



Understanding Z Codes: Concerns & Benefits to Patient Care

Background

The International Classification of Disease, Tenth Revision, Clinical Modification (ICD-10-CM) is a coding classification system which clinicians use to depict a patient’s health profile in reference to their diagnoses and symptoms. The ICD-10-CM Z codes for Social Determinants of Health (SDoH), “refers to factors which influence health status or reason for contact with health services that are not classifiable as disease, injuries or external causes.” The Centers for Medicare and Medicaid Services (CMS) outlined specific Z codes of focus to address SDoH in health care. These Z code categories range from Z55-Z65 and allow for anyone from the patient’s care team such as providers, social workers, and case managers to consider non-disease factors contributing to the patient’s health and compose a comprehensive health profile encompassing several external factors.

Z Code Categories

Z55 - Problems related to education and literacy	Z60 - Problems related to social environment
Z56 - Problems related to employment and unemployment	Z62 - Problems related to upbringing
Z57 - Occupational exposure to risk factor	Z63 - Other problems related to primary support group, including family circumstances
Z58 - Problems related to physical environment	Z64 - Problems related to certain psychosocial circumstances
Z59 - Problems related to housing and economic circumstances	Z65 - Problems related to other psychosocial circumstances

Concerns to Z Code Use and Opportunities for Improvement

According to the DC Hospital Association’s data analytics platform, in 2023, at least one SDoH Z code was used in approximately 2% of hospital visits at the nine reporting hospitals in the District. Low documentation rates of Z codes may be attributed to lack of monetary incentives, operational incompatibility, lack of knowledge on Z codes and obscurity on who is accountable for screening patients. These components may deter clinicians and coders, limiting Z code data from elucidating the comprehensive impact of social factors on health.

As Z code data capture becomes more detailed, payer systems such as CMS, can leverage quality improvement policies and investments based on identified population needs to ensure equitable care and coverage. Although most Z codes are not eligible for reimbursement risk adjustments, documenting codes can increase the incentive for payers to invest in financial support to SDoH concerns that are most prevalent. In 2019, CMS determined the most utilized Z code was homelessness (Z59.0) and will begin categorizing homelessness as a complication or comorbidity (CC) including the subcategories 59.01 and 59.02 (sheltered and unsheltered homelessness). This is due to the higher cost of care and its impact on resource consumption for treatment. Increased Z code SDoH data capture furthers progress that can be made towards reimbursing codes.

By addressing workflow challenges that may impede progress in collecting data, operational compatibility can be achieved through:

- Ensuring the electronic health record (EHR) aligns with questioning and input of quality measures
- Clarifying who, when and where someone from the patient's team can document Z codes
- Standardizing an operational method to guarantee staff is knowledgeable of procedures
- Raising awareness among staff of the benefits to Z code use

Benefits to Patients Care

Documenting Z codes are essential to achieving health equity as according to *Healthy People 2030* social risk factors and unmet social needs contribute to wide health and health care disparities. Z codes can serve as identifiers for health risks before SDoH factors negatively influence a patient's clinical health. Unmet socioeconomic and psychological circumstances can go overlooked when assessing and administering clinical care. Oftentimes, these hindering circumstances may cause patients to avoid or not routinely engage in examinations and interventions. Progressively, this accumulates to patients needing intensive care and more health care services. Screening patients for their health-related social needs will account for their SDoH statuses, allowing for clinicians, in collaboration with community partners, to develop tailored interventions and preventative care based on coding.

As the health care industry begins to infuse equity into its payment models, CMS is requiring the collection of social needs and SDoH data in the new payment models. These include the capture of five health related social needs: housing instability, food insecurity, transportation problems, utility needs and interpersonal safety. Additionally, part of the [CMS Innovation Center Strategy](#) aims to "embed health equity in every aspect of CMS Innovation Center models and increase focus on underserved populations." The utilization of Z codes standardizes SDoH information into data systems, making health systems more equipped to adequately address barriers to provide equitable and quality patient care. The robust collection of Z code data will support research efforts into mitigating disparities by providing identifiable markers of health for specified populations. In better understanding your patient population, effective interventions can be made by facilitating referrals to resource allocation. This aids in reducing readmissions rates, tracks risks in populations needs and guides solutions for impacted communities.

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