

# THE LAB'S VALUE WITHIN MEDICARE STARS AND RISK ADJUSTMENT

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TriCore

# DISCLOSURES

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- Grant/Research Support: None currently
- Salary/Consultant Fees:
  - TriCore Reference Laboratories
- Board/Committee/Advisory Board Membership:
  - UNM Main Institutional Review Board, Community Scientific Reviewer
  - New Mexico Biotechnology and Biomedical Association, President
  - Lovelace Westside Hospital, Vice President
  - SYNCRONYS, Advisory Board Member
  - Roche Information Solutions, Advisory Board Member
- Stocks/Bonds
  - Mozak, LLC (CEO and Co-Founder)
- Honorarium Expenses: None
- Intellectual Property/Royalty Income: None

# SUMMARY

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- TriCore's focus is becoming a more strategical partner in healthcare through leveraging the value of its testing
- As an example, the CLFS for (83037) Hemoglobin A1c has dropped 27% since 2017 but its role in health economics yields:
  - \$2,208 in Medicare Advantage risk adjustment
  - 5.7% of CMS STARS Medicare Advantage bonus payment
- TriCore leverages this knowledge with clients to support better patient care and appropriate reimbursement
- Using the CMS HETS 270/271 portal, your lab can gauge market share and value of 83037 within your population

# TRICORE



## New Mexico's Lab

- 12 Million billable tests per year
- **98.6% performed and resulted in New Mexico**
- Education partnerships & “grow your own” philosophy



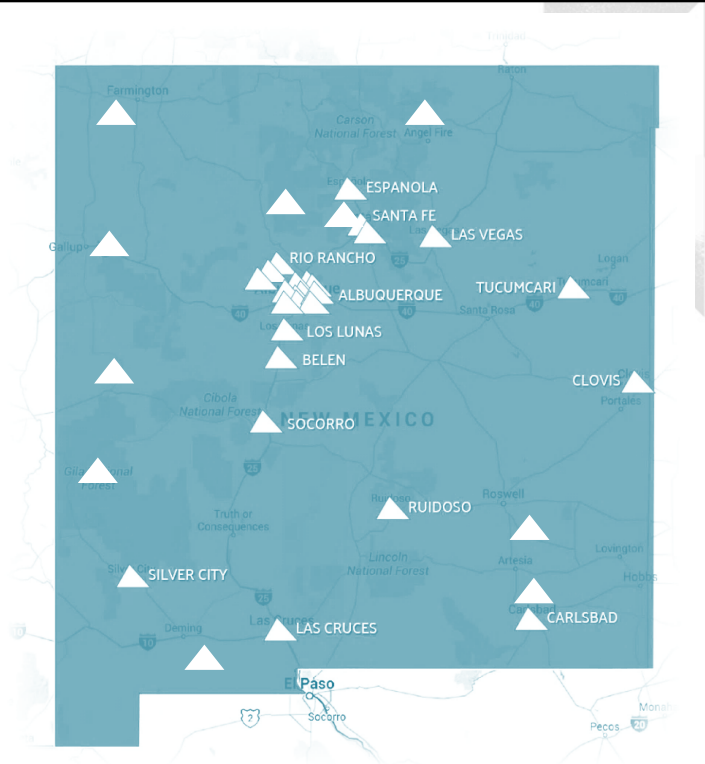
## State of the Art Diagnostics

- **2900 highly specialized tests**
- Nationally recognized hematopathology consultation



## Expertise

- **50+ local Pathologists, scientists and clinicians**
- 12 clinical specialties



# TRICORE

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TriCore is an independent, not-for-profit, clinical laboratory founded in 1998

## MISSION

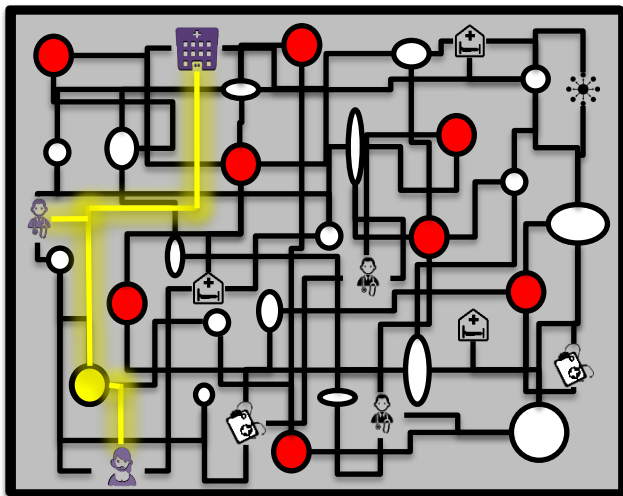
*Through excellence in laboratory science, education, and research, we improve the health of our communities.*

