Healthcare Regulatory Roundup #110

TEAM Ready:

Turning Claims Data Into Financial Performance

March 11, 2026



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Introductions



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Today's Agenda

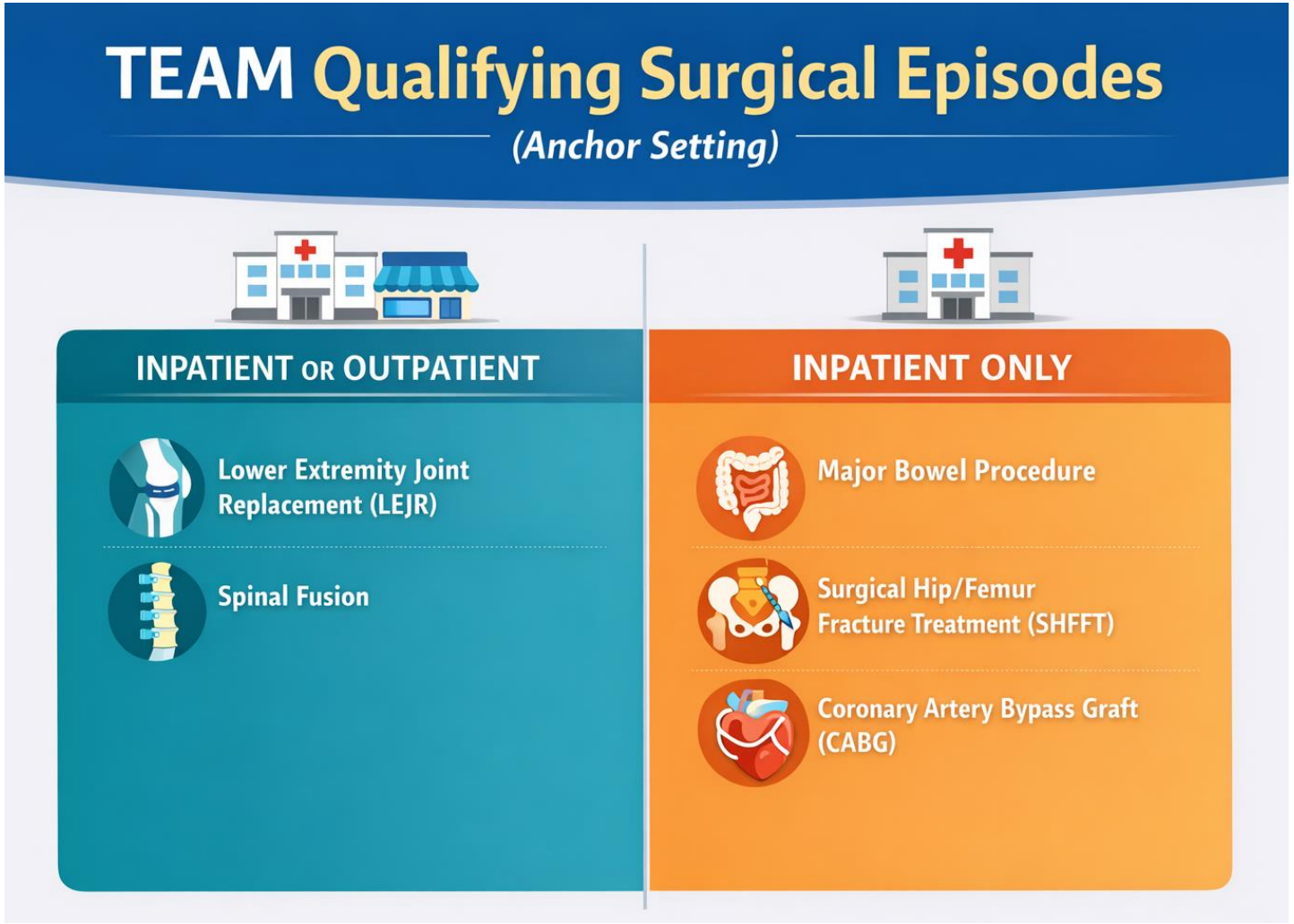
1. Transforming Episode Accountability Model (TEAM) Overview
2. Shift to Track 3 in 2027
3. Data as the Foundation
4. Barriers to Actionable Insight
5. Dashboard Insights
6. Monitoring and Insight-to-Action

