

Capitalizing on Z Codes to Address Social Determinants of Health

With CMS, CMMI and State Medicaid programs signaling their desire to include SDOH data into the financial model for managed care and programs like ACO REACH, and NCQA looks to include SDOH in HEDIS measures, providers and payers are grappling with best ways to address social determinants of health. It is important to note that there exists today an important and readily available tool that can support this work. That tool is Z codes, which include a subset of ICD-10-CM codes created to report social, economic, and environmental determinants in patients' electronic records and attach to medical claims.

In the shift to value-based payments and whole-person care, managing non-medical needs is a critical success factor. Success depends on reliable, comprehensive, and robust data and analytics.

That's where Z codes can play a pivotal role. By screening for SDOH and then using Z codes for documentation and coding, health care organizations can:

- Identify and respond to non-medical issues that affect their patients.
- Aggregate data across patients to track trends and analyze needs and gaps by geography, age, and other variables.
- Layer them with other claims, data, and metrics to build a fuller picture to better understand and treat different populations.
- Develop, implement, measure, and adjust SDOH strategies, including enhanced or new services and partnerships with community-based organizations.

Z Code Updates for 2023

Updates to Z Code Z59.8 which relates to housing instability ("other problems related to housing and economic circumstances"), have taken effect for the fiscal year 2023 beginning Oct.1, 2022. Additional codes have also been established to allow for greater specificity. For instance, four new codes have been established that highlight challenges faced by a patient in accessing care include:

- Unreliable transportation (Z59.82)
- Financial insecurity (Z59.86)
- Material hardship (Z59.87)
- Domestic abuse/violence (Z69.11)



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“In the shift to value-based payments and whole-person care, managing non-medical needs is growing in importance. Doing so depends on reliable, comprehensive, and robust data and analytics.”

Leveraging Z codes

Z codes have proven beneficial in improving health outcomes and patient engagement with the health care system. Given the potential benefits to patients and healthcare organizations, providers can take several steps to institutionalize their use. Having a streamlined process, facilitated through an EMR or EHR, can support a seamless transition.

1. Create standard policies and procedures to regularly screen for SDOH, capture the information in Z codes and include Z codes in claims. Providers need to think through, then implement the procedures across departments such as ED and services including primary care, pharmacy, and physical therapy.
2. Educate all clinicians to identify and record social needs and train medical coders to ensure the SDOH information is added as Z codes to claims.
3. Require use of Z codes in every health care setting and by every provider, from social workers and nurses to physicians and occupational therapists.
4. Extract Z codes from EHRs and incorporate them into data analytics platforms to deliver richer insights and manage populations. COPE Health Solutions' Analytics for Risk Contracting data analytics platform includes Z codes among its wealth of data sources, including EMR integration.

Collecting and analyzing a combination of medical and non-medical data are the essential foundation for making major strides in quality, outcomes, and costs. To help build that foundation, Z codes offer providers and payers a uniform and consistent way to record SDOH. By then adding Z codes to a data analytics platform with other patient information and benchmarks, health care organizations can create a much richer and more complete understanding to successfully manage the health of their populations.

Usage Challenges

Recording Z codes does not usually result in direct reimbursement. There are a limited number of Z codes and sub-codes and thus some social, economic, and environmental determinants may not be captured. The lack of clinician and coder knowledge and training on Z codes is another issue. Also, most providers have not developed and implemented consistent policies and accountability for who screens, captures, and uses Z codes in EHRs and claims.

It is important for both payers and providers to create a value-based payment contracting framework and strategy that aligns with the right network, care model, claims and analytics processes and operations to identify and close SDOH gaps. This will help to maximize the potential for leveraging SDOH data and Z codes to improve overall quality and financial outcomes and more importantly to improve health and well-being of the people we serve.

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COPE Health Solutions brings proven solutions to improve financial and quality performance for payers and providers

To learn how we can help you with expert advisory, analytics, network and operational solutions to identify and close SDOH gaps please contact us at info@copehealthsolutions.com or call (213) 259-0245.