## VISION

*To redefine the laboratory as a strategic partner in healthcare.*



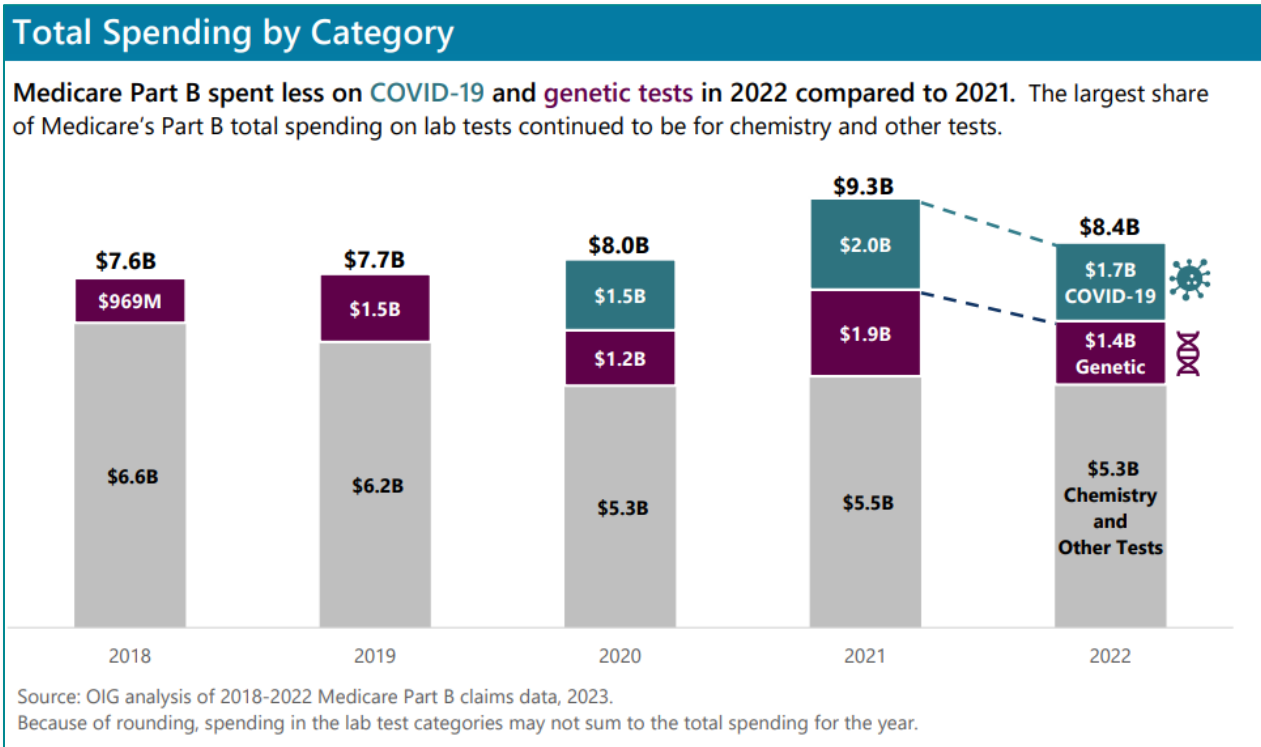
# IMPROVING THE HEALTH OF OUR COMMUNITIES



- Clinical lab guides majority of medical decisions and provides significant value in patient evaluation<sup>1,2</sup>
- Patients may have multiple providers enabling clinical laboratories to provide a longitudinal history
- Identifying conditions and risk with clinical laboratories can occur near real-time<sup>3</sup>
- Effective care coordination relies on real-time standardization of health data<sup>4</sup>

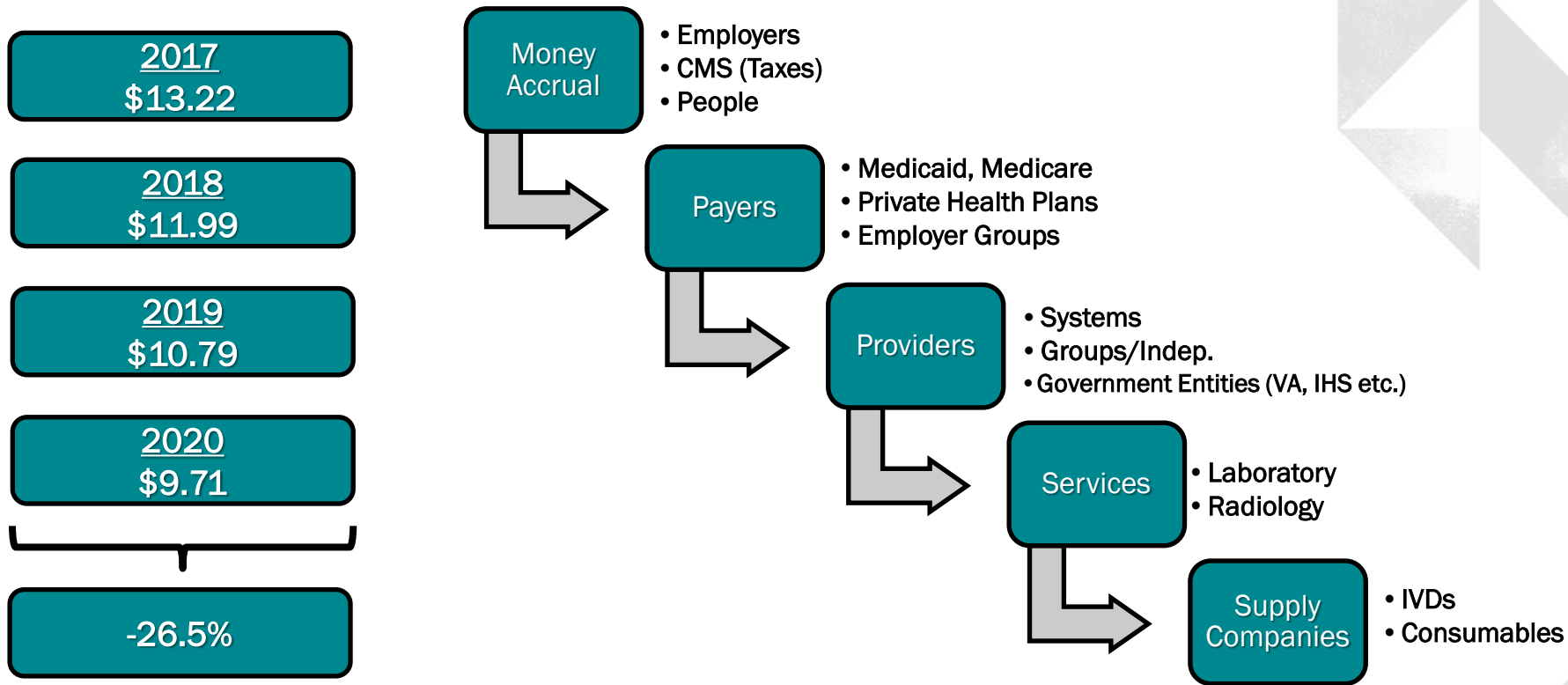
1. Forsman, R. W. Why is the Laboratory an Afterthought for Managed Care Organizations? (1996) *Clin Chem.* 42: 813-816
2. Laposata ME et al. Physician Survey of Laboratory Medicine Interpretive Service and Evaluation of Interpretations on Laboratory Test Ordering. (2004) *Arch Pathol Lab Med.* 128: 1424-1427
3. Ho Ahn C et al. Evaluation of Non-Laboratory and Laboratory Prediction Models for Current and Future Diabetes Mellitus: A Cross-Sectional and Retrospective Cohort Study. (2016) *PLoS One.* 11(5): e0156155
4. Burton LC. et al. Using Electronic Health Records to Help Coordinate Care. (2004) *Milbank Q.* 82(3): 457-481