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

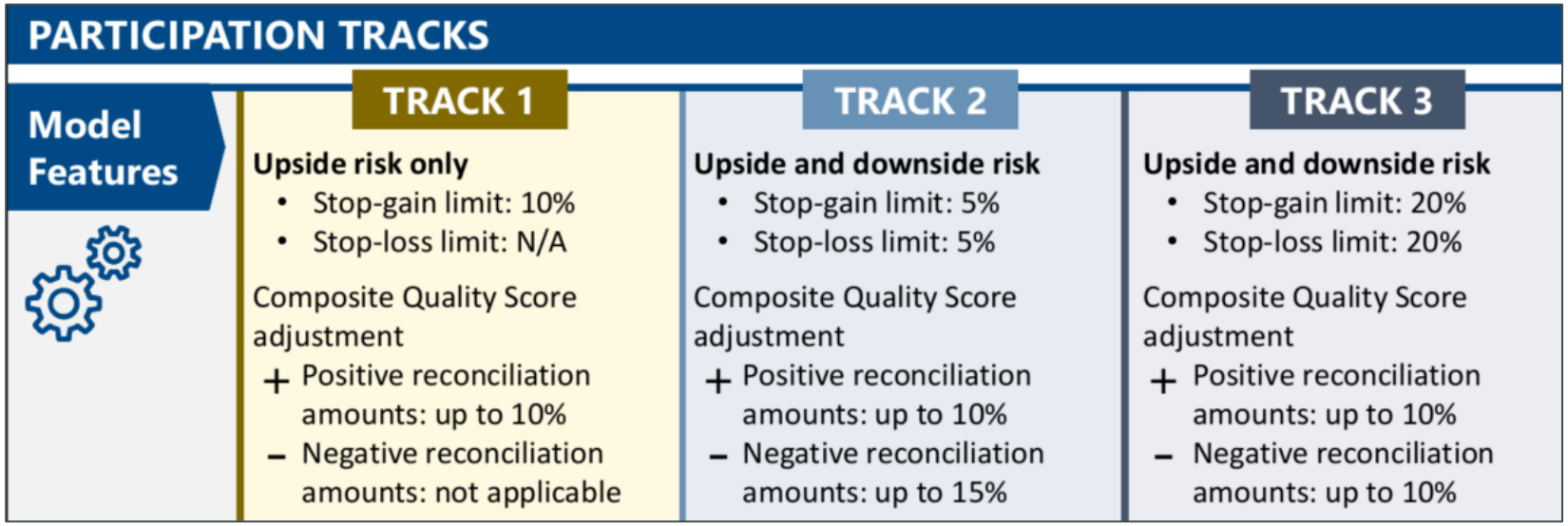


Of the five TEAM surgical episode categories, only **LEJR** and **Spinal Fusion** may begin in either the inpatient or outpatient setting; the remaining three are inpatient-only.

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

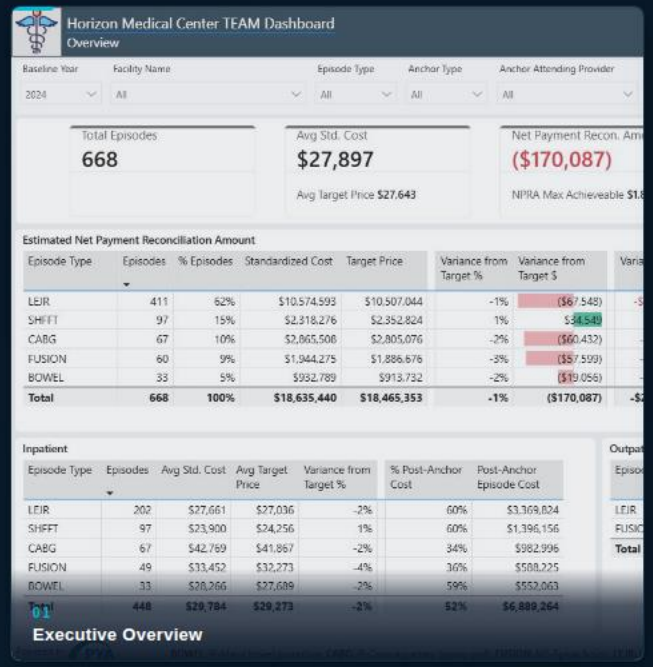
CMS TEAM ANALYTICS

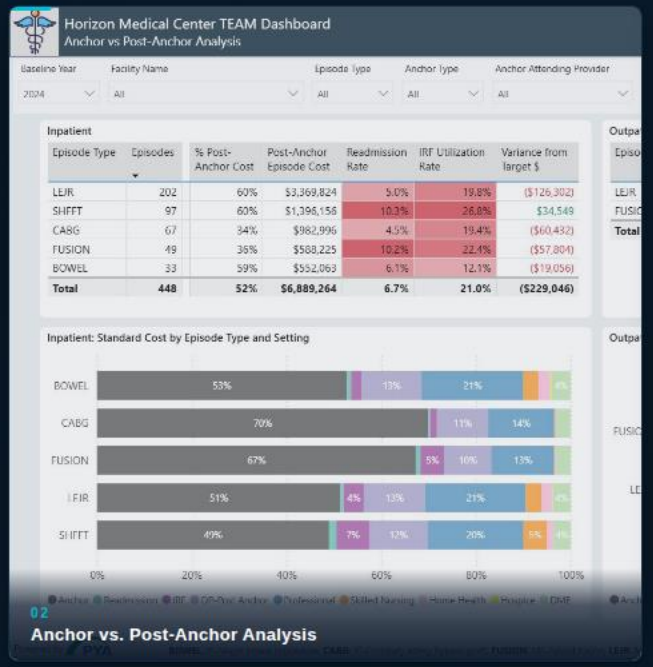
Transforming Episode Accountability

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.

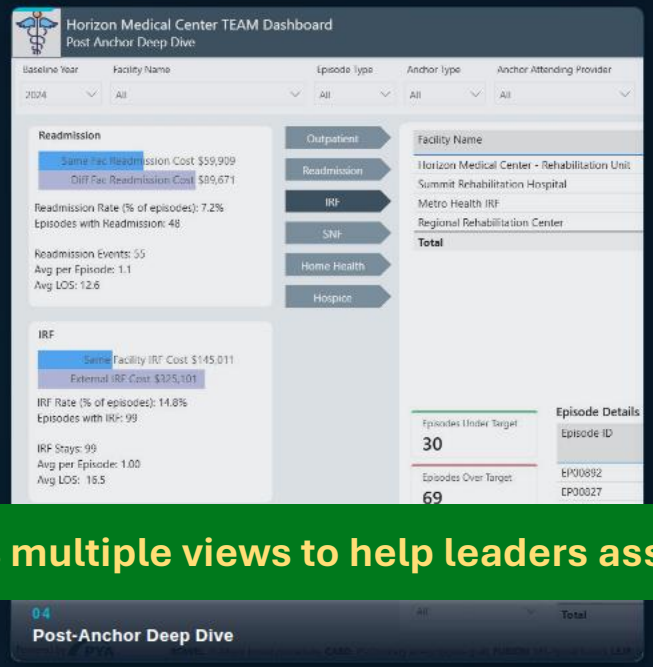
- Episode cost vs. target reconciliation
- Post-acute utilization deep dives
- Physician performance scorecards
- Care setting cost decomposition
- Individual episode journey tracking

