HCRR 110 TEAM Ready: Turning Claims Data into Financial Performance

Presented March 11, 2026 by PYA's Angie Caldwell, Jason Hardin, and Lee Ann Odom | Part of the Healthcare Regulatory Roundup Webinar Series

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WEBINAR SUMMARY

This episode of PYA's Healthcare Regulatory Roundup webinar series delves into the Centers for Medicare & Medicaid Services (CMS) Transforming Episode Accountability Model (TEAM). TEAM is a mandatory five-year bundled payment model that makes hospitals financially accountable for the total cost and quality of care across an episode, from the initial procedure through post-discharge recovery.

The presenters emphasized that success under the CMS TEAM model requires hospitals to move from retrospective reporting to proactive performance management. Organizations must quantify downside risk, identify variation across episodes, and align financial, clinical, and operational teams around shared data. Claims data serves as the foundation, but value is realized only when it is translated into decision-ready insights through dashboards and governance structures. High-performing organizations will focus on high-volume, high-variability episodes and prioritize interventions that reduce unwarranted variation. Operational success depends on multidisciplinary collaboration, physician alignment, and upstream interventions such as preoperative optimization and care transition planning.

Key topics include:

- CMS Transforming Episode Accountability Model (TEAM), bundled payment model, Track Three risk, episode-based reimbursement, claims data analytics, target price variance, downside financial exposure quantification, post-acute care utilization, inpatient rehabilitation variation, readmission drivers, Length of Stay (LOS) variation, discharge disposition patterns and planning, physician practice variation, decision-ready data intelligence, multidisciplinary governance, preoperative optimization, standardized clinical pathways, care continuum and transitions management, post-acute provider alignment, elective surgical episode management, continuous performance monitoring
- Downside financial risk under TEAM becomes material in 2027 and must be quantified early
- Claims data must be transformed into decision-ready insights to drive action
- High-volume, high-variability episodes should be prioritized for intervention
- Post-acute utilization, length of stay, and readmissions are primary cost drivers
- Dashboards must be usable by clinical, financial, and operational leaders
- Physician alignment is critical to reducing variation and improving outcomes
- Multidisciplinary governance structures are required for sustained performance
- Upstream interventions such as preoperative optimization reduce downstream costs

WEBINAR HIGHLIGHTS AND FREQUENTLY ASKED QUESTIONS

What is the CMS TEAM model?

- The CMS TEAM model is a bundled payment program that holds hospitals accountable for total episode cost and quality from the anchor event through 30 days post-discharge.

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What is downside risk in TEAM?

- Downside risk means hospitals may need to repay CMS if episode costs exceed target prices, with exposure increasing significantly beginning in 2027.

How can hospitals prepare for TEAM financially?

- Hospitals can use baseline and early performance data to quantify exposure, identify high-risk episodes, and prioritize financial and operational interventions.

What are the main cost drivers in TEAM episodes?

- Key cost drivers include length of stay, readmissions, discharge disposition, and post-acute care utilization.

Why are dashboards important for TEAM?

- Dashboards help translate claims data into actionable insights, allowing leaders to identify variation and prioritize improvement efforts.

What role do physicians play in TEAM success?

- Physicians influence care patterns that directly affect cost and quality, making alignment and transparency critical.

What operational strategies improve TEAM performance?

- Standardizing care pathways, improving discharge planning, and reducing avoidable post-acute utilization are key strategies.

What are lead indicators in TEAM performance?

- Lead indicators include preoperative optimization, patient education, and care transition effectiveness, which influence downstream outcomes.

ACTION ITEMS

1. Risk and Financial Readiness

- Quantify projected downside exposure for 2027 using baseline and early TEAM performance data
- Identify high-volume, high-variability episodes (e.g., joint replacement, spinal fusion) as priority focus areas
- Translate episode-level variance into executive-level financial risk summaries

2. Data and Analytics Enablement

- Integrate CMS claims data across anchor, post-acute, and readmission settings
- Develop dashboards that clearly display:
- Episode cost vs. target
- Anchor vs. post-anchor spend
- Physician-level variation
- Post-acute provider performance
- Ensure reporting is accessible and interpretable for clinicians, operators, and executives

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3. Governance and Stakeholder Engagement

- Establish or formalize a multidisciplinary TEAM governance structure (finance, quality, operations, physicians, executive leadership)
- Routinely review variation data in structured forums with clear accountability
- Use claims insights to support physician collaboration and alignment conversations

4. Clinical and Operational Interventions

- Standardize and monitor clinical practice guidelines for applicable TEAM episodes
- Analyze and address length-of-stay and discharge disposition variation
- Reduce avoidable post-acute utilization (IRF, SNF) through better planning and alternatives
- Target avoidable readmissions with chart reviews and root cause analysis

5. Upstream Optimization and Care Transitions

- Strengthen preoperative optimization programs for elective surgical episodes
- Expand patient and family education to support safe discharge and home recovery
- Improve timeliness and reliability of care transitions, including coordination with post-acute providers
- Regularly reassess care transition performance and readmission drivers
- Track and act on lead indicators, not just reconciled financial outcomes
- Reconcile and validate healthcare real estate leases, establish a centralized contract/lease tracking system, and consider an independent fair-market-value review where appropriate to address space creep and staff-utilization risks
- Create or update a centralized third-party vendor inventory and implement a third-party risk management lifecycle (due diligence, onboarding checklist, performance metrics, monitoring, offboarding) for outsourced service providers

