Healthcare Regulatory Roundup #110

TEAM Ready:

Turning Claims Data Into Financial Performance

March 11, 2026

Housekeeping

- Slides, handouts, and forms available in **Resources Panel**
- Enter questions in **Q&A Panel** – questions will be responded to via e-mail after the webinar
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Introductions

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Today's Agenda

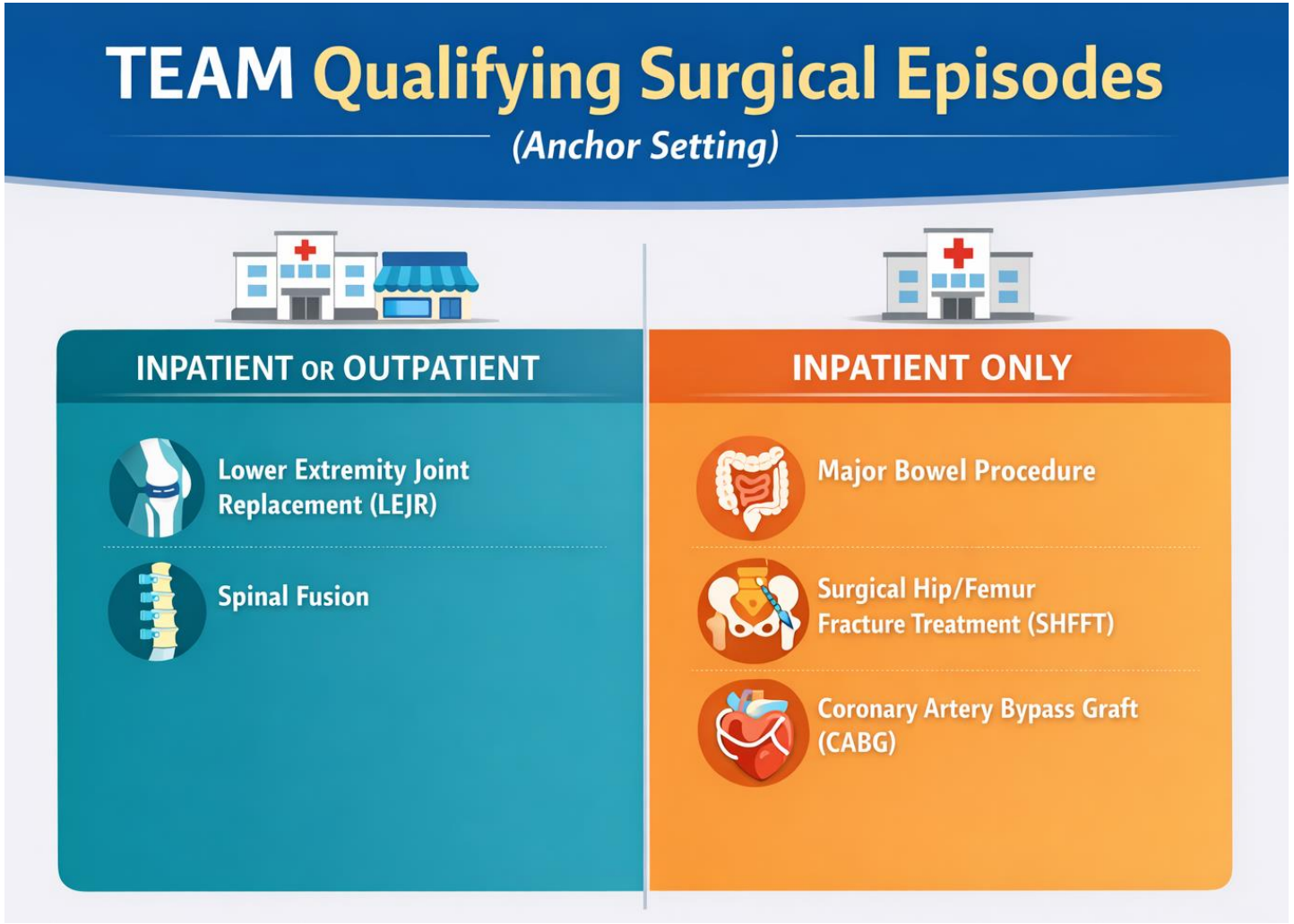
1. Transforming Episode Accountability Model (TEAM) Overview
2. Shift to Track 3 in 2027
3. Data as the Foundation
4. Barriers to Actionable Insight
5. Dashboard Insights
6. Monitoring and Insight-to-Action

1. TEAM Overview

Understanding TEAM

- **CMS TEAM** is a mandatory five-year bundled payment model
- Hospitals are accountable for total episode cost and quality
- The episode spans the anchor hospitalization or procedure through the 30-day post-discharge period
- Success requires management across the full continuum of care
- Performance can be affected by:
  - Care/cost variation
  - Avoidable complications
  - Post-anchor utilization and care transitions
- TEAM helps leaders reduce variation, improve outcomes, and protect margin

Five Surgical Episode Categories Included in TEAM

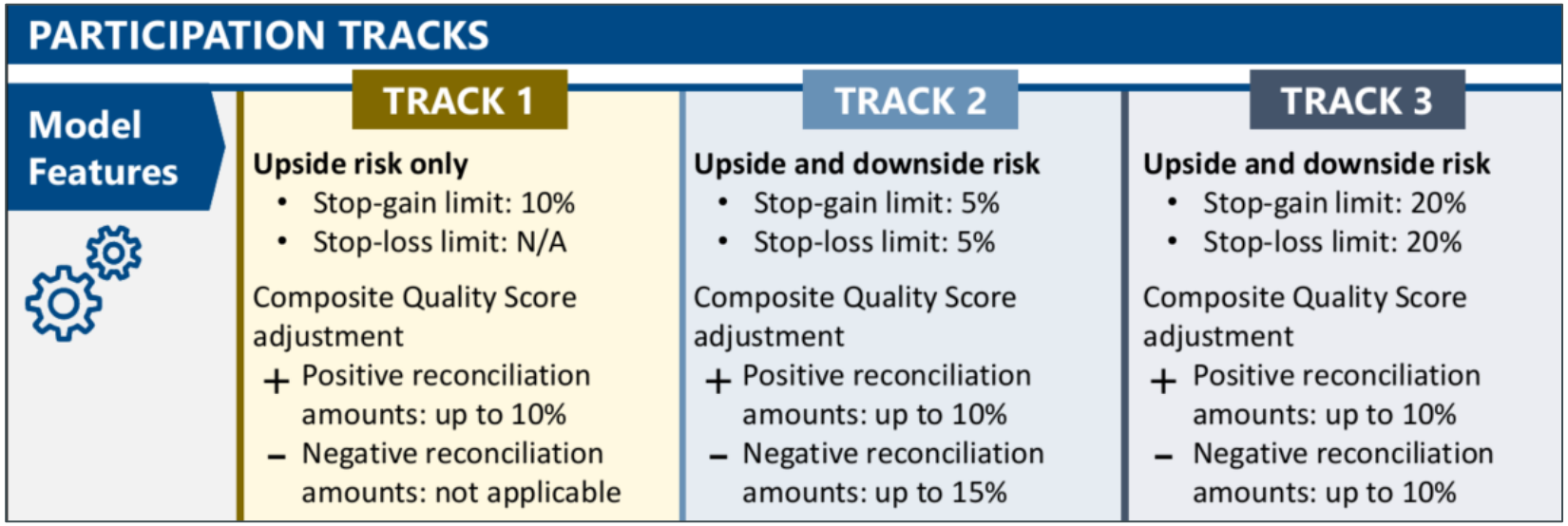


Of the five TEAM surgical episode categories, only **LEJR** and **Spinal Fusion** may begin in either the inpatient or outpatient setting; the remaining three are inpatient-only.

