

Five Things To Know About CMS's New "TEAM" Model

John Harris, Managing Director

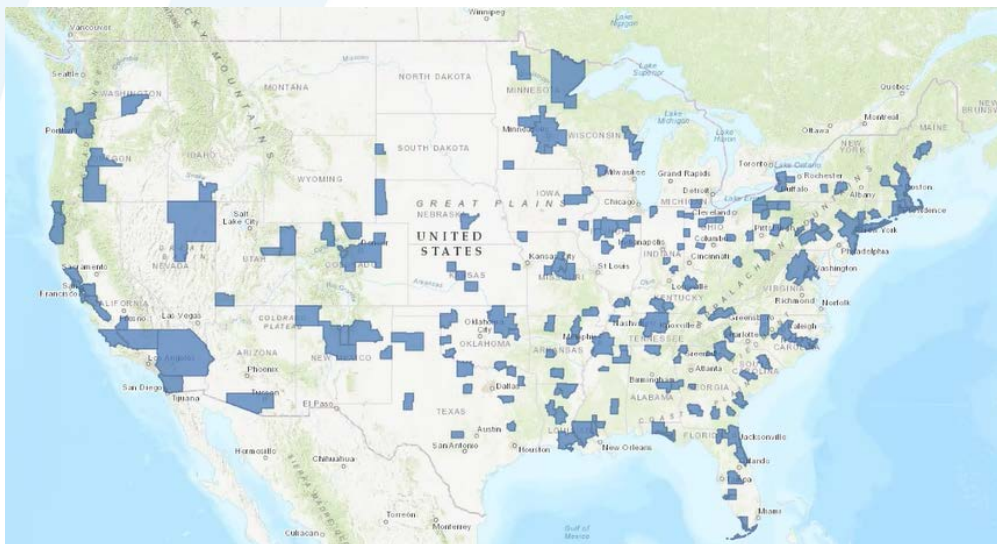
Molly Johnson, Consultant

There is a new kid on the block in the CMS alphabet soup of value-based payment models. The Transforming Episode Accountability Model (TEAM) pushes hospitals and health systems to better manage five surgical episodes of care for the initial admission and the thirty-days following. TEAM is a mandatory model for [selected markets](#) launching January 2026.

And now is the time to prepare.



Mandatory Core-Based Statistical Areas Selected for TEAM Participation



Mandatory Core-Based

Lower extremity joint replacement

Surgical hip femur fracture treatment

Spinal fusion

Coronary artery bypass graft

Major bowel procedures

FIVE THINGS TO THINK ABOUT AS YOU GET READY:

- **Impact** – For a typical hospital the selected episodes comprise about 15% of Medicare volume.¹ That's on average though, and the portion of your hospital's volume and revenue may be larger. Perhaps more jarring, hospitals participating in TEAM are estimated to lose an estimated \$500 per episode on average if current performance persists.² Getting a handle on scope and potential impact will help you determine the extent of focus TEAM needs from your organization.
- **Planning** – You'll need to understand your current performance to know the potential impact of TEAM on your hospital. To get started you'll need detailed data soon, and CMS won't be providing any until mid-2025. Veralon can support access to the necessary data – and make it meaningful. We can guide you through identifying areas for improvement, determine where to focus, and start implementing the changes needed to be successful.
- **Engagement** – TEAM serves up a new opportunity you didn't have before – collaborating with your physicians to improve care processes and performance and delivering the financial rewards that come from those efforts. That's right, you can gainshare the positive reconciliation payments with your physicians and other collaborators.
- **Choices?** – Yes, there are different tracks in TEAM, but don't confuse these with options for how to participate. The majority of hospitals will be forced to take downside risk in the second year of the model (2027) – with up to 20% of aggregate target price at risk. That means you've got just one year in the model to get your house in order. You don't want to wait.
- **Competitors** – Target prices are set for the census region, so you do not need to outrun the bear you only need to outrun your regional competitor hospitals. If you're already a low-cost hospital in the region, you should look to maximize your potential gains, possibly opting for risk out of the gate. If you're a high-cost hospital, you'll need to find areas to bring down your cost – and quickly.

WHAT DOES IT ALL MEAN?

If your market has been selected for TEAM, now is the time to prepare.

And if your market hasn't been selected for this mandatory model, you can breathe a sigh of relief for now – until CMS announces its next mandatory model. ●

¹ Based on analysis by the Institute for Accountable Care

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