

## Are You Ready for TEAM – Medicare’s Mandatory Bundled Payment Model? Build Your Strategy with IAC’s Hospital Opportunity Analysis Reports

Medicare’s new mandatory bundled payment model, the Transforming Episode Accountability Model (TEAM) begins in 2026. Under TEAM, approximately 741 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. A summary of the TEAMs technical specifications is provided [here](#).

**Covered episodes:** Major joint replacement of the lower-extremity, surgical hip and femur fracture treatment, spinal fusion, coronary artery bypass graft, and 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 table below shows the impact of TEAM in selected high and low performing markets with at least 1,500 cases and a graph of gains and losses for all TEAM hospitals with 300 or more cases.

**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 areas for improvement and develop strategies to optimize your financial outcomes under TEAM.

**About the report:** We provide performance reports based on 2023 Medicare data for the five surgical episodes that includes the following:

- Estimated financial impact of TEAM on your hospital
- 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)

## Largest Average Financial Impacts in TEAM Markets with 1,500+ Cases

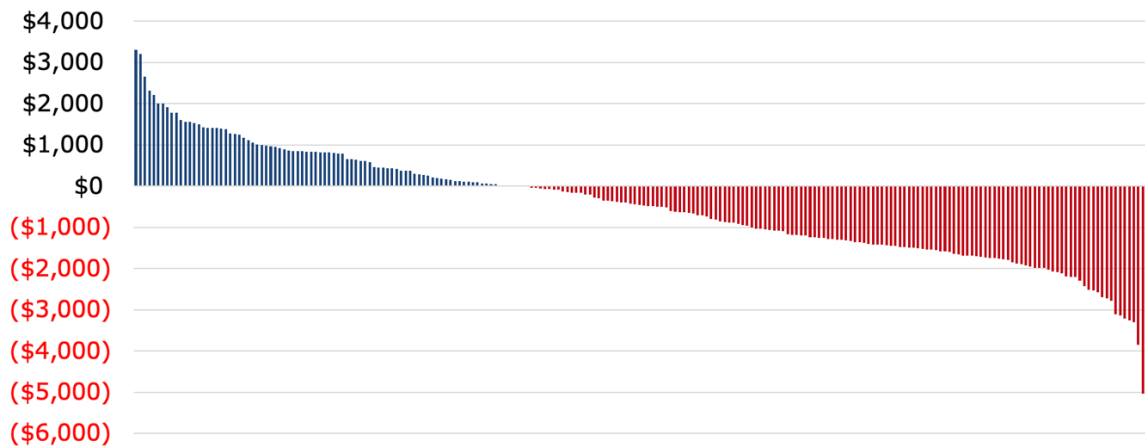
Metro Area	State	2023 Cases	Gain or Loss Per Case
Portland	OR	3,279	\$1,981
Lafayette	LA	1,567	\$1,408
Buffalo	NY	1,863	\$1,370
Minneapolis	MN	5,955	\$915
Raleigh	NC	3,356	\$785
<b>US Total</b>		<b>201,742</b>	<b>(\$572)</b>
New York	NY	40,669	(\$1,078)
Memphis	TN	2,863	(\$1,259)
Denver	CO	5,712	(\$1,348)
Riverside	CA	3,698	(\$1,535)
San Jose	CA	2,816	(\$2,703)

Source: Institute for Accountable Care analysis of 2021 – 2023 Medicare claims data.

Notes: Target prices calculated with 2021 – 2023 Medicare claims data by census division and trended, wage adjusted, and risk adjusted for all qualifying US hospitals with at least 11 TEAM episodes in 2023 using specifications from the final 2025 iPPS rule.

## Financial Impact of TEAM for US Hospitals With 300+ Qualifying Cases

### 2023 Gain or Loss Per Case



Source: IAC analysis of TEAM episodes using 100% of 2021-2023 Medicare Part A and Part B claims. Analysis is based on final 2025 iPPS rule.