

## Are You Ready for Medicare's New Mandatory Bundled Payment Model?

### Get Ready with IAC's In-Depth Hospital Opportunity Analysis Reports

Medicare's new mandatory bundled payment model, the Transforming Episode Accountability Model (TEAM) begins in 2026. Under TEAM, approximate 680 acute care hospitals in 188 markets will be required to assume financial risk for five 30-day surgical episodes, including the initial admission and most services provided to patients over the next 30 days.

**Covered episodes:** Major joint replacement of the lower-extremity, surgical hip and femur fracture treatment, spinal fusion, coronary artery bypass graft, major bowel procedure.

**Why it's important:** These episodes represent about 15% of a typical hospital's Medicare revenue. Episode target prices will be set for each of nine US Census regions and are adjusted for patient characteristics and DRG case mix. *That means high-cost hospitals need to find substantial savings quickly to avoid financial penalties in TEAM.* The attached tables show the initial impact of TEAM across selected markets and within a single large market.

**How IAC can help:** We offer hospitals an analysis of how TEAM will affect their Medicare revenue. While CMS will provide some data in late 2025, we offer immediate access to your hospital's episode data along with benchmark comparisons so you can begin preparing for the model now. Our reports use 100% of Medicare claims data to help you understand the financial impact of TEAM, identify areas for improvement, and develop strategies to optimize your financial outcomes.

**About the report:** We will provide an performance report with 2023 Medicare data that includes the following for the five surgical episodes covered:

- Estimated financial impact of TEAM participation
- Detailed breakdowns to identify opportunities for performance improvement
  - By episode, DRG and site of procedure (IP/OP)
  - By elective versus urgent cases
  - By setting (e.g., inpatient, outpatient, post-acute, readmissions etc.)
  - Profile of readmissions by hospital and SNF costs by facility
- Comparisons of your hospital to your local market and census region.

**About IAC:** The Institute for Accountable Care (IAC) is an independent, non-profit research institute dedicated to informing public policy and supporting organizations navigating value-based care. IAC is the official research partner of the National Association of ACOs (NAACOS).

**Contact us to learn more:** [analytics@institute4ac.org](mailto:analytics@institute4ac.org)

## Estimated 2023 Hospital Gain or Loss per Episode in 10 Largest TEAM Markets

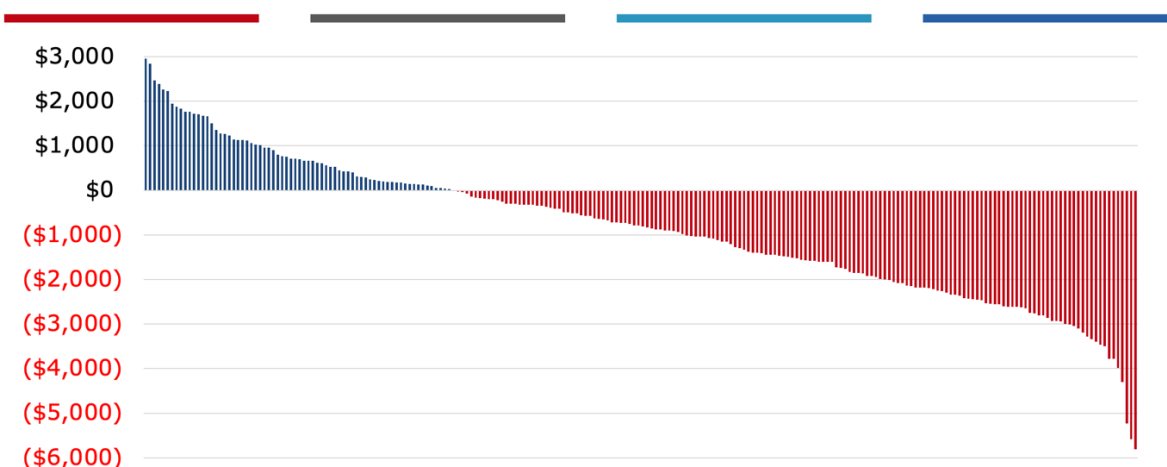
City	State	Total Cases	Gain or Loss Per Case
Minneapolis	MN	5,883	\$717
Nashville	TN	7,467	(\$101)
Jacksonville	FL	5,720	(\$617)
Tulsa	OK	3,708	(\$757)
Washington	DC	9,013	(\$787)
<b>US Average</b>	<b>US</b>	<b>204,985</b>	<b>(\$905)</b>
San Diego	CA	5,163	(\$1,150)
Denver	CO	5,597	(\$1,305)
Boston	MA	17,063	(\$1,372)
New York	NY	40,230	(\$1,524)
San Francisco	CA	7,653	(\$1,749)

Source: Institute for Accountable Care analysis of 2021 – 2023 Medicare claims data (100% sample)

Notes: Target prices calculated with 2021 – 2023 Medicare claims data (100% sample) by census division and trended, wage adjusted, and risk adjusted for all US hospitals with at least 31 TEAM episodes in 2021-23. Financial impacts in this table are based on the proposed rule applied to the markets selected for TEAM in the final rule.

## Initial Impact of TEAM for Hospitals for US Hospitals With at Least 300 Cases Annually

### 2023 Gain or Loss Per Case



Source: IAC analysis of TEAM episodes 2021-2023 with Medicare claims data (100% sample).  
Analysis is based on proposed 2025 iPPS rule applied to hospitals selected for the final model.