter either the patient's name or ID in the search box to find the patient's medical records from the FHIR server.

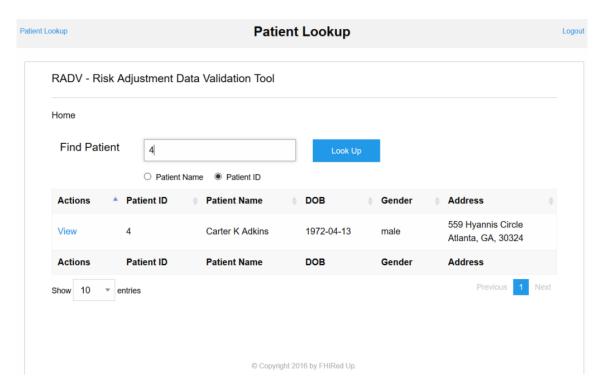


Figure 6

After searching for patient with an ID of 4, the matching patient record appears below the search entry field with a blue hyperlink to view the patient (*Figure 6*).

On each internal page, the Patient lookup and logout links are displayed in the top left and right corners. Any active links are displayed in blue. Selection buttons are displayed as blue buttons with white text as the look up button above.

### PATIENT DISPLAY

To select a patient, click on the view hyperlink. The patient's record displays with their information at the top, their current year's Hierarchical Condition Categories (HCCs) on the left pane, the candidate missing HCCs in the middle panel with each HCC's risk score, the year in which it previously appeared on the patient's EHR, the HCC code, and a link for adding to or rejecting from the patient's EHR. The Risk score information and graphical display appear on the right panel with the ability to see the impact of adding the candidate HCCs. The gauge at the top of the right panel indicates the severity of the patient's candidate risk score relative to their current risk score.



Figure 7

At the top of the page, the patient's information is always displayed (Figure 7).

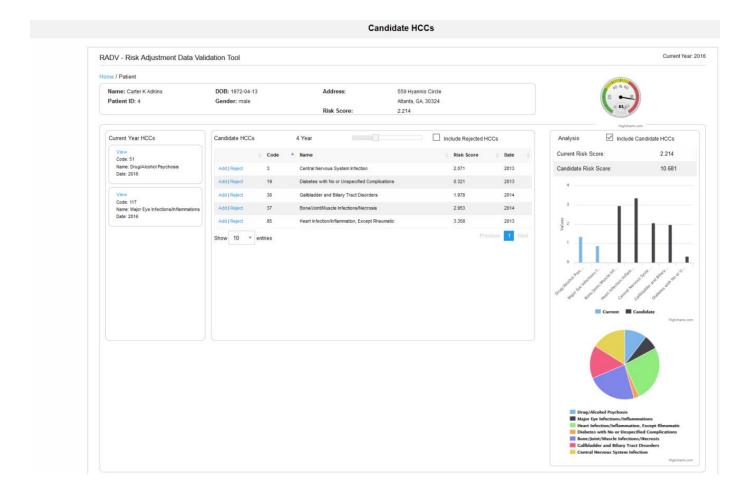


Figure 8

After clicking the view link, the patient's condition record is displayed (*Figure 8*) and consists of top, left, center and right panels.

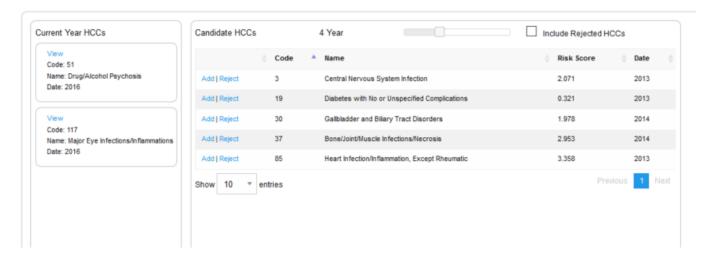


Figure 9

As shown in *Figure 9*, the left panel contains the HCCs from the patient's medical record for the current year. Additional information including the date, SNOMED code(s) and doctor's notes are accessible via the "View" link next to each HCC.