2. Shift to Track 3 in 2027

Participation Tracks in TEAM

- **Track 1 –** Upside-only, **+ 10%**. Available to all participants in PY1 (2026)
- **Track 2** – Upside/downside, **± 5%**. Available to select hospitals*
- **Track 3 –** Upside/downside, **± 20%**. Mandatory for many hospitals PY2-PY5 (2027-2030)



** During PY2-5, Track 2 is available to selected hospital types, including safety net hospitals, rural hospitals, Medicare Dependent Hospitals (MDHs), Sole Community Hospitals (SCHs), and Essential Access Community Hospitals (EACHs).*

Source: CMS Factsheet *Participation Tracks in the Transforming Episode Accountability Model (TEAM)* https://www.cms.gov/files/document/team-participation-tracks-fact sheet.pdf

Track 3 Downside Risk – Why Early Action *Matters*

Summary

- In **2026**, ABC Hospital could exceed its TEAM target price and still avoid repayment because **PY1 Track 1 is upside-only**.
- In **2027**, the move to **Track 3** introduces downside exposure of up to **20% of the target price**.
- The shift to **Track 3** increases the urgency for hospitals to assess performance, identify cost drivers, and implement changes early.
- ***Action taken in PY1 can reduce downside exposure in PY2 and beyond.***

Urgency to Act

For a hospital with a **$20,000,000 total target price**, maximum repayment exposure could reach **$4,000,000**.

Illustrative TEAM Financial Exposure

Hypothetical example: ABC Hospital

2026 | PY1 | Track 1

Upside-only risk

Hospital performs poorly and episode spending exceeds target

No downside repayment owed to CMS in 2026

→

2027 | PY2 | Track 3

Upside and downside risk

Assume total final target price:

$20,000,000

Stop-loss cap = 20% of target price

Maximum downside exposure:

$4,000,000

Calculation: $20,000,000 × 20% = $4,000,000

3. Data as the Foundation

Know Your Risk – Assess Downside Exposure

- TEAM hospitals should be analyzing their baseline episodic claims data (Jan 2022 – Jun 2024) now to evaluate potential downside risk impact in later performance years.
  - **Compare spending to target prices:** Use baseline data to compare total episode cost to CMS target prices.
  - **Evaluate downside risk:** Total episode spend above the target predicts potential loss when full risk kicks in.
  - **Understand upside potential:** Costs below target estimate bonus opportunities, but margins may shrink.

Diagnose the Drivers – Identify Variation and Cost Drivers

- Baseline and early PY1 data do more than quantify exposure — they help hospitals identify the variation, utilization trends, and cost drivers shaping episode performance.
  - **Spot variation patterns:** Identify trends in length of stay, readmissions, discharge disposition, and utilization.
  - **Pinpoint care-setting drivers:** Determine where costs and variation are concentrated across SNF, inpatient rehab, home health, devices, and other services.
  - **Assess physician-level variation:** Evaluate differences in practice patterns, episode cost, and outcomes across attending and operating physicians.

Focus Your Efforts – Set Improvement Priorities

- These analyses highlight where to focus. The data expose current care delivery workflows and performance gaps, indicating opportunities for upstream improvement.
  - **Identify high-impact episodes and service lines:** Use episode volume and cost-variance data to pinpoint where improvement efforts will have the greatest impact.
  - **Differentiate care settings and post-acute categories:** Separate inpatient, outpatient, and post-acute patterns to identify inefficiencies and target improvement opportunities.
  - **Prioritize interventions:** Target the episodes and care settings with the highest opportunity for performance improvement by addressing key drivers such as avoidable readmissions, unnecessary post-acute care, and unwarranted physician-level length-of-stay variation.

4. Barriers to Actionable Insight

Barriers Between Insights and Outcomes

- Despite the rich information in claims data, hospitals often encounter **several challenges** when attempting to convert data into strategic insights.
  - **Data fragmentation:** Episode data live in separate inpatient, outpatient, and post-acute systems, making it hard to see the full picture; integrating these sources is essential.
  - **Delayed insight:** Converting raw claims into meaningful intelligence takes time, delaying the detection of emerging cost or utilization trends.
  - **Analytical complexity:** Limited staff and tools, plus the need for sophisticated analytics, mean high-cost outliers and inefficiencies often remain hidden.
  - **Limited engagement:** Without clear visuals and clinician buy-in, even the best analysis may not drive practice changes or improve coordination.

5. Dashboard Insights

From Insight to Action

- Hospitals need more than raw claims data — they need a clear way to turn it into **decision-ready intelligence**.
  - **Integrated episode view**: The PYA TEAM Dashboard consolidates fragmented claims data into a comprehensive, executive-ready view across the care continuum
  - **Timely intelligence**: Clear reporting of core metrics, utilization patterns, and financial performance indicators supports faster decision-making
  - **Targeted insights**: Built-in analytics surface the issues that matter most, including care-setting cost drivers, physician variation, post-acute performance, and outlier episodes
  - **Stronger engagement**: Easy-to-interpret views help align executives, physicians, and operational leaders around improvement priorities

CMS TEAM ANALYTICS

Transforming Episode Accountability

A comprehensive Power BI analytics suite helping hospitals navigate CMS bundled payments—tracking costs against targets, benchmarking physicians, and tracing patient journeys across the full care continuum.

- Episode cost vs. target reconciliation
- Post-acute utilization deep dives
- Physician performance scorecards
- Care setting cost decomposition
- Individual episode journey tracking

