

CMS-HCC Payment Model Principles

The list below identifies the important principles that CMS took into consideration when developing the HCC Payment Model, and the important principles taken into consideration when determining payment based on the HCC Payment Model.

- 1) Be clinically meaningful.
- 2) Predict medical cost.
- 3) Have adequate sample size to permit accurate and stable estimates of expenditures.
- 4) Use hierarchies to characterize a person's illness level.
- 5) Encourage specific coding and accurate documentation to support claim submissions.
- 6) Not reward proliferation of diagnosis codes by providers. The classification should not measure greater disease burden because more ICD-9-CM codes are present.
- 7) Not penalize providers for recording additional diagnoses, but instead rewards them.
- 8) Comprise a system that is internally consistent (rankable). Improves the internal consistency of the classification system.
- 9) The diagnostic classification should assign all ICD-9-CM codes to each doctor visit, and claim submission. Each diagnosis code potentially contains relevant clinical information.
- 10) Discretionary diagnostic categories should be excluded from payment models.