The center panel contains a list of candidate (or missing) HCCs that were applied to the patient in previous years but not applied during the current year. These candidate HCCs include the applicable risk score and year in which it was last applied to the patient. Links to "Add" or "Reject" a candidate HCC are included.



The right panel displays graphical information (*Figures 10 & 11*) regarding the patient's risk score. Figure 10 shows just the current year HCCs, while Figure 11 (*with the "Include Candidate HCCs" option selected*) shows both the current and candidate HCCs.

### CANDIDATE RISK SCORE METER

The candidate risk score meter (or gauge) (Figure 12) indicates the severity of the patient's candidate risk score relative to their current risk score. It is used to quickly identify if a patient's candidate HCCs would make a significant impact to their current risk score if they were added to the patient.

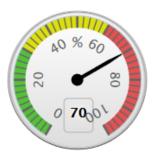


Figure 12

Candidate Risk Score Meter

The formula for calculating this metric is:

$$x\% = \left(1 - \frac{\text{Current Risk Score}}{\text{Sum (Candidate HCC Risk Scores)} + \text{Current Risk Score}}\right) * 100\%$$

#### Example:

If a patient has a Current Risk Score of 0.723 and the sum of their Candidate Risk Scores is 1.687, the candidate risk score meter would register 70, indicating the patient's current risk score is 70% less then what it would be if candidate HCCs where included.

$$70\% = \left(1 - \frac{0.723}{1.687 + 0.723}\right) * 100\%$$

### VIEWING CURRENT YEAR HCCS

To view information on a current year HCC, click on the View link for a particular condition (Figure 13).

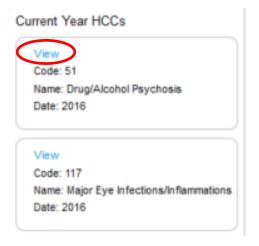


Figure 13

A new window will open (*Figure 14*) displaying the Code's verification status for that patient, the related SNOMED codes which were entered and translated to that HCC, and any notes entered by the doctor.

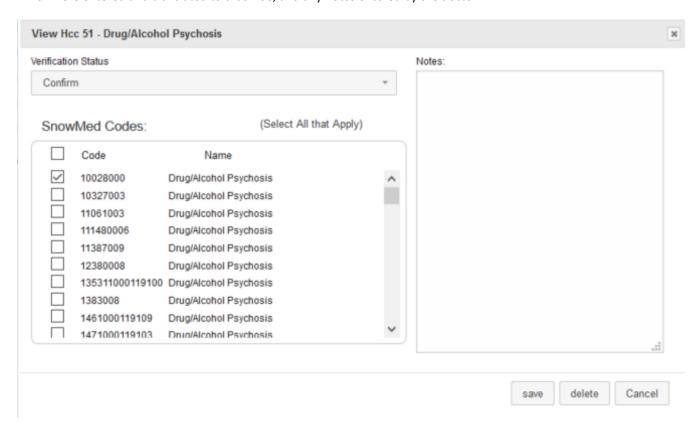


Figure 14

A user may delete this entry, but we advise that in a real-world implementation, only a doctor may perform this action while making supporting documentation.

### VIEWING CANDIDATE HCCS

The center panel (*Figure 15*) displays candidate HCCs that were entered on the patient's EHR in previous years but not yet added or rejected during the current year. By default, the application will display candidate HCCs from the past four years, and a user may adjust the time by sliding the bar at the top of the panel.

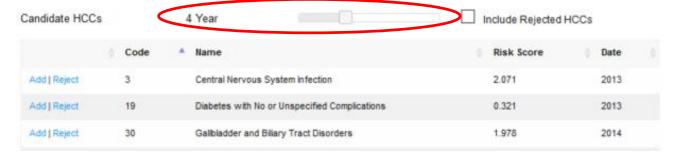


Figure 15

### ADDING AN HCC

To add an HCC to a patient's EHR, select the add link to the left of the specific HCC (Figure 16).