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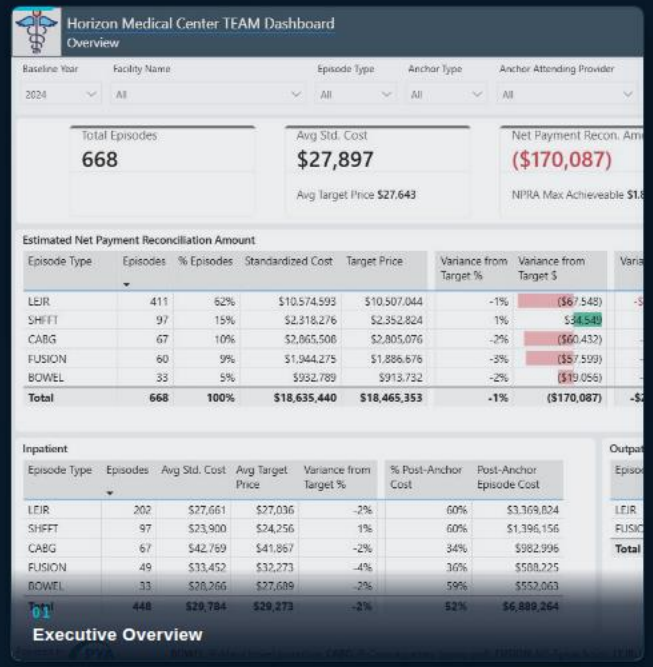
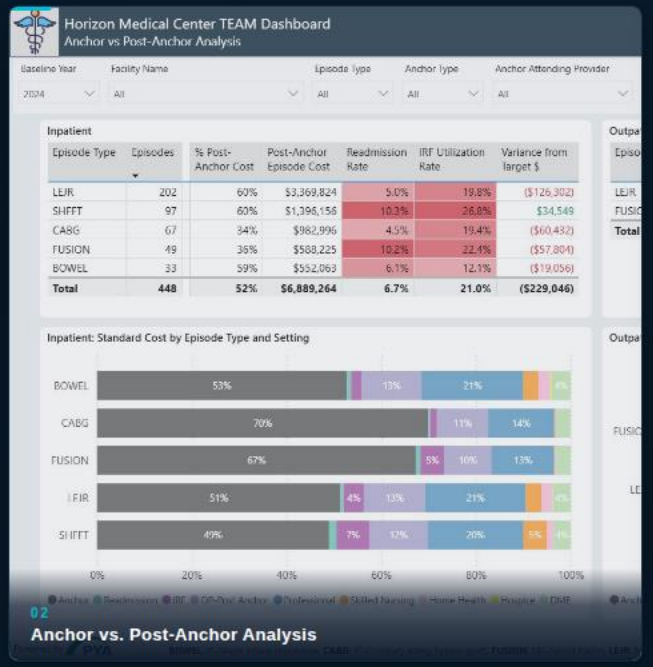
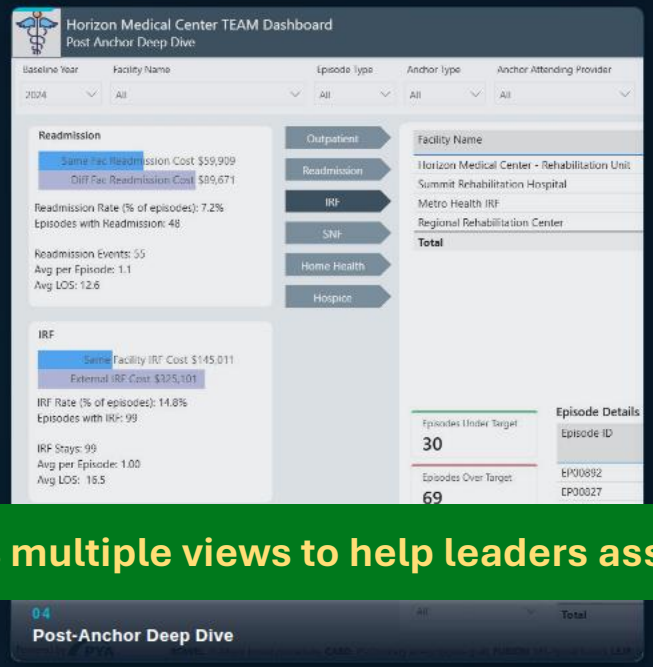
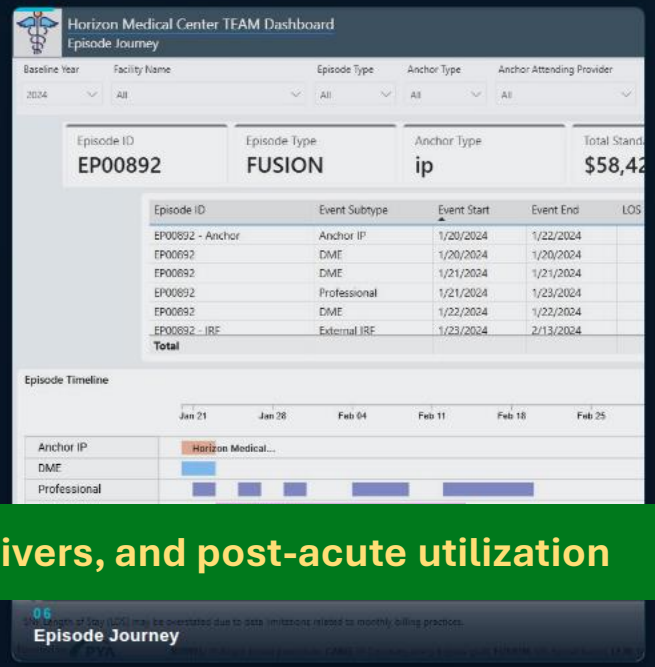


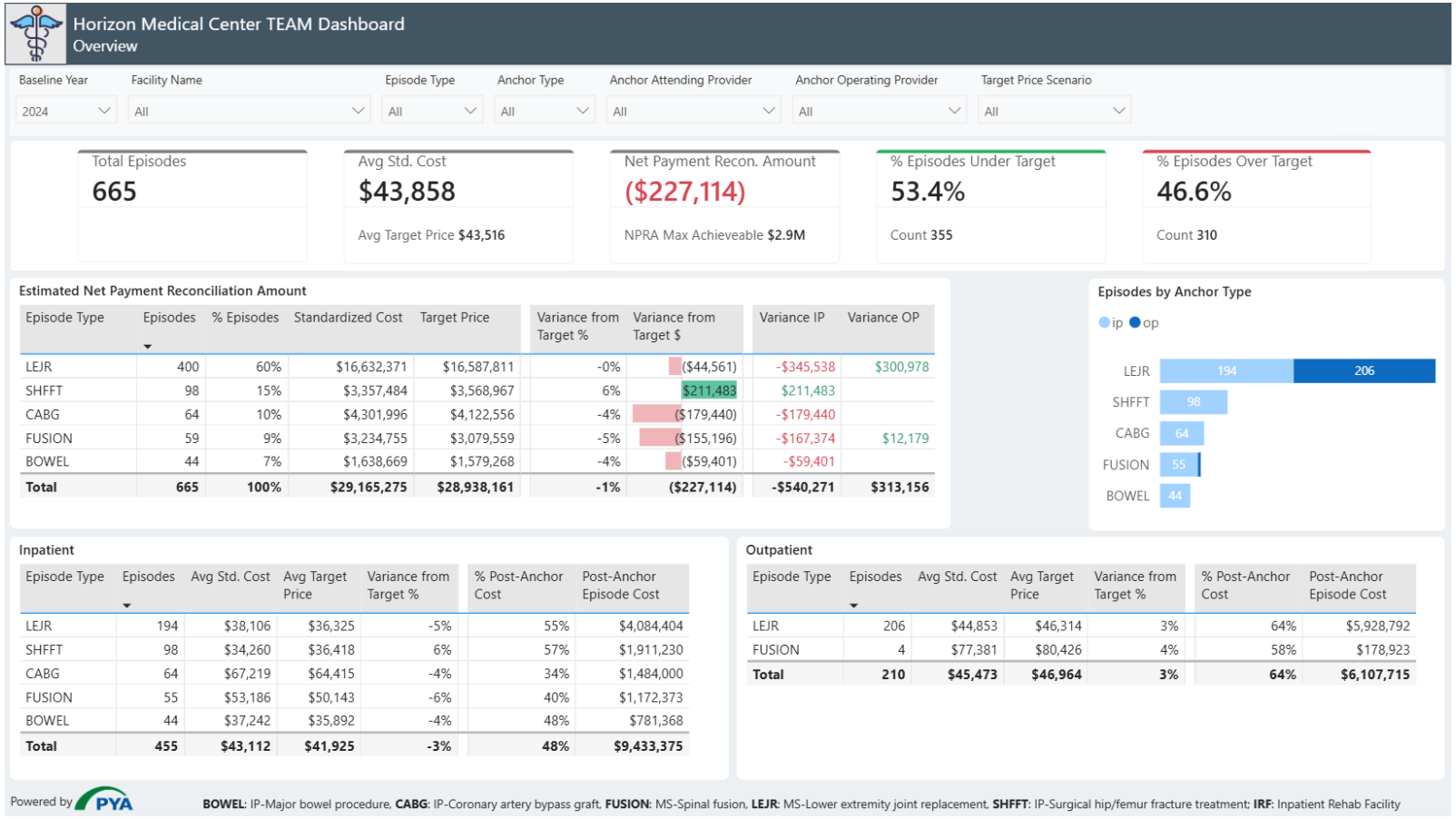






The dashboard provides multiple views to help leaders assess episode performance, cost drivers, and post-acute utilization

