New V28 Risk Adjustment Model Overview

A Quick Reference Guide for Providers

The Centers for Medicare & Medicaid Services (CMS) regularly updates reimbursement models to ensure they keep pace with industry standards. CMS introduced phasing in a new risk adjustment model, Version 28 (V28), at the end of March 2023. The model is being phased in through 2025 and will replace model V24. These changes will impact risk adjustment factor (RAF) scores, Hierarchical Condition Categories (HCCs), and how health plans and medical practices manage patient risk and allocate resources.

V24 vs V28 Changes

The new CMS V28 model reflects the Medicare Advantage (MA) population and focuses on the accuracy and specificity of each member's conditions.

Key Changes in the New Risk Adjustment Model Include:

- Increased number of individual HCC categories (examples below):
  - Version 24 contains 86 HCC categories
  - Version 28 contains 115 HCC categories
- Re-categorized and re-structured some HCC categories (examples below):
  - Diabetes can now map to four HCC categories
  - Heart conditions can now map to ten HCC categories
- 268 new codes have been added to the model (examples below):
  - Severe persistent asthma (J45.5_), anorexia nervosa (F50.0_), presence of artificial leg (Z97.1_)
  - Diabetic eye disease and other eye-related issues now risk-adjust in HCC category V28-298
- 2,294 codes have been removed from the model (examples below):
  - Atherosclerosis of the aorta (I70.0), malnutrition (E46), angina pectoris (I20._)
  - Depression, when specified as mild or in remission

Condition Categories Most Impacted by Model Change:

- Diabetic Conditions
- Psychiatric Conditions
- Blood Disorders
- Metabolic Disorders
- Heart Disease
- Kidney Disease
- Vascular Disease
- Neurological Conditions
- Amputations
- Musculoskeletal

Phasing Timeline

The new risk adjustment model, V28, **will be phased in over three years.** Below is a table of the blended model and percentages of each version and their corresponding time frames:

Payment Year	Version 24	Version 28
2024 PY (2023 DOS)	67%	33%
2025 PY (2024 DOS)	33%	67%
2026 PY (2025 DOS)	0%	100%

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Reason for the Change to V28

- V28 is based on ICD-10 CM codes
- Improve payment accuracy with a better understanding of health needs as chronic conditions are managed effectively
- Remove conditions felt to inaccurately predict costs or those causing coding disparities

How to be Successful with V28

- Always have accurate medical documentation and coding
- Verify claim submissions are complete and accurate
- Focus on best practices:
    - Document all diagnoses that are managed during the encounter
    - Include all active diagnoses that contributed to the medical decision-making process
    - Note all cause-and-effect relationships with managed care
    - The medical necessity or clinical relevance of the visit should be established
    - Document "history of" when a condition no longer exists

Ensure a Successful Transition from V24 to V28

- Conduct chart reviews
    - Review patient charts to identify any gaps in documentation and coding
- Enhance clinical documentation
    - Federal regulatory agencies are expecting documented clinical relevance for reported conditions
- Provide education
    - Educate providers on documentation and coding best practices

Key Takeaways

Always code to the highest level of specificity, complexity, and accuracy possible for all applicable diagnoses. Consider reviewing the new diagnosis codes under V28 while focusing on historically under-coded, yet prevalent, diagnoses.

Focus on SPECIFICITY and SEVERITY
Provider Engagement & Documentation are KEY!

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October 2025