Figure 16

A new window will open (*Figure 17*) allowing the user to select corresponding SNOMED codes, the verification status (which should be "Confirm" by default), and enter any supporting reasons.

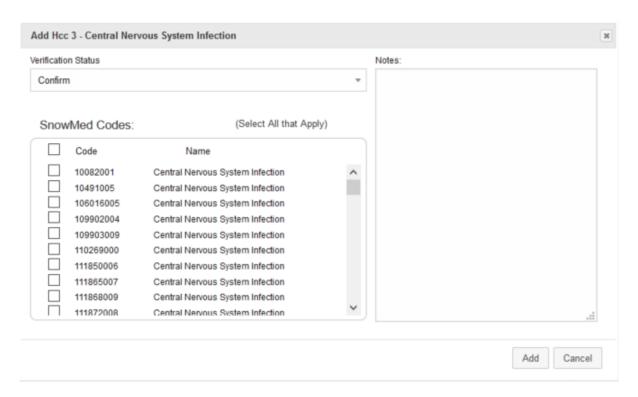


Figure 17

Once a candidate HCC has been added, the graphical display on the right panel will automatically update showing the current HCCs in blue and candidate HCCs in black (*Figures 18 & 19*). The pie chart displays the percentage each HCC contributes to the total. To display the percentage, hover over the pie slice.

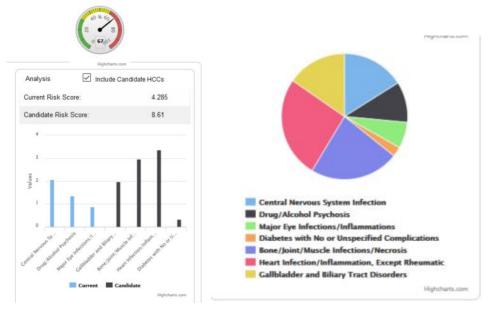


Figure 18 Figure 19

### REJECTING HCCS

A user may also reject HCCs which are not accurate or no longer affect the patient although they appear in their EHR for previous years. The user has the option of displaying HCCs which have already been rejected that year in case there was an error.

To reject, a user clicks on the reject link to the left of the HCC (Figure 20).

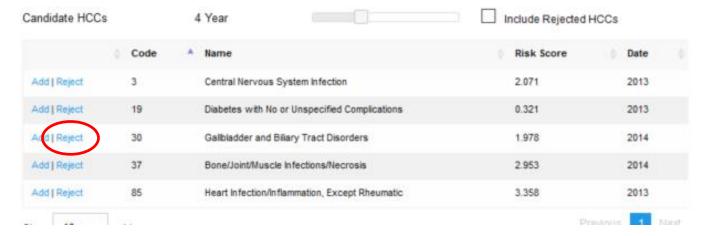


Figure 20

A new window opens with showing corresponding SNOMED codes, a default verification status of "Refuted", and a free text field for notes (*Figure 21*).

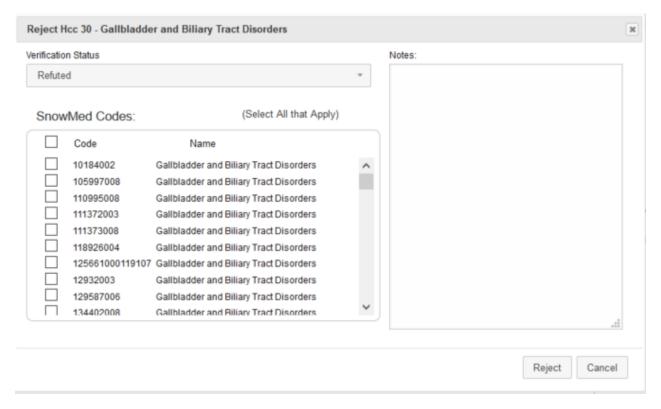


Figure 21

To complete rejection, enter notes and select reject (Figure 22).