TEAM Dashboard – Executive Overview



Horizon Medical Center TEAM Dashboard
Overview

Baseline Year: 2024 | Facility Name: All | Episode Type: All | Anchor Type: All | Anchor Attending Provider: All | Anchor Operating Provider: All | Target Price Scenario: All

Total Episodes	Avg Std. Cost	Net Payment Recon. Amount	% Episodes Under Target	% Episodes Over Target
665	$43,858	($227,114)	53.4%	46.6%
	Avg Target Price **$43,516**	NPRA Max Achieveable **$2.9M**	Count **355**	Count **310**

Estimated Net Payment Reconciliation Amount

Episode Type	Episodes	% Episodes	Standardized Cost	Target Price	Variance from Target %	Variance from Target $	Variance IP	Variance OP
LEJR	400	60%	$16,632,371	$16,587,811	-0%	($44,561)	-$345,538	$300,978
SHFFT	98	15%	$3,357,484	$3,568,967	6%	$211,483	$211,483	
CABG	64	10%	$4,301,996	$4,122,556	-4%	($179,440)	-$179,440	
FUSION	59	9%	$3,234,755	$3,079,559	-5%	($155,196)	-$167,374	$12,179
BOWEL	44	7%	$1,638,669	$1,579,268	-4%	($59,401)	-$59,401	
Total	**665**	**100%**	**$29,165,275**	**$28,938,161**	**-1%**	**($227,114)**	**-$540,271**	**$313,156**

Episodes by Anchor Type

Inpatient

Episode Type	Episodes	Avg Std. Cost	Avg Target Price	Variance from Target %	% Post-Anchor Cost	Post-Anchor Episode Cost
LEJR	194	$38,106	$36,325	-5%	55%	$4,084,404
SHFFT	98	$34,260	$36,418	6%	57%	$1,911,230
CABG	64	$67,219	$64,415	-4%	34%	$1,484,000
FUSION	55	$53,186	$50,143	-6%	40%	$1,172,373
BOWEL	44	$37,242	$35,892	-4%	48%	$781,368
Total	**455**	**$43,112**	**$41,925**	**-3%**	**48%**	**$9,433,375**

Outpatient

Episode Type	Episodes	Avg Std. Cost	Avg Target Price	Variance from Target %	% Post-Anchor Cost	Post-Anchor Episode Cost
LEJR	206	$44,853	$46,314	3%	64%	$5,928,792
FUSION	4	$77,381	$80,426	4%	58%	$178,923
Total	**210**	**$45,473**	**$46,964**	**3%**	**64%**	**$6,107,715**

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BOWEL: IP-Major bowel procedure, **CABG**: IP-Coronary artery bypass graft, **FUSION**: MS-Spinal fusion, **LEJR**: MS-Lower extremity joint replacement, **SHFFT**: IP-Surgical hip/femur fracture treatment; **IRF**: Inpatient Rehab Facility

- Provides a high-level snapshot of episode performance across all five TEAM procedure categories, including total episode volume, average standardized cost versus target price, and estimated net payment reconciliation amount.
- The inpatient/outpatient split and variance breakdown help leadership quickly identify where the hospital is over- or under-target.

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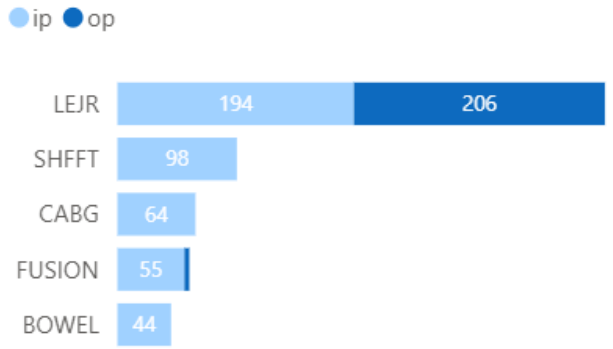

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Horizon Medical Center TEAM Dashboard
Overview

Baseline Year	Facility Name	Episode Type	Anchor Type	Anchor Attending Provider	Anchor Operating Provider	Target Price Scenario
2024	All	LEJR	ip	All	All	All

Total Episodes
194

Avg Std. Cost
$38,106
Avg Target Price **$36,325**

Net Payment Recon. Amount
($345,538)
NPRA Max Achieveable **$0.7M**

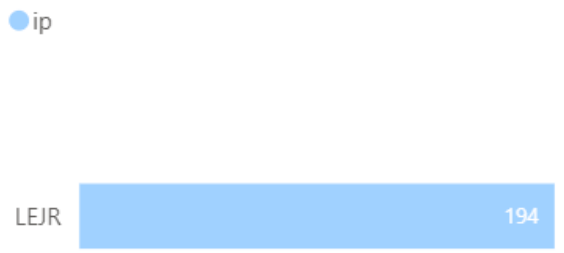
% Episodes Under Target
49.0%
Count **95**

% Episodes Over Target
51.0%
Count **99**

Estimated Net Payment Reconciliation Amount

Episode Type	Episodes	% Episodes	Standardized Cost	Target Price	Variance from Target %	Variance from Target $	Variance IP	Variance OP
LEJR	194	43%	$7,392,654	$7,047,116	-5%	($345,538)	-$345,538	$300,978
Total	**194**	**43%**	**$7,392,654**	**$7,047,116**	**-5%**	**($345,538)**	**-$345,538**	**$300,978**