# MEDICARE SPENDING – PAMA EFFECT



1. US Department of Health and Human Services. Medicare Part B Spending on Clinical Diagnostic Laboratory Tests in 2022. (Accessed Online: April 16, 2024) <https://oig.hhs.gov/oei/reports/OEI-09-23-00350.pdf>

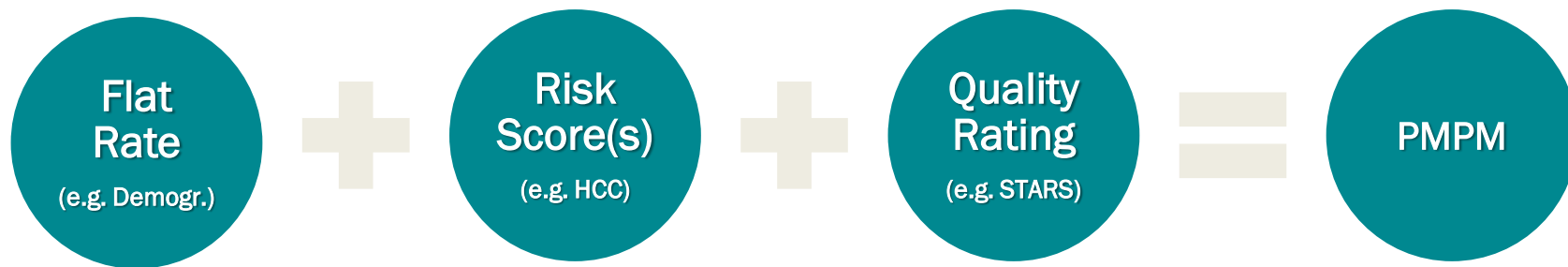
# HEMOGLOBIN A1c (CPT 83037)





# MEDICARE ADVANTAGE PAYMENT (SUMMARIZED)

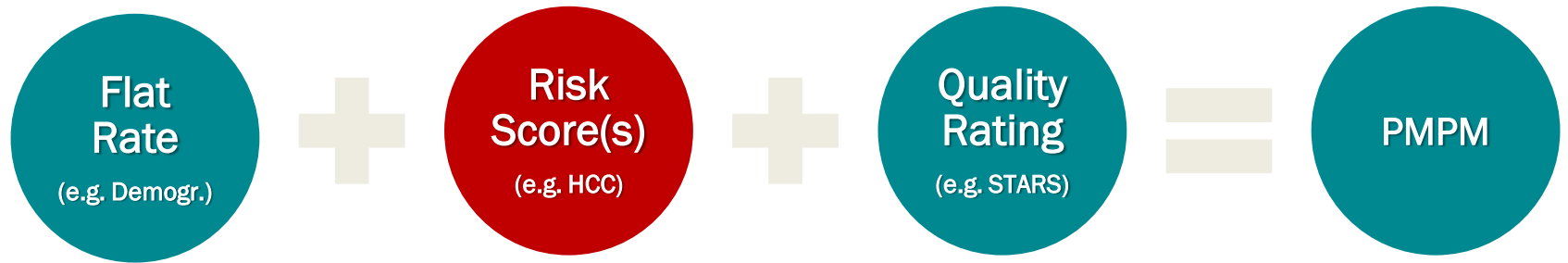
- 31 million Americans are currently enrolled and growing<sup>1</sup>
- Referred to as “capitation” as payers are compensated per member per month (PMPM)



