White Paper on the impact of CMS dementia risk adjustment coding differences on Medicare Advantage plans and risk-bearing providers

The 2022 inclusion of dementia in risk adjustment could result in significant revenue losses for Medicare Advantage plans and risk-bearing providers unless they adapt

What has changed?

As of 2022, CMS has fully included dementia in its risk adjustment model. The change was first announced in December 2018, when CMS released its proposed 2020 risk score methodology for MA plans[1]. The proposal described suggested updates to the existing HCC risk adjustment model. It also suggested an alternative model, which includes two additional HCCs for dementia. CMS selected these categories for inclusion after determining them clinically meaningful. In adding the dementia category, CMS reduced the weights of the other categories so that the average HCC score would not change. The two new codes were introduced in 2020, but 2022 is the first year in which they are fully weighted.

Two new dementia HCC codes

The weights for the dementia disease categories range from approximately 0.2 to 0.5, depending on the individual's subpopulation (see Table 1 below). These weights are similar in magnitude to other chronic conditions, such as congestive heart failure, diabetes and HIV. The weight applied in a risk adjustment model indicates the predicted marginal cost to Medicare for a patient with that condition. The financial value of the additional attribution from a diagnosis ranges from $3,000 to $5,000. As there are no other HCC codes trumping the dementia codes, it is essentially guaranteed additional revenue.

EXHIBIT 1: Proposed Risk Score Weights for Dementia HCCs by Medicare Subpopulation[2]:

Medicare subpopulation	**Weights for dementia with complications (HCC 51) and dementia without complications (HCC 52)**
Community non-dual aged	0.346
Community non-dual disabled	0.224
Community full dual aged	0.453
Community full dual disabled	0.256
Community partial dual aged	0.420
Community partial dual disabled	0.257
Institutional	N/A

[1] https://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Downloads/Advance2020Part1.pdf
[2] https://www.milliman.com/en/insight/including-dementia-in-the-part-c-medicare-risk-adjuster-health-services-issues

Undercoding and underprovision

Experts suggest that more than 6.5 million Americans aged 65 and older are living with dementia due to Alzheimer's disease in 2022[3]. This number is likely to be understated significantly, as 61% of dementia cases in the US are undiagnosed[4]. Coding is likely to be even lower. One in three seniors are expected to develop dementia[5]. This means that most Medicare Advantage plans are currently missing out on $3,000 to $5,000 in risk attribution per patient each year for a significant proportion of their panel.

Reasons for the current level of undercoding are manyfold. Fewer than 10% of US doctors reported feeling comfortable in making a diagnosis of dementia and diagnostic sensitivity among primary care physicians is less than 50%[6]. Usually, a cognitive and/or neuropsychological evaluation is required for diagnosis, as well as imaging and laboratory testing to rule out other causes. Cognitive-behavioral neurologists are trained to distinguish different types of dementia (such as Alzheimer's disease, vascular dementia, dementia with Lewy bodies, and other forms) and are best equipped to make the diagnosis. However, waits for these specialist doctors vary between 4 – 12 months – meaningful time when cognition may have declined substantially by the time they are evaluated.

Alzheimer's disease and other forms of dementia have previously not been included in the CMS HCC risk adjustment system, which may have also contributed to their undercoding. Even though the revenue increase is now strongly incentivizing plans to improve coding for dementia, it seems that few plans have addressed the need for wider efforts to screen and diagnose their population for this condition.

A potential solution

The first step in addressing the underdiagnosis issue is screening patients with a high likelihood of having dementia. There are several ways for a Medicare Advantage plan or risk-bearing provider to identify these members:

- Primary care physicians or care managers: If primary care physicians or care managers are regularly involved in the care of patients, they will likely have a good sense of which patients may have dementia.
- Stepwise screening process: A stepwise screening process consisting of first, a simple age cut-off or simple point-based system, followed by a 5-minute AD8 screening call can bring the specificity of screening up to over 80%. Following a cognitive assessment, specificity is at 99%, meaning that little to no expense accrues for patients not being diagnosed with dementia (see Exhibit 2). At Medicare rates, this process can result in a risk revenue ROI of 4 – 7x.
- Through data and analytics: Companies such as MDPortals have created algorithms to identify patients with a likely dementia diagnosis by using EMR data.

Once identified, patients need to be referred to a specialist provider for a diagnostic workup. Memory clinics in academic medical centers provide this service. However, these clinics usually

[3] https://www.alz.org/alzheimers-dementia/facts-figures
[4] https://bmjopen.bmj.com/content/7/2/e011146
[5] https://www.alz.org/alzheimers-dementia/facts-figures
[6] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2787842/

have long waiting times of 4 to 12 months. Isaac Health provides a quick and low-cost specialist diagnostic service that patients can access at home through telemedicine.

EXHIBIT 2: AD8-based simple dementia screening and diagnosis process

Step	1 Payer filters patient list by simple point-based screening criteria based on Framingham Heart Study	2 Payer gets member permission to be contacted by Isaac Health for a "brain health screen" (e.g., through SMS)	3 Isaac Health calls member for an AD8 screen	4 Isaac Health conducts a cognitive assessment	5 Isaac Health conducts additional diagnostics to exclude other conditions	6 Diagnosis of dementia and initiation of treatment
Screening tool	Screening criteria based on Framingham Study	Text message	AD8 assessment	Montreal Cognitive Assessment, as well as further cognitive tests as indicated	Imaging, blood test	MD consultation
Expected % of members selected:	30%	12%	8%	6%	6%	6%
Expected % with dementia:	15%	15%	80%	>95%	100%	100%

Cost implications

A diagnosis of dementia does not substantially increase costs for MA plans or risk-bearing providers. Most patients with dementia are advanced in age, and some are receiving hospice care, which is paid for by fee-for-service Medicare and not by MA plans. The presence of neurodegenerative disease, which reduces quality of life, may influence the amount of care a patient (and family) is willing to undergo. HRS suggests that families and Medicaid, not Medicare, bear the expense of custodial care. Furthermore, unlike other chronic conditions, such as diabetes or congestive heart failure, no disease-modifying treatment is currently used in common practice for Alzheimer's disease.

The two most common therapeutic options are medication therapy (mostly acetylcholinesterase inhibitors and NMDA receptor antagonists) and cognitive skills intervention therapy. Neither option usually incurs high costs. Rather, specialist monitoring of medication changes can help prevent costly emergency department admissions and hospital visits due to misguided medication changes. Cognitive therapy has also been shown to improve patients' daily activities[7], which in turn is correlated with lower costs[8]. It has also been recommended by the American Academy of Neurology and endorsed by the Alzheimer's Association[9]. Savings

[7] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4055506/

[8] https://www.dovepress.com/activities-of-daily-living-and-associated-costs-in-the-most-widespread-peer-reviewed-fulltext-article-CIA

[9] https://www.aan.com/Guidelines/home/GuidelineDetail/881

following a diagnosis and coordinated treatment under the guidance of a specialist are usually over $700 per patient per year[10].

About Isaac Health

Isaac Health is the only scalable virtual-first provider for specialist dementia diagnosis and management services. Isaac works with Medicare Advantage plans and risk-bearing providers to diagnose members with dementia and offer high-value, cost-effective treatment and management options, such as cognitive therapy. If you are interested in learning more about how your organization could benefit from partnering with Isaac Health, please contact us at admin@myisaachealth.com.

[10] https://escholarship.org/content/qt0sj024xh/qt0sj024xh_noSplash_06dc1648e6640a016041a27587b1c299.pdf, 2019 Commonwealth Fund Cost data

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