Episodes by Anchor Type



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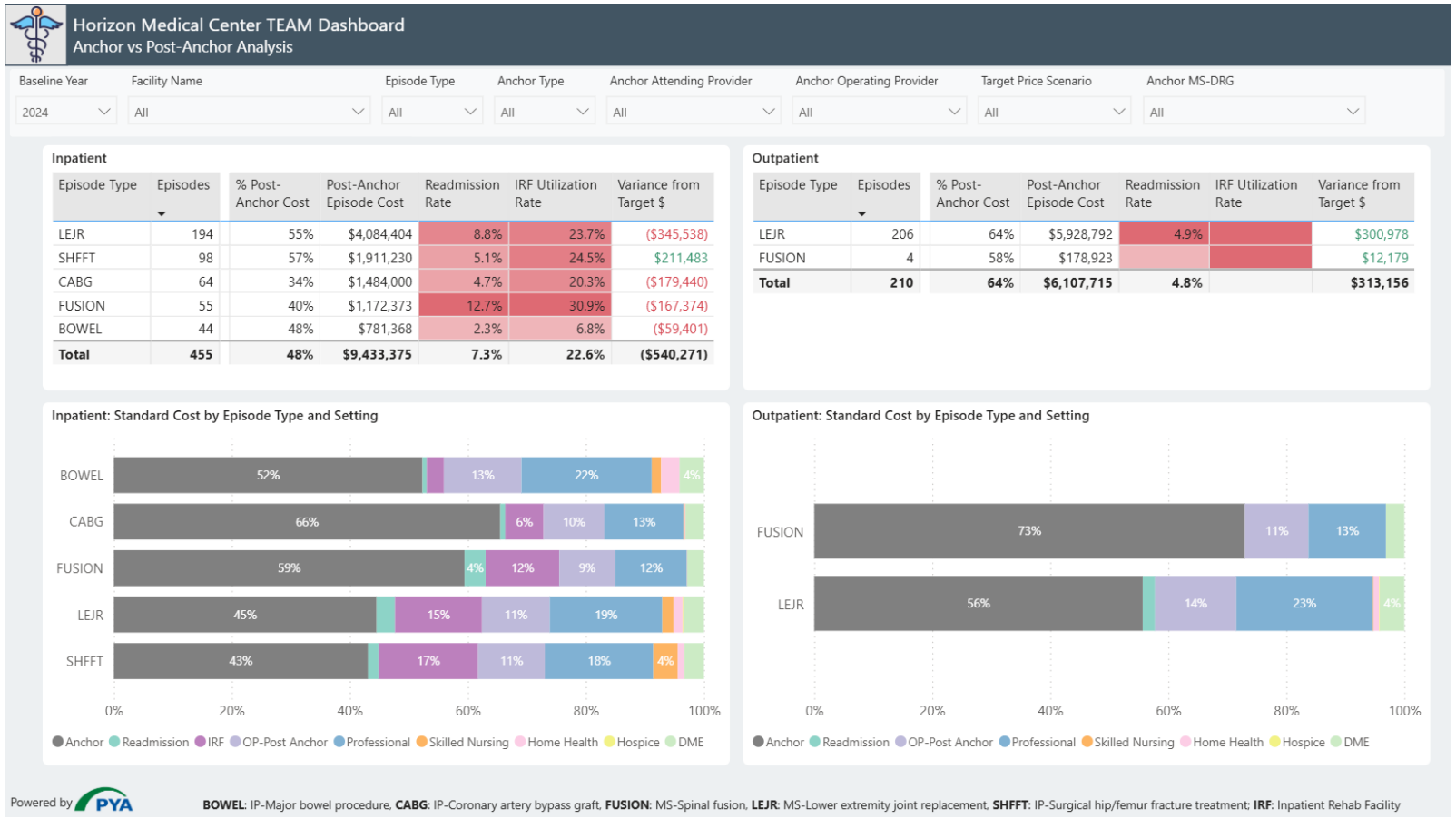
TEAM Dashboard – Anchor vs. Post-Anchor Analysis



- Breaks down cost composition for the anchor stay/procedure, readmissions, and post-acute care settings for both inpatient and outpatient episodes.
- Stacked bar charts reveal how readmissions, IRF utilization, skilled nursing, and other post-discharge services contribute to total episode cost by procedure type.

Horizon Medical Center TEAM Dashboard

Anchor vs Post-Anchor Analysis

Baseline Year: 2024 | Facility Name: All | Episode Type: All | Anchor Type: All | Anchor Attending Provider: All | Anchor Operating Provider: All | Target Price Scenario: All | Anchor MS-DRG: All

Inpatient

Episode Type	Episodes	% Post-Anchor Cost	Post-Anchor Episode Cost	Readmission Rate	IRF Utilization Rate	Variance from Target $
LEJR	194	55%	$4,084,404	8.8%	23.7%	($345,538)
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Total	**455**	**48%**	**$9,433,375**	**7.3%**	**22.6%**	**($540,271)**

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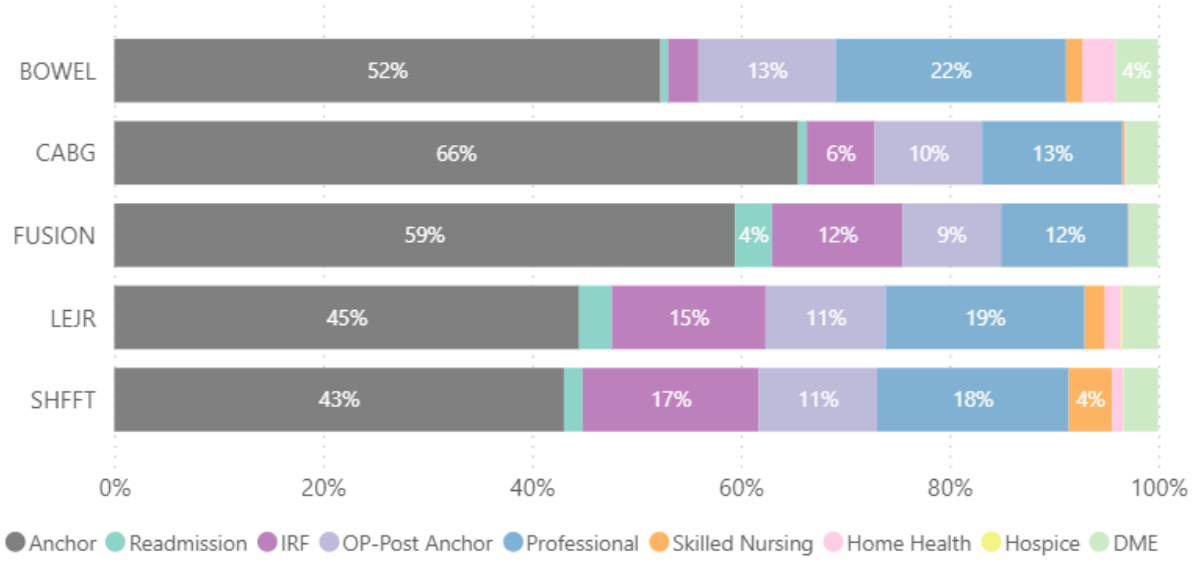
Inpatient: Standard Cost by Episode Type and Setting