1. Ochieng N. et al. Medicare Advantage in 2023: Enrollment Update and Key Trends. KFF (August 9, 2023) Accessed Online April 16, 2023: <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2023-enrollment-update-and-key-trends/#:~:text=More%20than%20half%20of%20eligible,enrolled%20in%20Medicare%20Advantage%20plans.>

# RISK

- How does CMS avoid premium equality and avoid bias selection?
- Enable the identification of health conditions to determine risk
  - Medicare Advantage plans obtain higher payment for “riskier” members



# RISK ADJUSTMENT BASICS

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# THE LAB'S ROLE IN RISK ADJUSTMENT

Patient	DoB	Test	Result	Ordering Name	Result Date	Patient Type
John Doe	Jan 17, 1951	83037	7.6	Emergency Doc	April 16, 2024	ER
Alex Doe	Sept 1, 1948	83037	9.2	Primary Care Doc	October 23, 2023	OP
Jane Doe	Feb 4, 1952	83037	8.1	Primary Care Doc	March 23, 2024	OP



Face to Face  
Encounter

Encounter Claim  
Paid by Insurer

Diagnosis Code(s)  
Needed (in EMR)

Within in the  
Calendar Year

Member Eligible

# RISK ADJUSTMENT IN ACTION (MEDICARE ADV)

Scenario	Adjustment
72-Year-Old Female	0.481 <sup>1</sup>
TOTAL	0.481
Benchmark PMPM <sup>1</sup>	\$1,000
Annual Payment	\$5,772

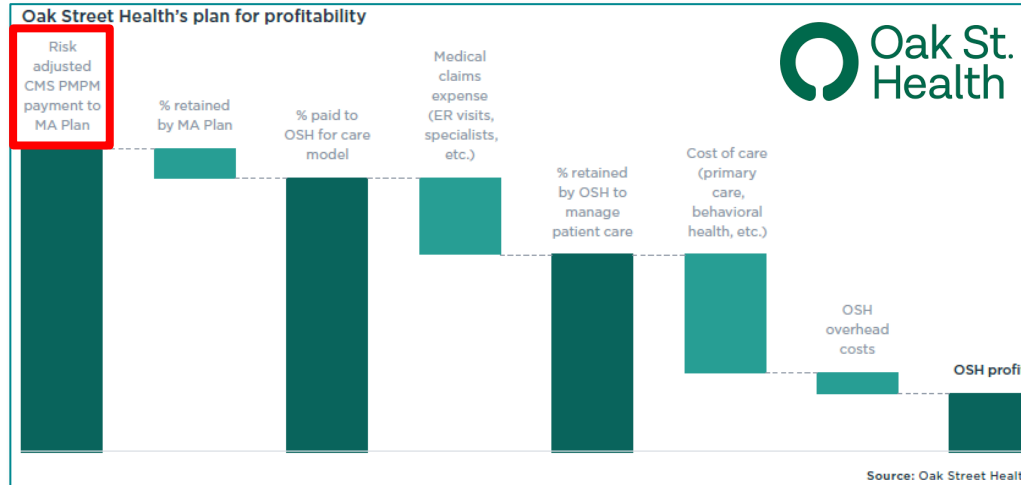
Scenario	Adjustment
72-Year-Old Female	0.481 <sup>1</sup>
E11.9 Type 2 DM w/o complications	0.184
TOTAL	0.665
Benchmark PMPM <sup>1</sup>	\$1,000
Annual Payment	\$7,980

- \$2,208 difference following the diagnosis/confirmation of patient's diabetes diagnosis

1. Announcement of Calendar Year 2025 Medicare Advantage Capitation Rates. Center for Medicare and Medicaid Services. April 1, 2024. (Accessed: April 17, 2024) <https://www.cms.gov/files/document/2025-announcement.pdf>  
 2. Congressional Budget Office, "Medicare – CBO's Baseline as of March 6, 2020," March 6, 2020. (Accessed: April 16, 2024) <https://www.cbo.gov/system/files/2020-03/51302-2020-03-medicare.pdf>

# RISK ADJUSTMENT IN PROVIDER GROUPS

- Oak Street Health was founded in 2012 focusing on Medicare Advantage
- Rapid expansion within a decade to over 169 locations in 21 states
- Acquired by CVS for \$10.6B in 2023

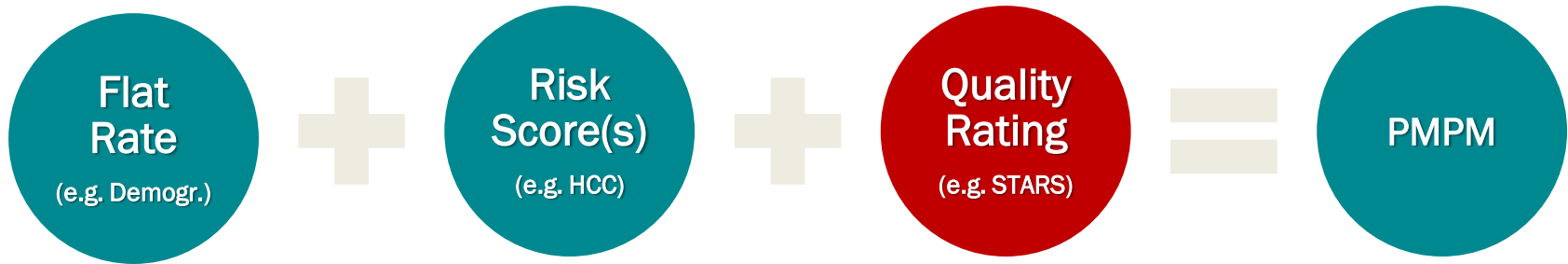


1. Announcement of Calendar Year 2025 Medicare Advantage Capitation Rates. Center for Medicare and Medicaid Services. April 1, 2024. (Accessed: April 17, 2024) <https://www.cms.gov/files/document/2025-announcement.pdf>  
2. Congressional Budget Office. "Medicare – CBO's Baseline as of March 6, 2020." March 6, 2020. (Accessed: April 16, 2024) <https://www.cbo.gov/system/files/2020-03/51302-2020-03-medicare.pdf>