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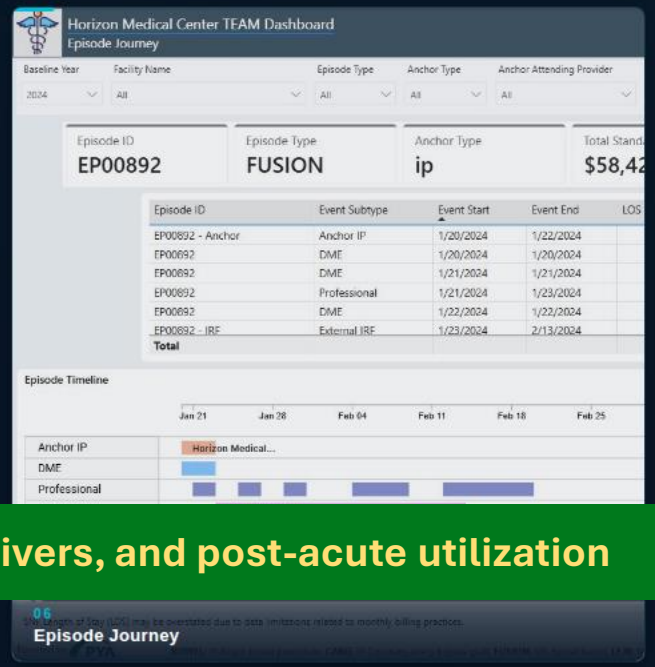






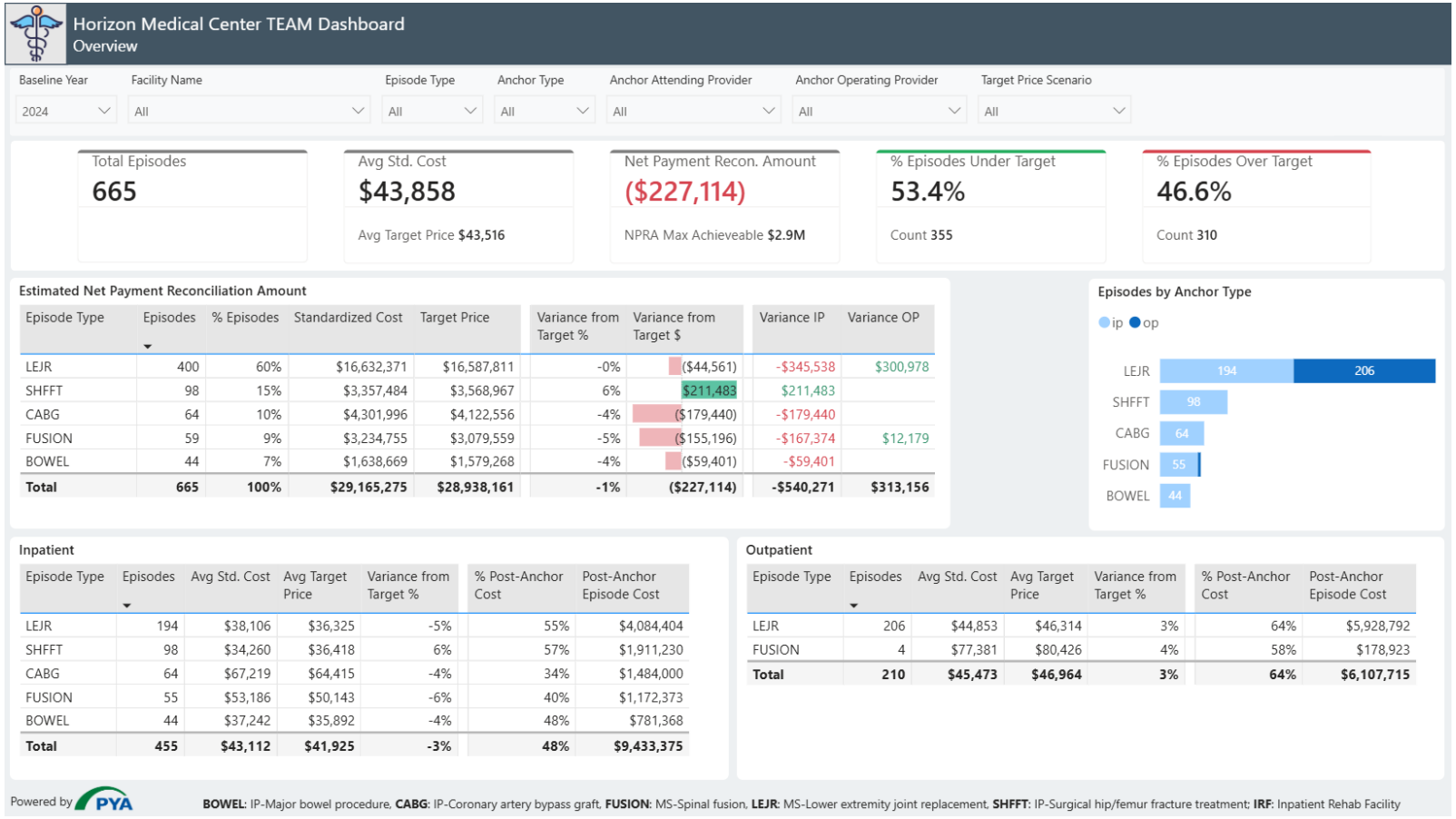






The dashboard provides multiple views to help leaders assess episode performance, cost drivers, and post-acute utilization