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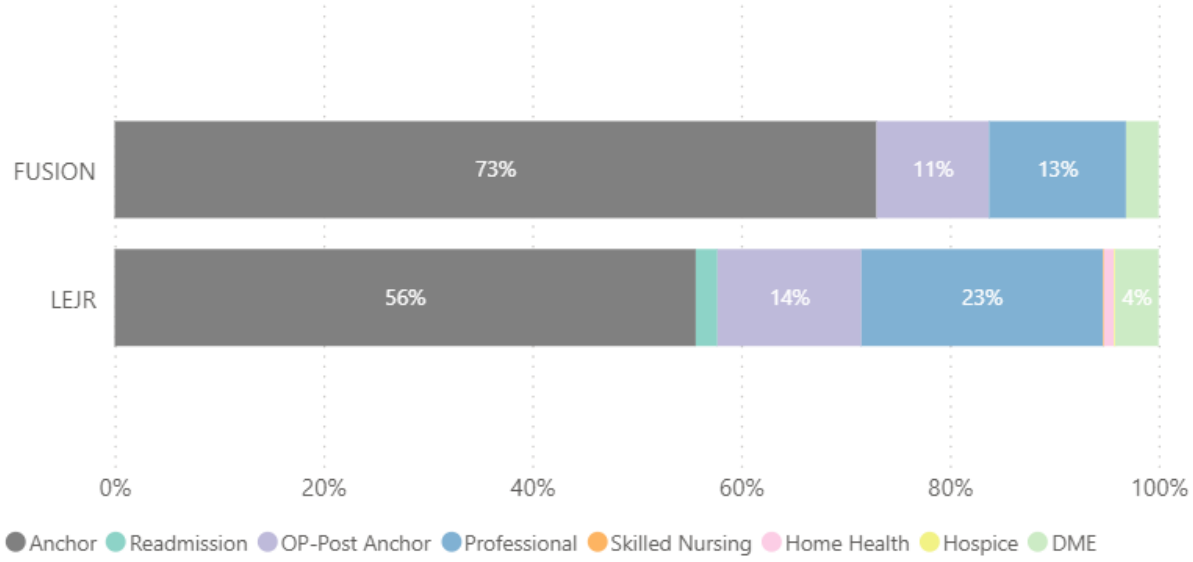

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Horizon Medical Center TEAM Dashboard

Anchor vs Post-Anchor Analysis

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Inpatient

Episode Type	Episodes	% Post-Anchor Cost	Post-Anchor Episode Cost	Readmission Rate	IRF Utilization Rate	Variance from Target $
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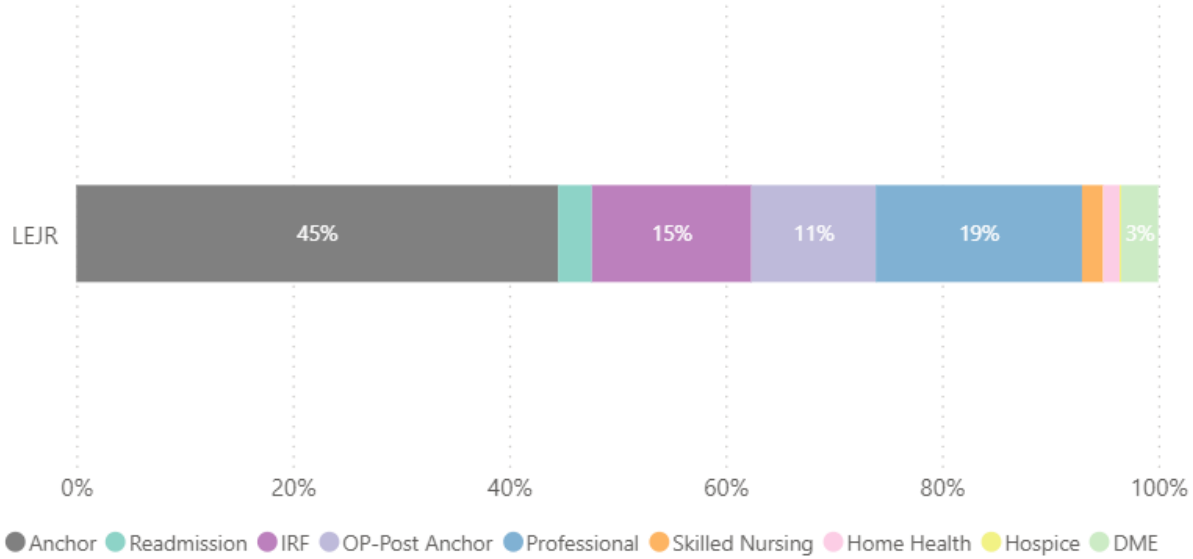