# QUALITY

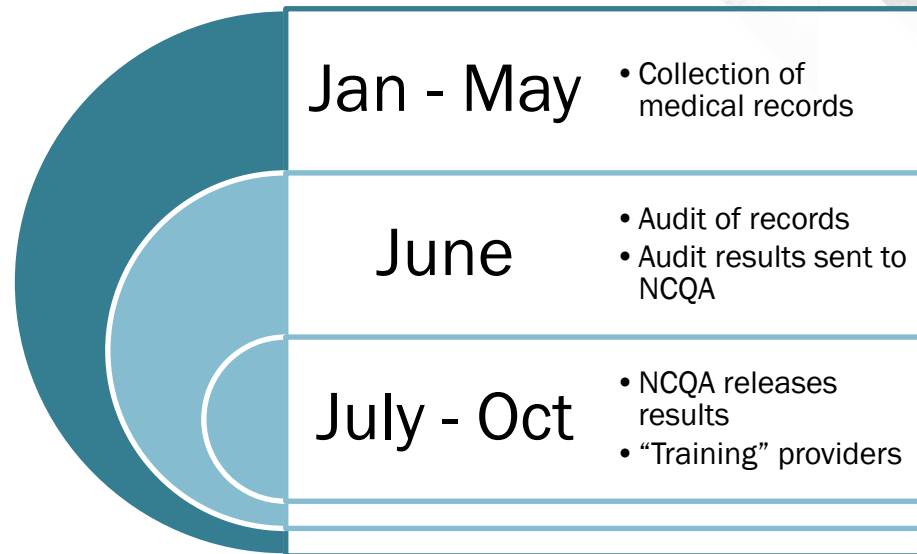
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- Assuring value occurs for Medicare Advantage recipients, CMS began measuring the quality beneficiaries received
- Quality was pursued through instituting CAHPS, HEDIS



# HEALTHCARE EFFECTIVENESS DATA INFORMATION SET

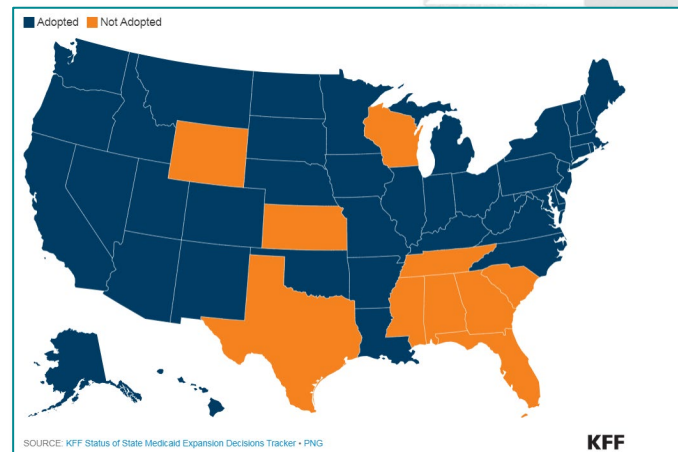
- Created in 1991 by the National Committee for Quality Assurance
- Healthcare Effectiveness Data and Information Set (HEDIS)
  - Standardized measures to provide consumers information needed to assess health plan performance
  - Synonymized as Yelp for consumers
  - 90 measures, 6 domains
  - Lab directly and indirectly impacts MANY of these measures





# HEALTHCARE'S ADOPTION OF HEDIS

- 1991: NCQA publishes HEDIS data
- 1999: CMS incorporated HEDIS in CAHPS
- 2005: CMS implemented pay-for-performance programs
- 2012: Patient Protection and Affordable Care Act changed Medicaid:
  - States were incentivized to manage their own Medicaid plans if VBC was implemented
  - Nearly all states expanded Medicaid, and many are using HEDIS as an incentive