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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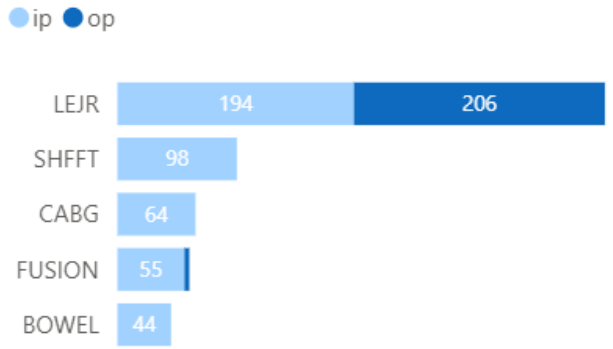
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Overview

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

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Avg Target Price **$36,325**

Net Payment Recon. Amount
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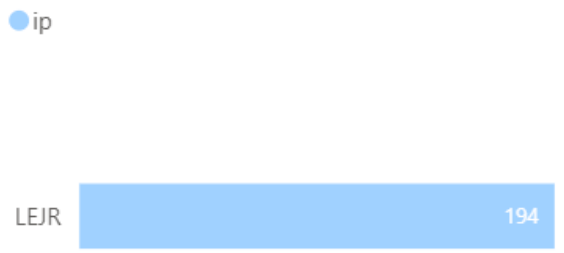
% Episodes Under Target
49.0%
Count **95**

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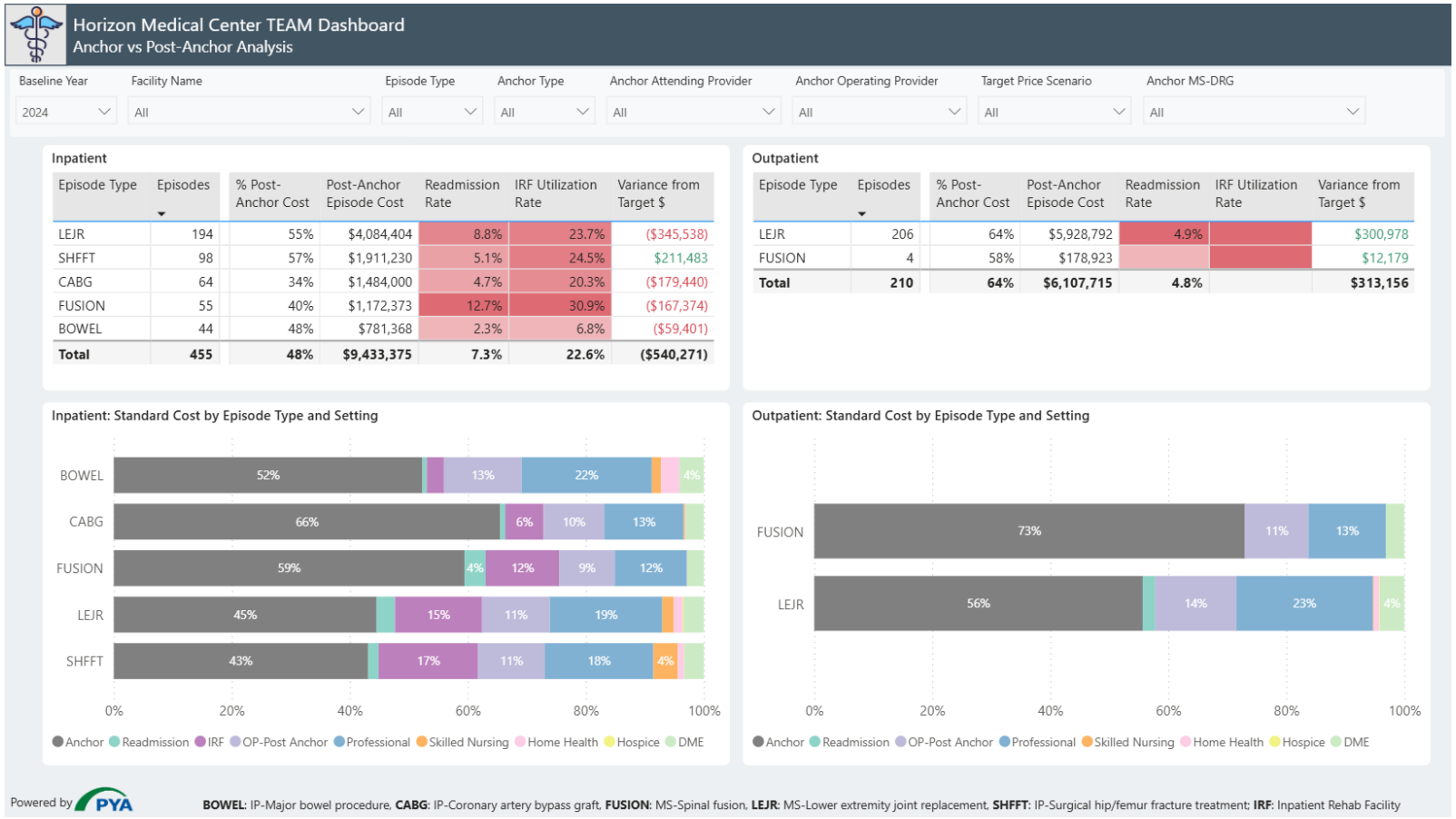
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TEAM Dashboard – Anchor vs. Post-Anchor Analysis