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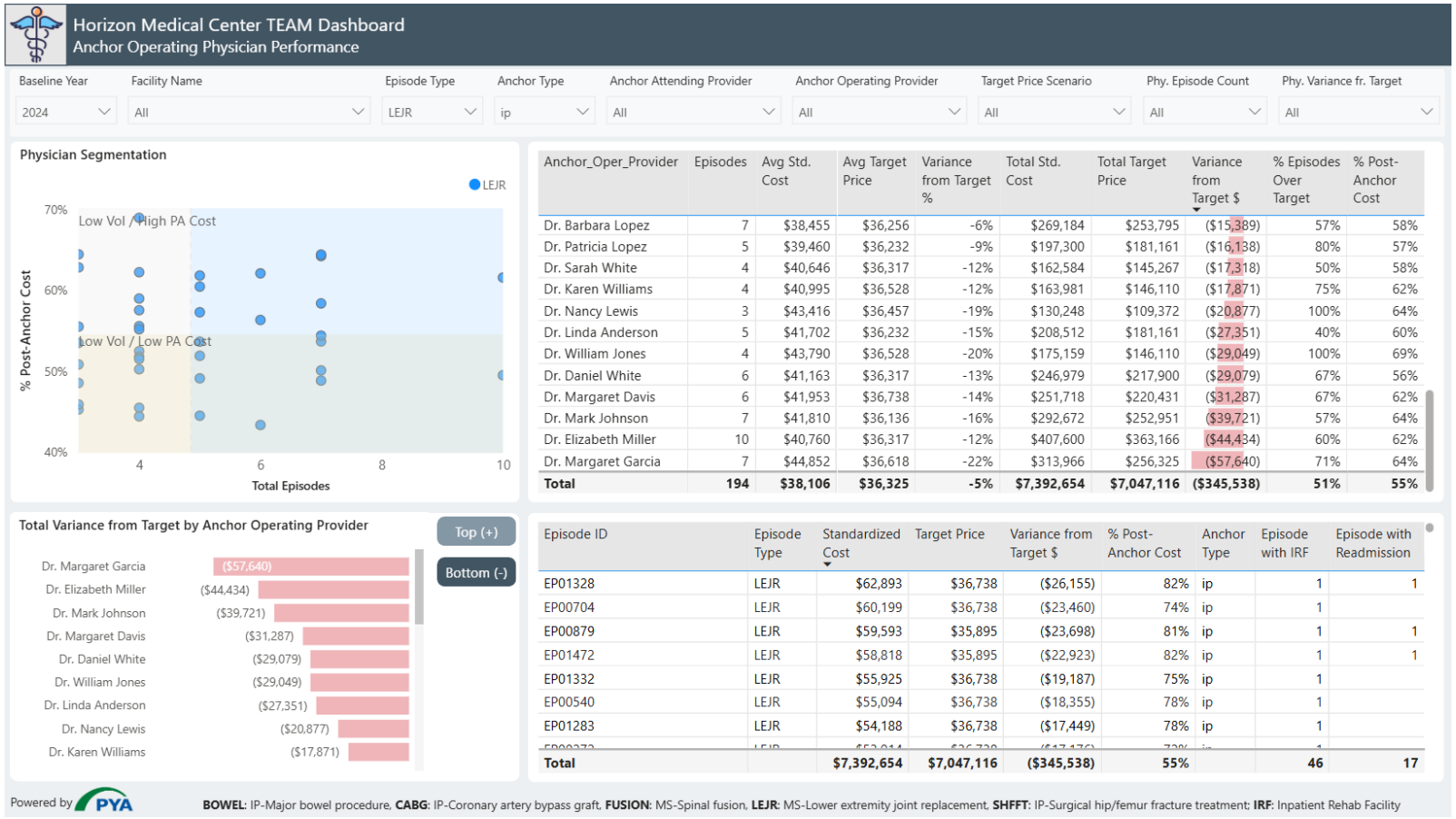
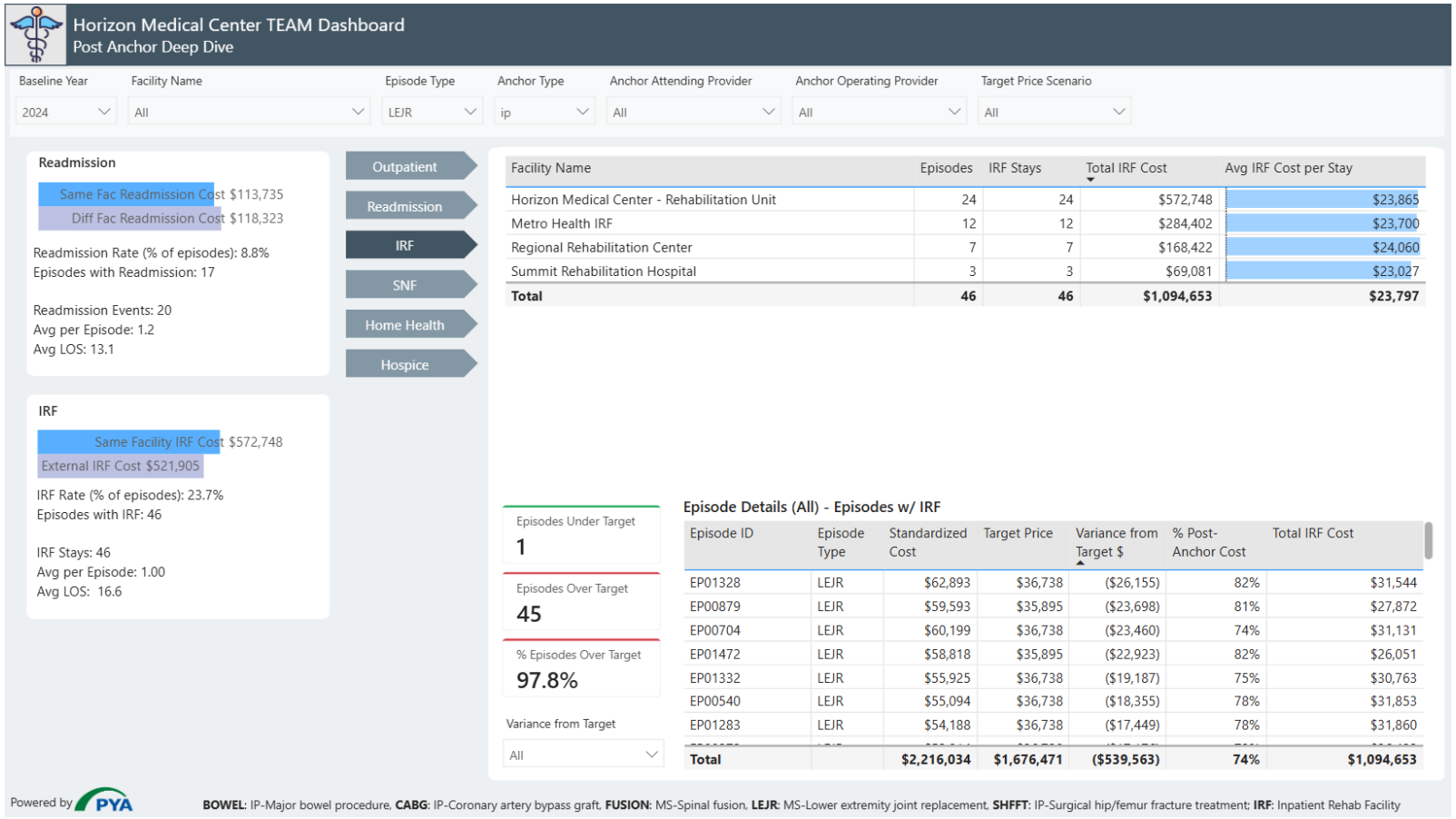
TEAM Dashboard – Physician Performance



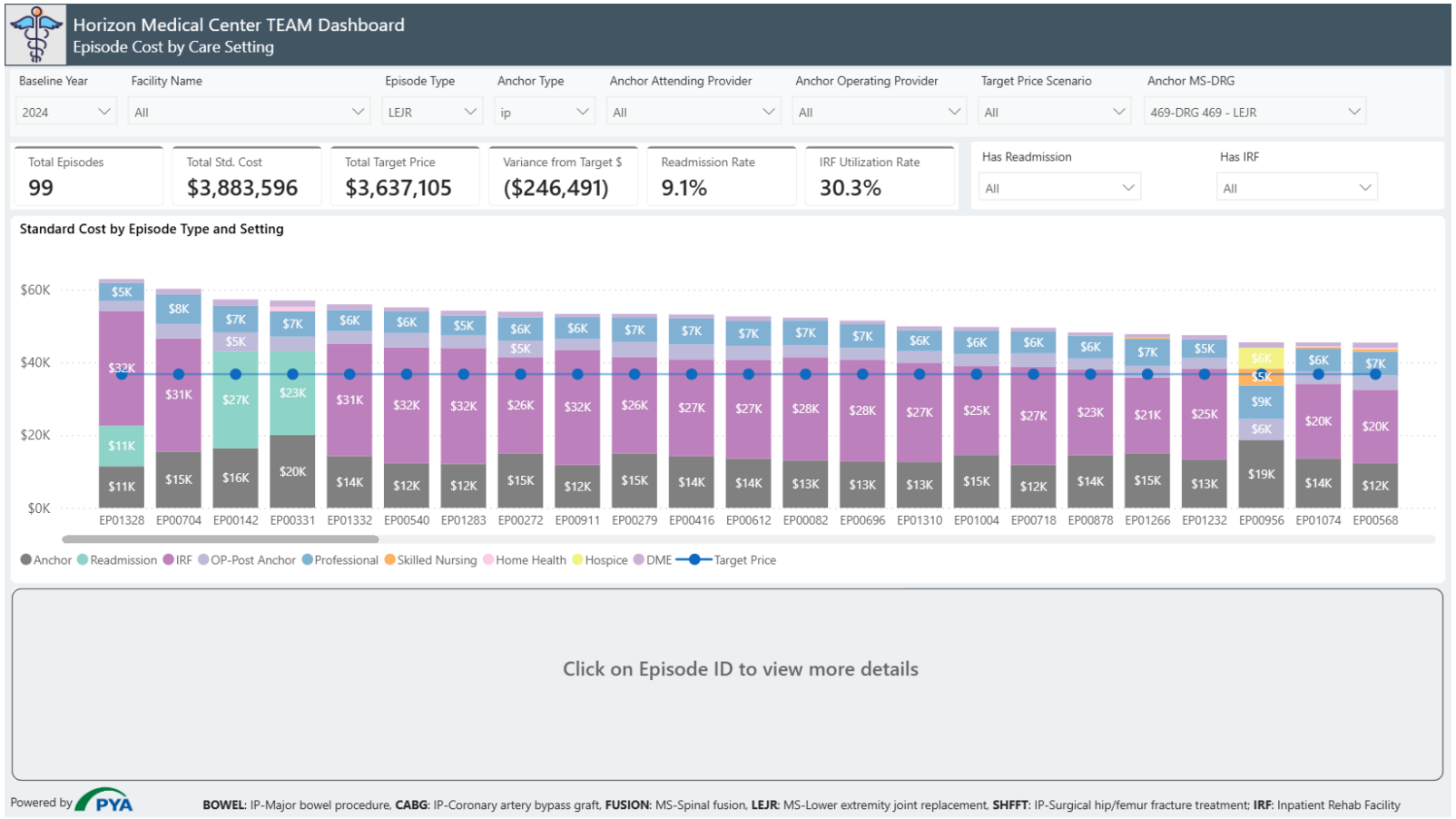
- Profiles individual physicians by episode volume, cost efficiency, and variance from target price.
- The segmentation scatter plot and ranked bar chart enable clinical leaders to identify high-performing surgeons and target opportunities to improve practice patterns.
- The dashboard has a breakdown by both attending and operating physicians.