# CLINICAL LAB'S ROLE IN HEDIS

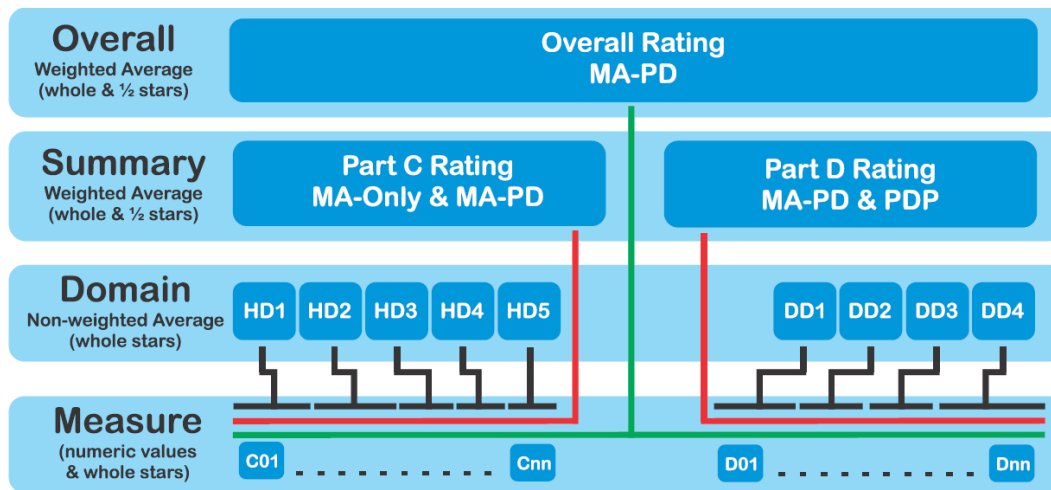
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- Directly attributable to the clinical lab:
  - Comprehensive Diabetes Care (CDC)
    - Adults aged 18-75yo with diabetes who have had a **hemoglobin A1c test**, eye exam, BP control
  - Kidney Health Evaluation for Patients with Diabetes (KED)
    - Adults aged 18-85 with diabetes received an annual kidney health evaluation **eGFR and uACR**
  - Colorectal Cancer Screening (COL)
    - Adults aged 50-75 who had appropriate screening for colorectal cancer (**FOBTIA, polyp analysis, Cologuard**)
- Indirectly involve the clinical lab
  - Statin Therapy for Patients with Cardiovascular Disease
    - Adults (males 21-75yo; females 40-75yo) who ASCVD who received and adhered to statin therapy

1. National Committee for Quality Assurance. <https://www.ncqa.org/>

# HEDIS' CDC HEMOGLOBIN A1C ROLE IN THE MA BONUS

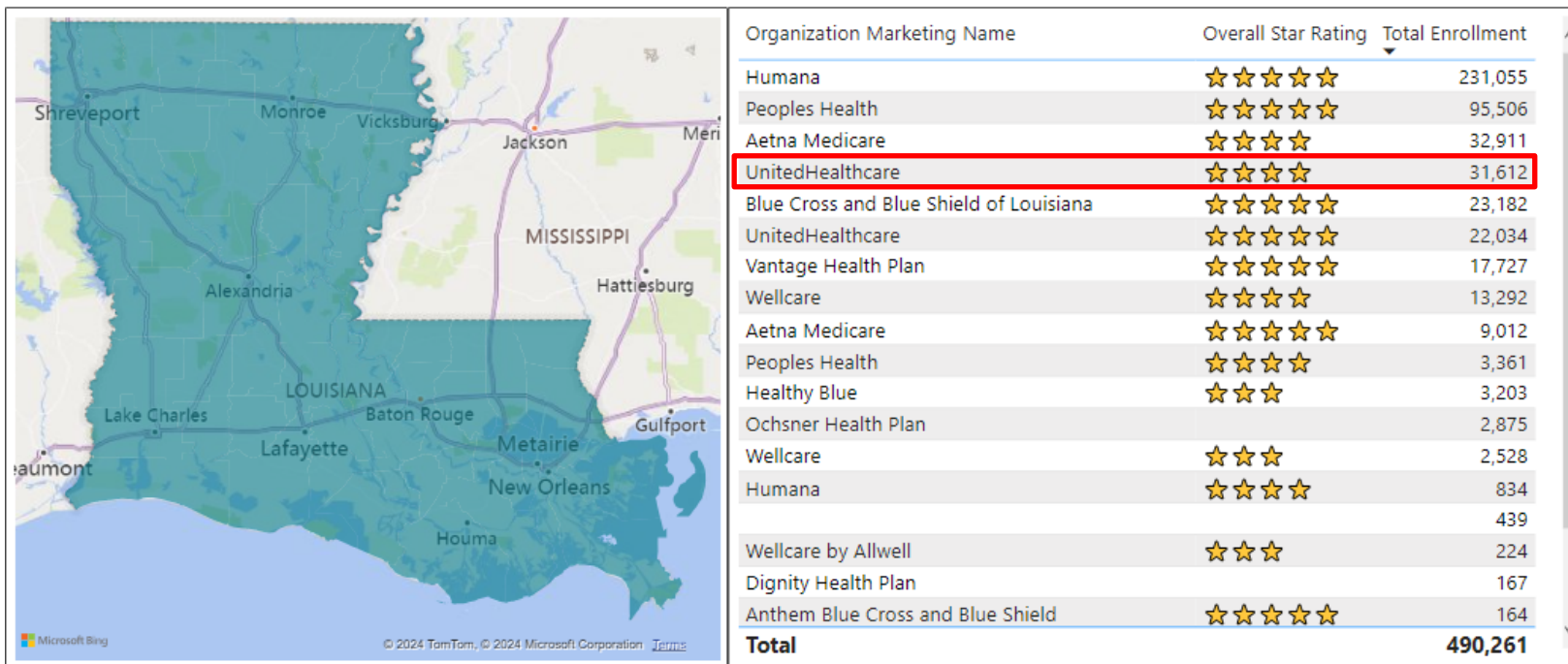
Figure 1: The Four Levels of Star Ratings



- Bonus payments ranges from \$374 to \$534 per member enrolled, average is \$417<sup>1</sup>
- A1c (controlled) is 5.7% of the bonus = \$23.77 (\$21.32 - \$30.44)