- 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

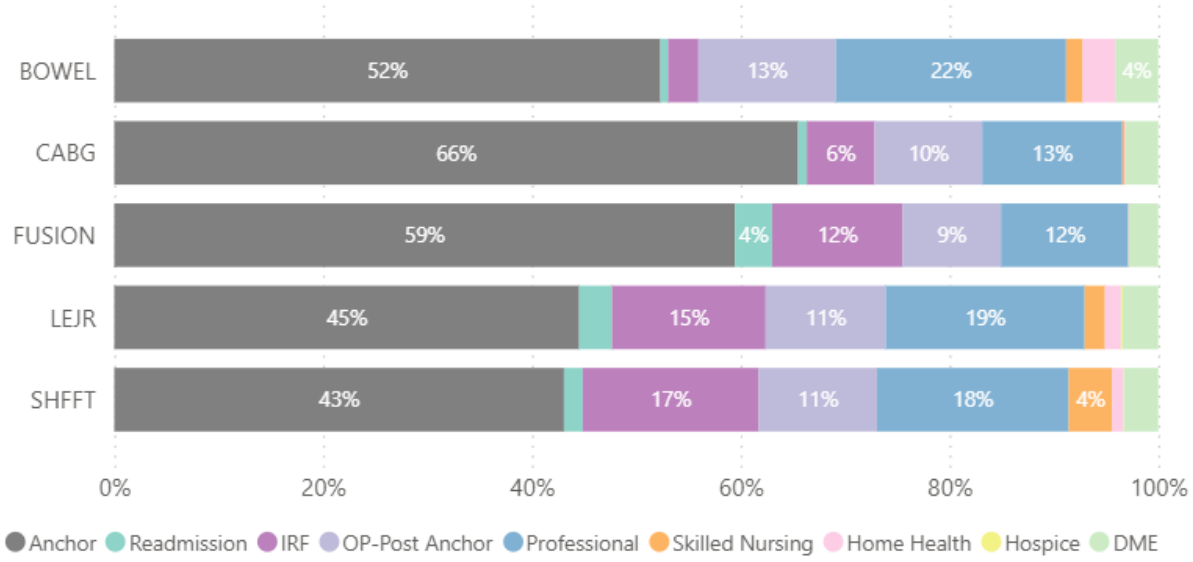
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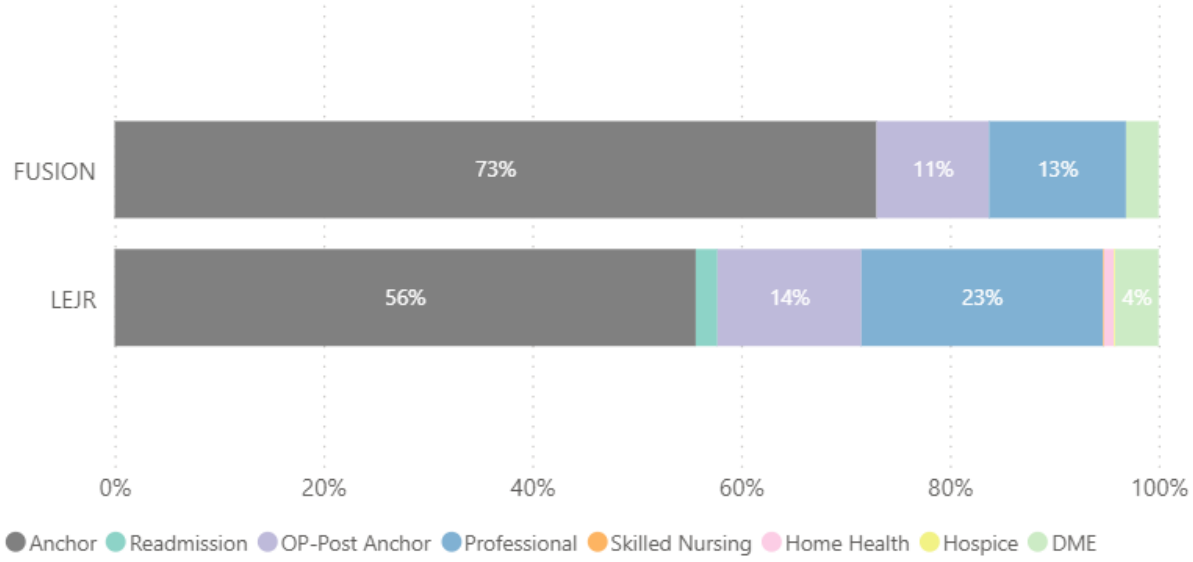
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Inpatient: Standard Cost by Episode Type and Setting



Outpatient: Standard Cost by Episode Type and Setting



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Horizon Medical Center TEAM Dashboard

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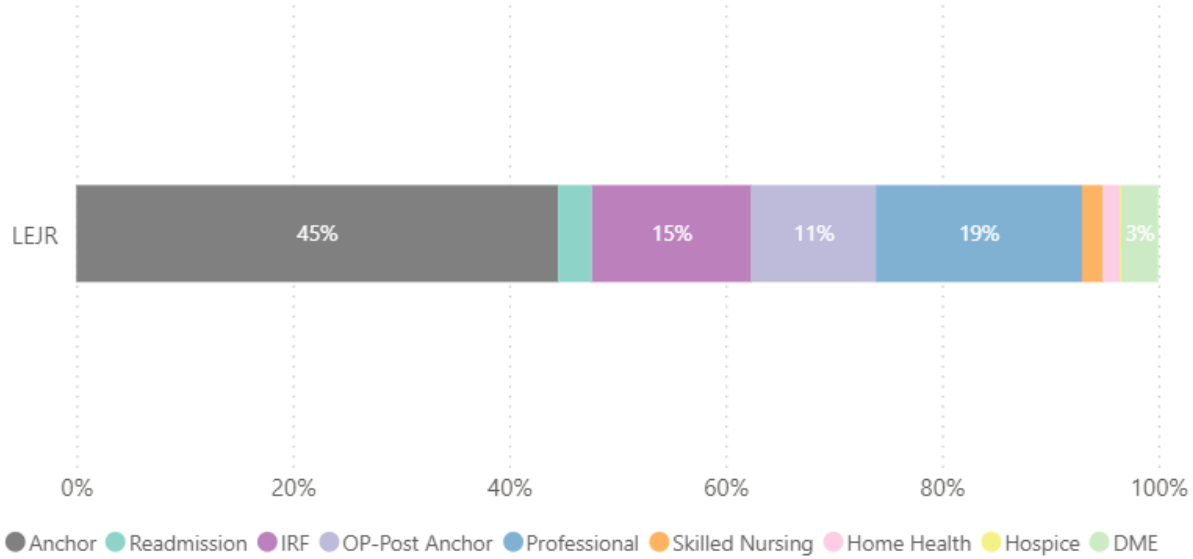
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Inpatient: Standard Cost by Episode Type and Setting