TEAM Dashboard – Post-Anchor Deep Dive



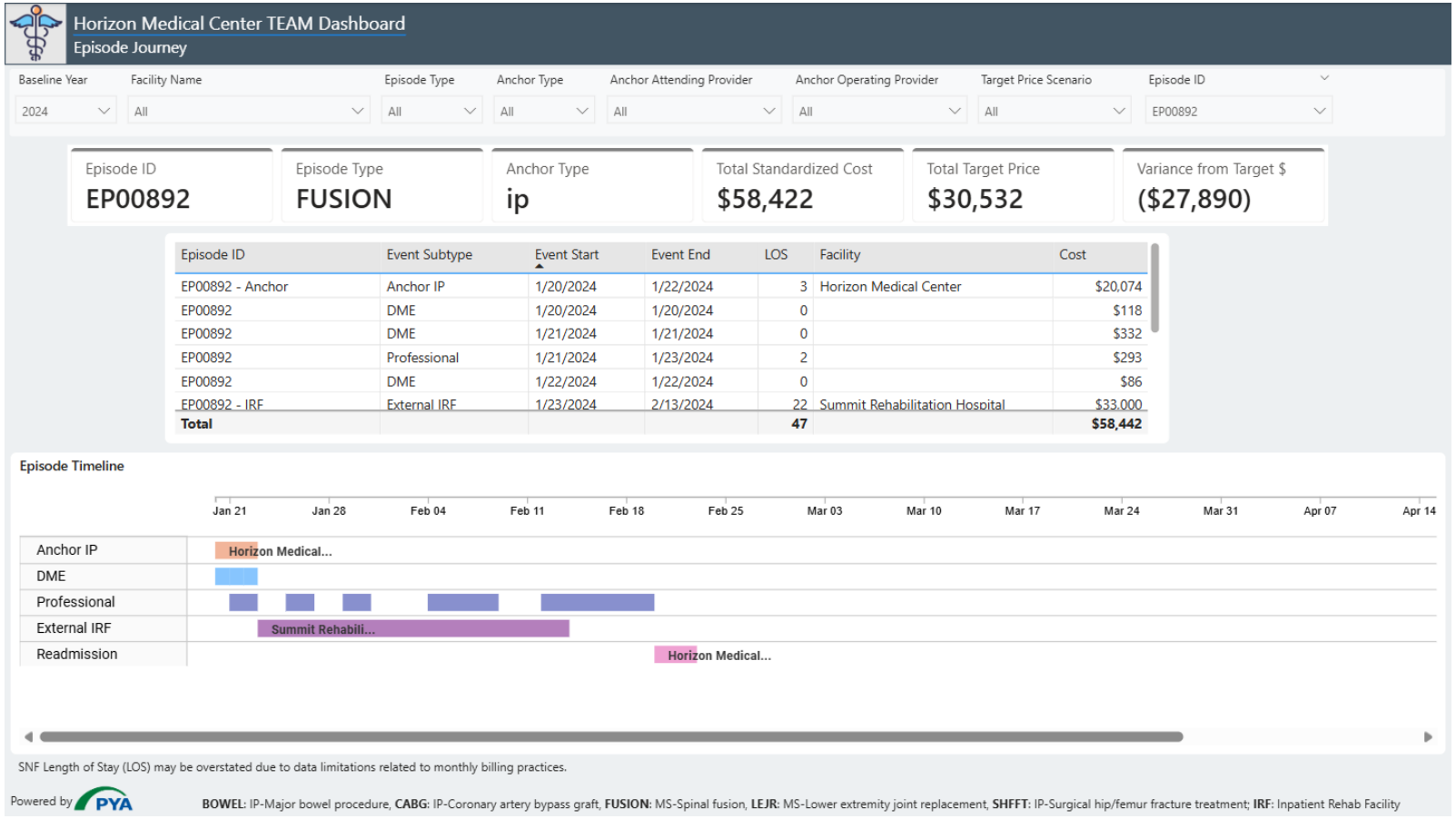
- Drills into post-anchor utilization with facility-level detail across IRF stays, SNF, home health, and hospice
- Also highlights acute-care readmissions occurring during the post-anchor period
- This view highlights which downstream facilities are driving costs and helps identify opportunities to redirect patients to more cost-effective post-acute pathways.

TEAM Dashboard – Episode Cost by Care Setting



- Visualizes total standardized cost for each episode as a stacked bar broken out by care setting, with the CMS target price overlaid as a reference line.
- This episode-level view makes it easy to spot which anchor or post-anchor care components are pushing individual episodes over target.

TEAM Dashboard – Episode Journey



- Traces a single episode from anchor admission through all post-discharge events on a Gantt-style timeline, showing facility, length of stay, and cost for each care setting.
- This patient-journey view gives clinicians a concrete picture of how care unfolds and where delays or unnecessary utilization may occur.

6. Monitoring and Insight-to-Action

Ongoing Monitoring – Lead Indicators and Success Measures

- Effective TEAM performance management requires hospitals to monitor results continuously, identify early warning signs, and define operational measures that support quality and financial improvement.
  - TEAM performance **requires continuous monitoring**, not a one-time review.
  - **Track lead indicators** such as care pathway utilization, readmissions, post-acute utilization, length-of-stay variation, complications, and discharge disposition patterns.
  - Define **operational measures** of success aligned with TEAM goals, including increasing pre-operative optimization activities, focus on patient/family education and engagement, improving timeliness of care transitions, and reducing unwarranted post-acute care utilization.
  - Use the dashboard as an early-warning system to identify **emerging risks** and **intervene before year-end reconciliation**.

From Insight to Execution

- Once variation and performance drivers are visible, organizations can use those insights to prioritize interventions that improve outcomes, reduce unnecessary cost, and strengthen episode management.
  - Dashboard insights help leaders identify where and who is driving variation across the episode.
  - Care-setting analysis highlights **high-cost areas** such as inpatient rehab, SNF, home health, and other post-acute services.
  - Physician-level analysis reveals **variation** in episode cost, outcomes, and practice patterns.
  - These insights help organizations prioritize **high-impact interventions such as standardized care pathways, decreased variation among physician practice patterns, timely care transitions**, and **collaborative post-acute care plans.**

Our Next Healthcare Regulatory Roundup Webinar

March 25; 11 am – 12 pm ET

Preparing for OBBBA Impacts:
Medicare DSH & 340B Updates

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