1. Biniek J F. et al. Spending on Medicare Advantage Quality Bonus Payments Will Reach at Least \$12.8 Billion in 2023. (August 9, 2023) KFF (Accessed Online: April 16, 2024) <https://www.kff.org/medicare/issue-brief/spending-on-medicare-advantage-quality-bonus-payments-will-reach-at-least-12-8-billion-in-2023/#:~:text=A%20plan's%20bonus%20payment%20per,with%204%20stars%20and%2070>

# EXAMPLE: UNITED HEALTHCARE (LOUISIANA)<sup>1,2</sup>



1. Center for Medicare and Medicaid Services. <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-advantagepart-d-contract-and-enrollment-data>. (Accessed: April 2, 2024)  
 2. Center for Medicare and Medicaid Services. <https://www.cms.gov/medicare/health-drug-plans/part-c-d-performance-data>. (Accessed: April 2, 2024)

# EXAMPLE: UNITED HEALTHCARE (LOUISIANA)

Year	Enrolled <sup>1</sup>	Overall STARS <sup>2</sup>	Potential Bonus	C11: A1c Controlled
2023	31,612	4	\$13,182,204	\$751,386

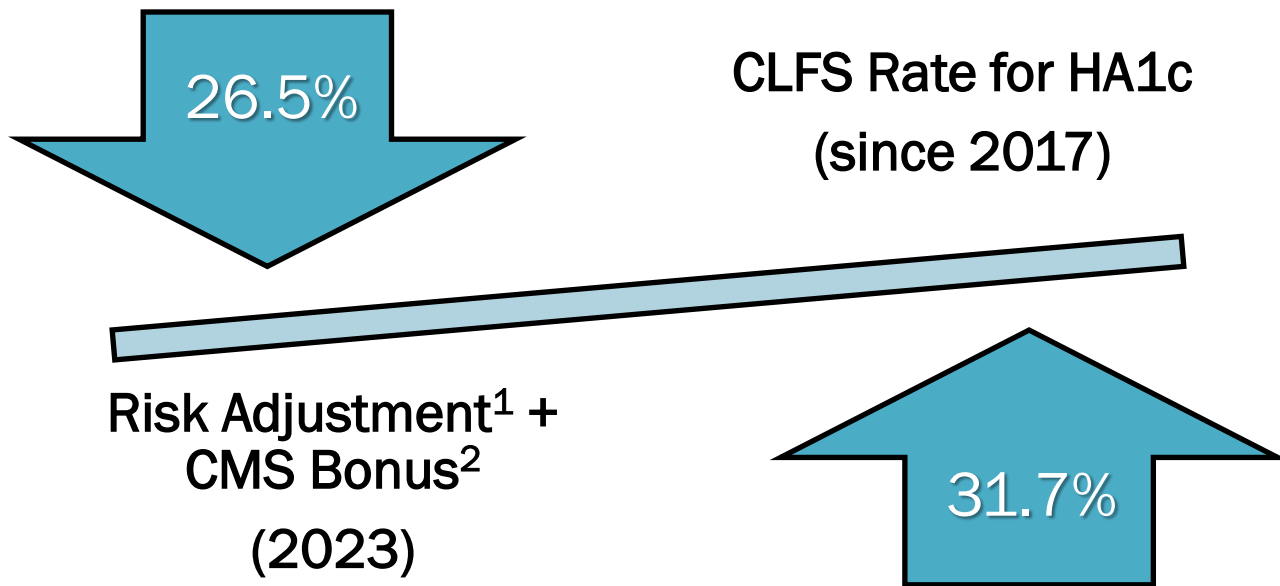
Louisiana Labs	% of UHC-LA	# UHC Members	# w/ Diabetes <sup>1</sup>	Bonus	A1c Value
Lab A	38%	12,013	3,760	\$285,527	\$76
Lab B	22%	6,955	2,177	\$165,305	
Lab C	12%	3,793	1,187	\$90,166	
Lab D	8%	2,529	792	\$60,111	

1. Center for Medicare and Medicaid Services. <https://www.cms.gov/data-research/statistics-trends-and-reports/medicare-advantagepart-d-contract-and-enrollment-data>. (Accessed: April 2, 2024)

2. Center for Medicare and Medicaid Services. <https://www.cms.gov/medicare/health-drug-plans/part-c-d-performance-data>. (Accessed: April 2, 2024)