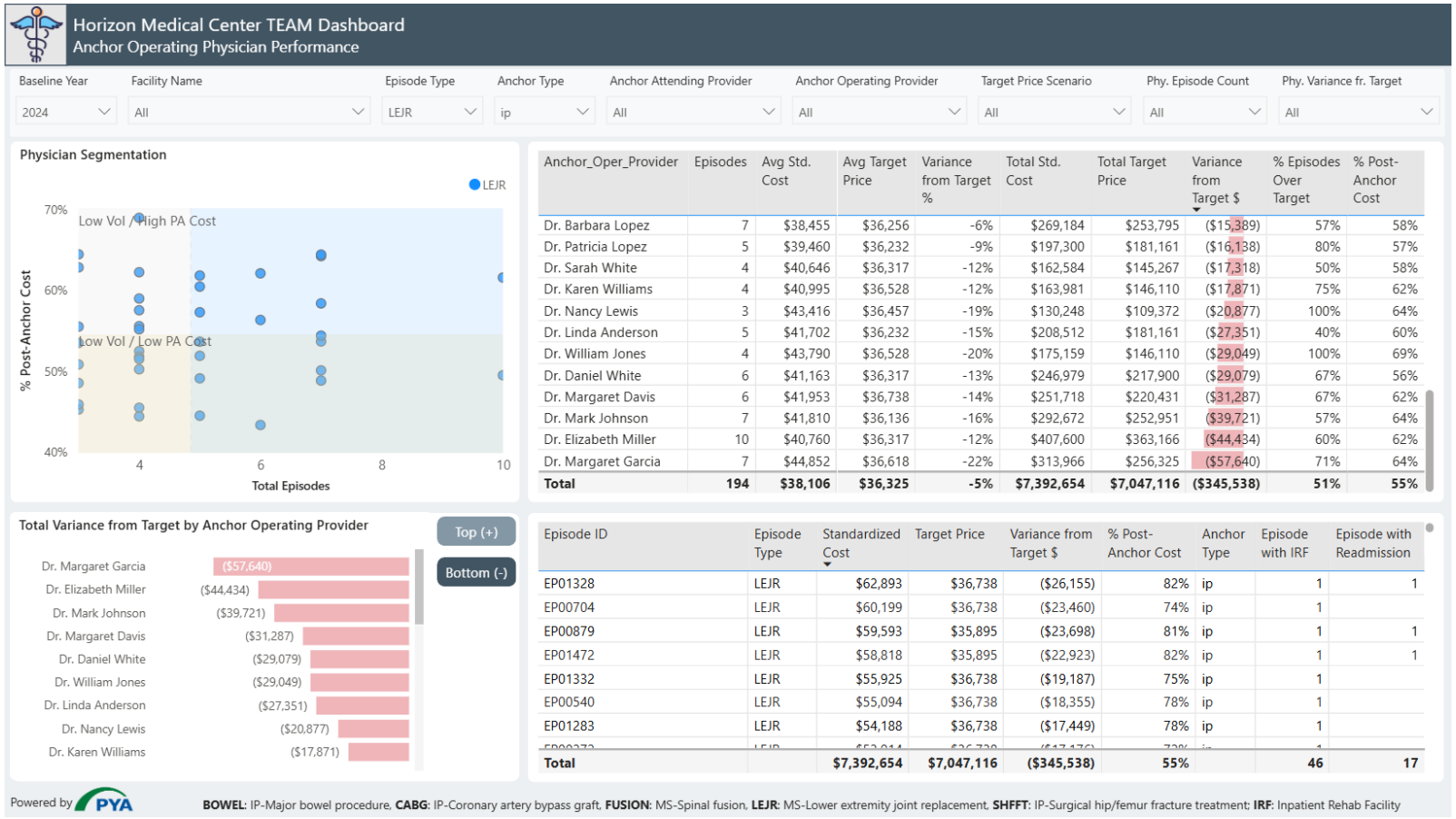


Outpatient: Standard Cost by Episode Type and Setting

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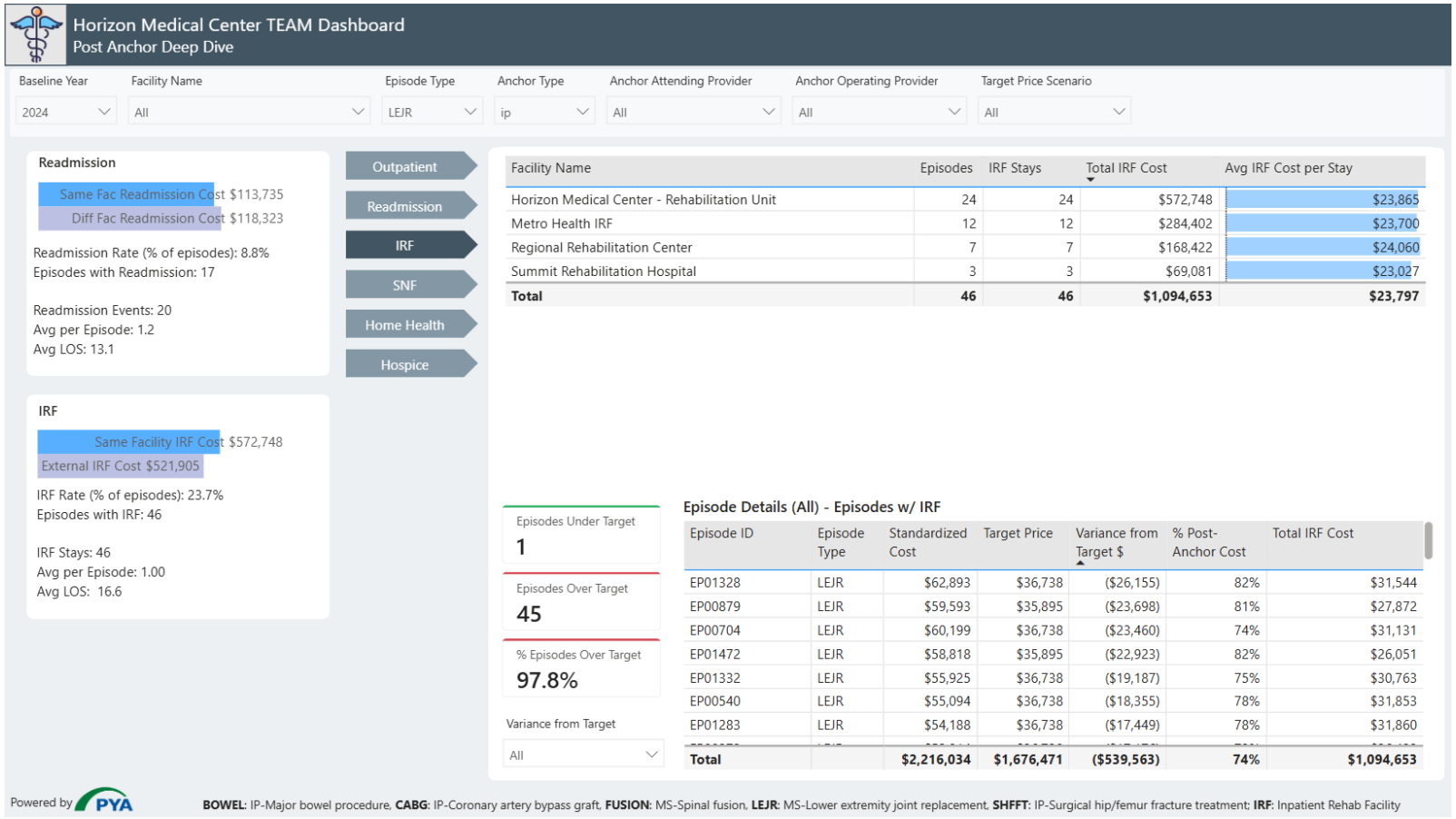
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TEAM Dashboard – Physician Performance



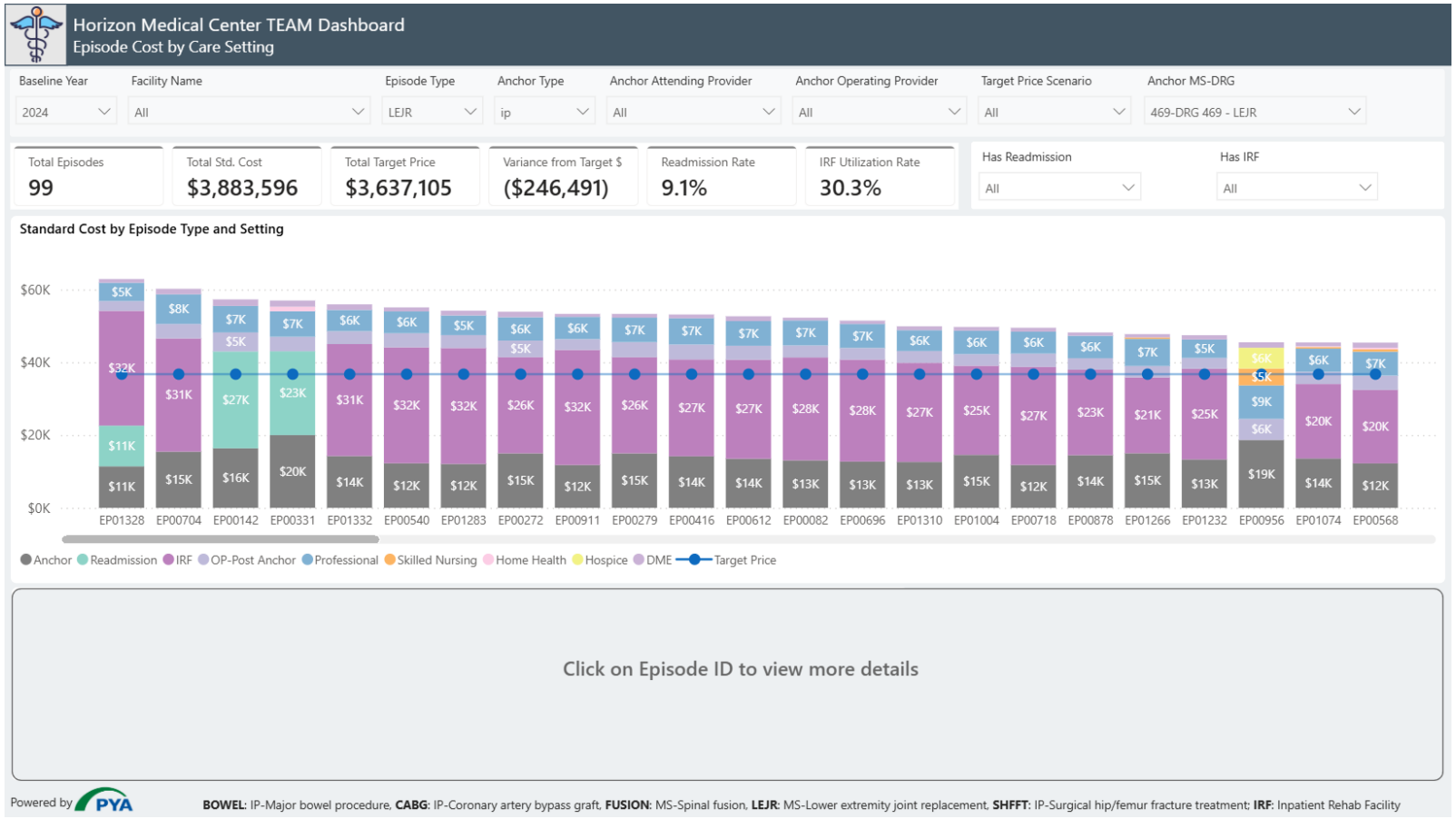
- Profiles individual physicians by episode volume, cost efficiency, and variance from target price.
- The segmentation scatter plot and ranked bar chart enable clinical leaders to identify high-performing surgeons and target opportunities to improve practice patterns.
- The dashboard has a breakdown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