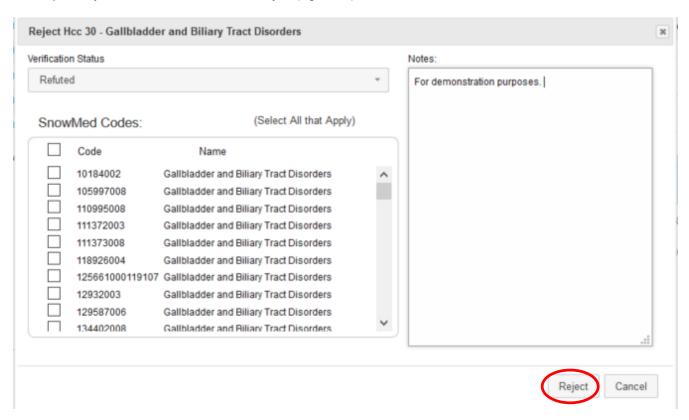


Figure 22

The HCC no longer appears in the candidate HCC list unless "Include Rejected HCCs" is selected.

The graphs at the right are updated as well.

Current Risk Score 2.214 8.703 The images show the graphical display after rejecting an HCC. Candidate HCCs ☐ Include Rejected HCCs Risk Score Date Add | Reject Central Nervous System Infection 2.071 2013 Add | Reject 0.321 Diabetes with No or Unspecified Complications 2013 Add | Reject 2.953 Add | Reject Show 10

Figure 23 Figure 24

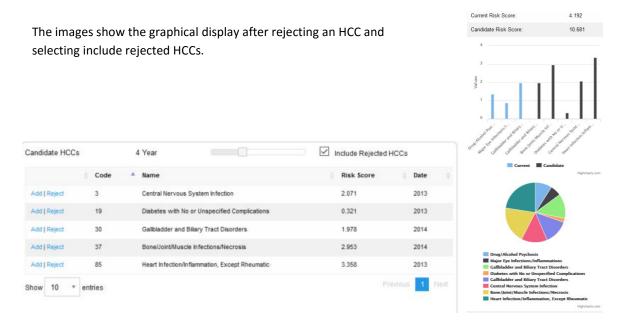


Figure 25 Figure 26

### LOOK UP ANOTHER PATIENT

To look up another patient click the blue hyperlink in the top left of the window labelled "Patient Lookup". This will return the user to the patient lookup screen.

#### LOGOUT

To logout, click the blue "logout" hyperlink in the top right of the screen.

#### DATA RECORDING

All data entries are recorded via a persistence API without additional steps from the user. As stated in constraints, a real world implementation would make changes on the FHIR server under the current encounter and be recorded in the FHIR server's audit trail.

# **FUTURE IMPROVEMENTS**

Some candidate features identified for the RADV tool include:

- 1. A reporting tool listing patients with a high "candidate" HCC risk score. This would help providers identify high risk patients with past medical conditions not yet recorded for the current calendar year.
- 2. Allowing the selection of individual Candidate HCCs (instead of "all" Candidate HCCs listed) to review the net impact this subset would have on the patient's calculated risk score.
- 3. Role-based access to control to determine which users can view, add, update and reject HCCs.
- 4. Integration with other medical systems.

# **REFERENCES**

### Information from:

http://www.hl7.org/

https://www.bcbsal.org/providers/pdfs/riskAdjustment.pdf

https://www.healthlawyers.org/Events/Programs/Materials/Documents/MM12/papers/EE haley sillman slides.pdf

http://www.modernhealthcare.com/article/20150701/NEWS/150709989

http://kff.org/health-reform/issue-brief/explaining-health-care-reform-risk-adjustment-reinsurance-and-risk-corridors/

### Images from:

 $\frac{http://decompressionprosmarketing.com/blogs/decompression-pros/16891112-how-to-ask-for-referrals-from-medical-doctors$ 

http://www.libertynursingagency.com/

http://allhealthcare.monster.com/training/articles/1822-5-steps-to-becoming-a-medical-assistant

http://greenfieldcc.3dcartstores.com/Medical-Coding-and-Billing p 1058.html

# **Graphing Tools:**

Highcharts (http://www.highcharts.com/)