

Medicare's Transforming Episode Accountability Model (TEAM) Four Things Hospitals Must Do Now to Get Ready

On August 1, Medicare finalized its new mandatory bundled payment model, the Transforming Episode Accountability Model (TEAM). The model begins in 2026 and continues through 2030. Most hospitals will bear financial risk for five 30-day surgical episodes beginning in 2027. If you are one of the approximately [741 hospitals](#) located in the TEAMs mandatory markets here is what you need to do now to get ready.

Understand the Model. TEAM is different from Medicare's prior bundled payment models. Your hospital's target price will be the risk-adjusted average spending per episode for your census division which are large, multi-state areas. **That means if you are a relatively high-cost hospital, your TEAM bundle price could be thousands of dollars less than your current spending per episode.** However, unlike prior CMS bundle models, your target prices won't drop every year you save money. If you can consistently improve faster than the census division average your success will compound over time. A summary of TEAM specifications is provided [here](#).

Understand the Financial Impacts. You need to know your current performance to build a strategy for success. TEAM will result in immediate losses for some hospitals and windfall gains for others. We offer [reports](#) based on 100% of Medicare Part A and B claims to help you quantify the TEAM impact on your hospital and find the best opportunities for performance improvement. The reports include a comprehensive financial analysis across the entire continuum of care with benchmark comparisons to your competitors, your market and your census division.

Educate Clinicians. Strong partnerships with clinicians are key to success in TEAM and the model allows you to share gains with clinicians. Hospitals will need to invest in clinical redesign to improve efficiency inside the hospital. They will need to work with surgical teams and other clinicians to improve outcomes through greater use of pre-surgical care such as physical therapy and coordination with primary care to prepare patients for successful surgery through attention to issues such as diabetic control, weight loss and smoking cessation.

Identify and Engage Downstream Partners. Succeeding in bundled payment requires actively managing the continuum of care. Hospitals will need care coordination resources and partnerships from across the care continuum to succeed. Some hospitals already have these capabilities in place, but those that do not could explore partnerships with accountable care organizations to enhance care transitions and post-surgical care management.

About IAC: The Institute for Accountable Care (IAC) is an independent, non-profit research institute dedicated to informing public policy and supporting organizations in value-based care. We offer high-quality cost-effective analytic services and have extensive experience with Medicare bundled payment. IAC is the official research partner of the National Association of ACOs (NAACOS).

Contact us if you would like to learn more about TEAM or its financial implications for your hospital: analytics@institute4ac.org