TEAM Dashboard – Post-Anchor Deep Dive



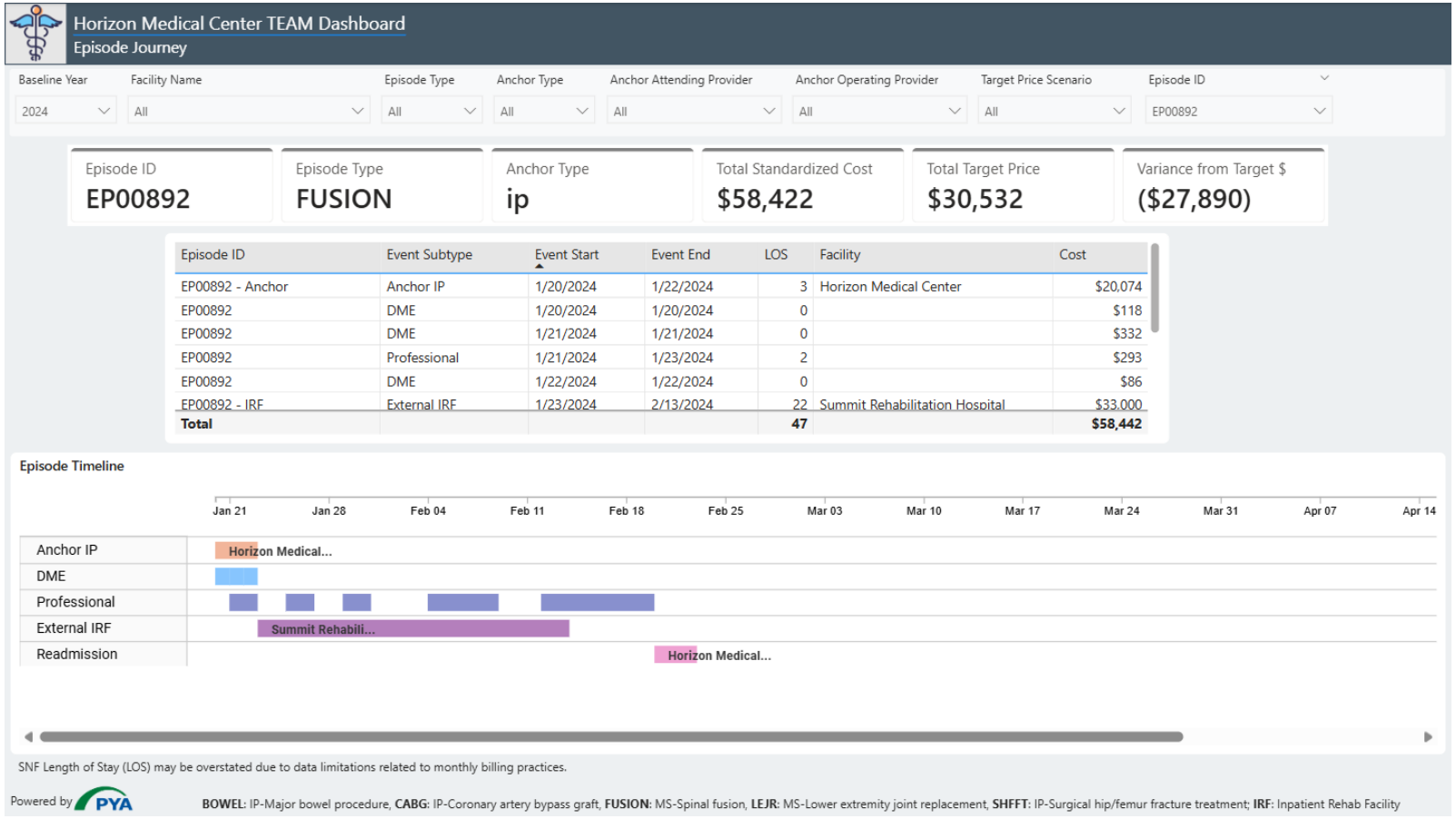
- Drills into post-anchor utilization with facility-level detail across IRF stays, SNF, home health, and hospice
- Also highlights acute-care readmissions occurring during the post-anchor period
- This view highlights which downstream facilities are driving costs and helps identify opportunities to redirect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