3. CDC. Diabetes Prevalence and Incidence. <https://www.cdc.gov/mmwr/volumes/68/wr/mm6843a2.htm>

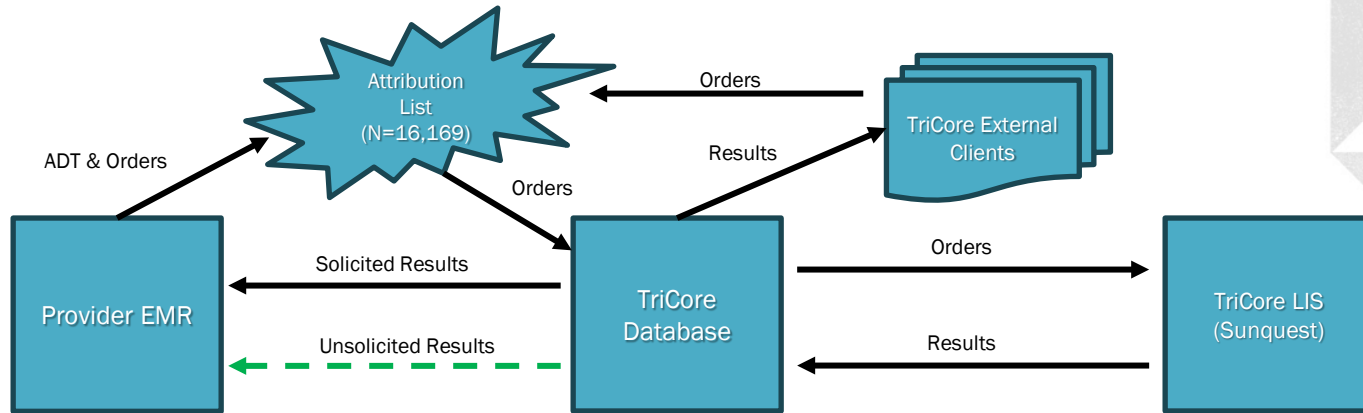
# HEMOGLOBIN A1C REIMBURSEMENT VS VALUE



1. Announcement of Calendar Year 2025 Medicare Advantage Capitation Rates. Center for Medicare and Medicaid Services. April 1, 2024. (Accessed: April 17, 2024) <https://www.cms.gov/files/document/2025-announcement.pdf>
2. Biniek J F. et al. Spending on Medicare Advantage Quality Bonus Payments Will Reach at Least \$12.8 Billion in 2023. (August 9, 2023) KFF (Accessed Online: April 16, 2024) <https://www.kff.org/medicare/issue-brief/spending-on-medicare-advantage-quality-bonus-payments-will-reach-at-least-12-8-billion-in-2023/#:~:text=A%20plan's%20bonus%20payment%20per,with%204%20stars%20and%2070>

# TriCore Example

# TRICORE'S NEW BUSINESS DEVELOPMENT APPROACH



- Large provider group wanted TriCore to justify billing rate
- Requested attribution list to understand impact from inception 2021 to 2023 enabling us to investigate:
  - Risk Adjustment
  - Quality measure



# RESULTS: ATTRIBUTED LIVES WITH DIABETES (No. = 10,931)

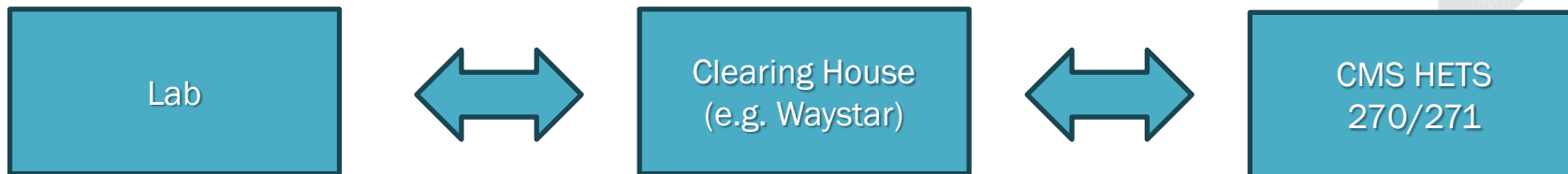
Facility Ordering A1c	2021	2022	2023
Provider Group	7,350	7,813	8,847
Other (i.e., external)	991	855	701
TOTAL Compliance	8,341 (76.3%)	8,668 (79.3%)	9,548 (87.3%)
Total Controlled C11 (<9.0%)	6,054 (55.4%) ★	6,231 (57.0%) ★★	6,815 (62.3%) ★★★

- Increased compliance with attributed NCQA CDC quality measure by 14.8%
  - Med Adv: \$819,825 CMS Star bonus<sup>1</sup> moving from 1-Star to 3-Star C11 measure
- Increased member integration within their facility for accurate risk adjustment
  - 290 individuals now receive diabetes care with this provider: \$640,320<sup>2</sup>
- \$133.57 per member with diabetes (N=10,931) or \$90.31 per member (N=16,169)

1. Assumes facility is in a upside risk contract for the CMS Medicare Advantage STAR Rating they are attributed for the 10,931 members with diabetes. \$75/member with diabetes for Star rating increase.

2. Assumes \$2,208 in risk adjustment is achieved for the 290 members this provider has attributed to its system.

# HOW TO INITIALLY GAUGE YOUR VALUE



- Randomly sample a population of patients
  - 65 years old+
  - Recent A1c >6.4%
- Use CMS HETS 270/271 to obtain coverage info, demographics, diabetes status, AWW information, etc.<sup>1</sup>
- Extrapolate within your market!

1. CMS. HIPAA Eligibility Transaction System (HETS) Health Care Eligibility Benefit Inquiry Response (270/271) 5010 Companion Guide. Version 10-23 (Accessed: April 17, 2024) <https://www.cms.gov/files/document/r2021q100-hets-270271-companion-guide-v10-23.pdf>

# SUMMARY

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- TriCore's leadership is thinking beyond the CLFS to demonstrate the value of its clinical laboratory and create new reimbursement models
- The allotted CLFS for Hemoglobin A1c has dropped, while the value continues to rise in:
  - Medicare Advantage risk adjustment (now at \$2,208)
  - CMS STARS Medicare Advantage bonus payment (encompasses 5.7%)
- The clinical laboratory is in a unique position to leverage their data and drawsites to assist customers differently

**Thank You**  
**Rick VanNess**  
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