WEBINAR OUTLINE

Introduction and Overview of TEAM Overview and CMS Requirements

- PYA Moderator introduces the webinar series and the presenters: Angie Caldwell, Lee Ann Odom, and Jason Hardin.
- Angie Caldwell provides an overview of the CMS TEAM, a mandatory five-year bundled payment model for 743 hospitals and 187 CBS A's.
- Hospitals are accountable for the total episode cost and quality, spanning from the anchor hospitalization or procedure to a 30-day post-discharge period.
- The CMS TEAM aims to reduce variation, improve outcomes, and protect margins within hospitals, focusing on five surgical episodes: two lower extremity joint replacements, spinal fusion, major bowel surgical procedures, hip and femur fractures, and coronary artery bypass grafts.

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Shifting to Track Three and Risk Structure

- Jason Hardin discusses the urgency of shifting to Track Three in 2027, noting that many hospitals chose Track One in 2026 for upside exposure only.
- He explains that Track Two is an option for fewer hospitals, including rural and Medicare-dependent sole community hospitals, with upside and downside risk of up to 20%.
- Jason provides an example of ABC Hospital, which in 2026 was in Track One with upside exposure only, and in 2027 will face downside exposure of up to 20% of the target price.
- He highlights the importance of using baseline data and early performance period data to reduce downside exposure is emphasized.

Data as the Foundation for TEAM Performance

- Jason Hardin explains that data is the foundation for TEAM performance management, highlighting the need to quantify risk, identify variation, and engage stakeholders.
- He stresses that organizations must understand their downside exposure to manage it effectively, using claims data to estimate exposure relative to target prices.
- Jason provides an example of focusing on high-volume, high-variability episodes like lower extremity joint replacements and spinal fusion.
- He notes the next step is to diagnose the drivers of variation, including length of stay, readmissions, discharge dispositions, unwarranted utilization, and care setting drivers.

Barriers to Actionable Insight and Dashboard Solutions

- Jason Hardin identifies common barriers to actionable insight, such as data fragmentation, limited analytical staffing, and complexity of data.
- He explains the end goal is to provide decision-ready intelligence for leadership, making data relevant and understandable for executives, physicians, and operational leaders.
- Lee Ann Odom mentions the importance of a multi-disciplinary team approach, integrating data, financial, clinical, and operational perspectives to affect change.
- Jason introduces dashboard views that integrate episode views across the care continuum, providing targeted insights into care setting drivers, physician variation, and post-acute outcomes.

Executive Overview Dashboard and Performance Analysis

- Jason walks through the executive overview dashboard that shows overall performance by episode category and setting, with a focus on volume, average cost, and variance from the target.
- Jason highlights that nearly half of the episodes are in excess of the target, with significant unfavorable variances in lower extremity joint replacements and spinal fusion.
- He shows how the dashboard allows for a deep dive into specific episodes, identifying root causes of unfavorable variances and areas for intervention.
- Jason demonstrates how the post-anchor deep dive view focuses on post-acute care providers, including readmissions, and the impact of inpatient rehab and skilled nursing facilities on episode costs.

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Episode Cost by Care Setting and Episode Journey Dashboard

- Jason Hardin and Lee Ann Odom discuss the ways the episode cost by care setting dashboard provides a visual representation of episodes in excess of the target price, highlighting specific components of cost within each episode.
- Lee Ann emphasizes the importance of understanding the anchor stay and readmission space to identify opportunities for improvement.
- Jason explains the episode journey dashboard allows for a longitudinal view of the episode, showing the cost compared to the target and the patient journey from discharge to 30 days post-discharge.
- Jason concludes the dashboards help identify high-cost areas and physician-level variations, providing insights for targeted interventions and operational improvements.

Ongoing Monitoring and Execution

- Lee Ann Odom discusses the importance of ongoing monitoring and execution to succeed in TEAM, emphasizing the need for a multi-disciplinary team and governance structures.
- She describes operational measures that should include clinical practice guidelines, readmissions measurement, length of stay variation, and discharge disposition patterns.
- Lee Ann emphasizes that the focus should be on high-impact interventions, such as pre-operative optimization activities, patient and family education, and timely care transitions.
- She further notes that standardized care pathways can help decrease variation and improve collaboration with post-acute care plans, leading to better outcomes and financial performance.

Conclusion and Resources

- Lee Ann Odom emphasizes the importance of thinking about executing insights and asking questions about operations, locating and tracking high-cost areas and physician-level variations, and communicating findings with clarity.
- She reiterates the importance of having structures in place to support patients and providers through their journeys, and using data to strengthen focus on high-impact interventions where needed.
- Lee Ann concludes the webinar with a reminder to reach out for support in their journey to improve healthcare regulatory performance.
- PYA Moderator provides contact information for further questions and mentions that slides and recordings of the webinar are available at pyapc.com.

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