

CMS TEAM Model-Ready: A Comprehensive Hospital Playbook for 2026-2030

Executive Summary

The CMS Transforming Episode Accountability Model (TEAM) marks a significant shift toward mandatory, episode-based bundled payments for acute care hospitals, effective January 1, 2026. This five-year initiative focuses on accountability and cost efficiency across five key surgical episodes, demanding urgent preparation from hospitals, especially those in selected Core-Based Statistical Areas (CBSAs).

Success under TEAM relies on excellence in targeted readiness areas including operational optimization, clinical performance, and financial management. Unprepared hospitals face substantial financial penalties, operational disruptions, and prolonged recovery periods of 18-24 months, while those ready gain competitive advantages and leadership positions in value-based care.

TEAM's intricate target pricing methodology combines regional benchmarks with hospital-specific and risk adjustments to ensure fairness and equity, emphasizing the importance of precise documentation and strategic positioning. Partnering with experts like Persivia, leveraging AI-driven analytics and proven clinical pathways, can empower hospitals to navigate this complex model confidently.

With demonstrated success in prior bundled payment models like BPCI-A, immediate and sustained action today is critical to achieving long-term sustainability and excellence under the TEAM framework beginning 2026.

Introduction

The Centers for Medicare & Medicaid Services (CMS) Transforming Episode Accountability Model (TEAM) represents a pivotal moment for acute care hospitals across the United States. With mandatory implementation beginning January 1, 2026, hospitals have a rapidly narrowing window to prepare for this five-year bundled payment initiative that will fundamentally reshape how care is delivered and reimbursed for five critical surgical episodes.

The countdown to TEAM implementation has begun, and hospitals must act decisively during the critical preparation phases spanning Fall 2024 through 2025. Unlike voluntary bundled payment models of the past, TEAM's mandatory nature for selected hospitals in chosen Core-Based Statistical Areas (CBSAs) eliminates the luxury of a wait-and-see approach. The time for preparation is now.

Key Readiness Areas for Success

Success in TEAM will be determined by hospital excellence across three fundamental domains:



Enhanced Discharge Planning Systems that ensure seamless transitions from inpatient care to post-acute settings, optimizing patient outcomes while controlling episode costs during the critical 30-day post-discharge period.



Advanced Care Coordination Framework that integrates inpatient optimization with robust post-acute care partnerships, creating a continuum of accountability that extends beyond traditional hospital



Comprehensive Outcomes Management that combines quality measure excellence with sophisticated cost management, leveraging CMS's target price methodology to achieve both clinical and financial success.

Why Hospitals Must Act Now?



TEAM Launch Countdown

**JAN 1
2026**

Immediate Action Required

Five-year mandatory model duration represents a **fundamental shift** toward episode-based accountability



Cost of Being Unprepared

MILLIONS

in Potential Penalties

Unprepared hospitals face immediate financial exposure through negative reconciliation reaching millions of dollars



Recovery Timeline

**18-24
MONTHS**

To Achieve Performance Parity

Extended recovery period for unprepared hospitals to match prepared competitors' performance

Prepared vs. Unprepared Hospitals



UNPREPARED HOSPITALS

Financial exposure (millions)

Operational disruption

Competitive disadvantages

18-24 month recovery

VS



PREPARED HOSPITALS

Leadership positions

Long-term sustainability

Competitive advantages

Immediate success

Understanding TEAM Target Price Methodology

Regional-Level Target Price Foundation

CMS establishes preliminary target prices at the regional level using a systematic approach that combines historical spending data with forward-looking adjustments.

DRG-Region Preliminary Target Price Calculation

$$\text{DRG Region Preliminary Target Price*} = \text{Benchmark Price} \times \text{Prospective Trend Factor} \times \text{Discount Factor}$$

Hospital-Specific Target Price Refinement

While regional target prices provide the foundation for TEAM financial accountability, hospital-specific adjustments ensure fairness across different organizational types and patient populations. This refinement process adds multiple layers of adjustment that can significantly impact individual hospital target prices.

Hospital-Specific Preliminary Target Price Calculation

$$\text{Hospital-Specific Preliminary Target Price*} = \text{Benchmark Price} \times \text{Prospective Trend Factor} \times \text{Prospective Normalization Factor*} \times \text{Risk Adjustment Multiplier} \times \text{Discount Factor}$$

Risk Adjustment Impact on Target Pricing

TEAM employs comprehensive risk adjustment at patient and hospital levels to ensure equitable target pricing. Patient-level factors include age brackets, up to 16 HCC categories per episode type, and social risk factors for health equity—requiring sophisticated documentation and coding to capture patient complexity and protect hospitals serving vulnerable populations.

Hospital-level adjustments address bed size economies of scale, safety net status protections, and geographic/market variations in labor costs and regulatory requirements. Optimizing these risk adjustment factors through improved documentation, coding accuracy, and strategic positioning should be central to every hospital's TEAM preparation strategy for more favorable target prices.

Partnering with Persivia for TEAM Model Excellence

Persivia's integrated platform, CareSpace® transforms CMS TEAM model preparation through its sophisticated AI-driven analytics that enable hospitals to track episodes in real-time, predict high-risk patient scenarios, and monitor performance against Transforming Episode Accountability Model benchmarks. Our clinical expertise extends beyond technology to develop evidence-based care pathways that seamlessly integrate clinical protocols with operational efficiency throughout the critical 30-day episode period. Persivia optimizes post-acute care partnerships by conducting comprehensive provider assessments, establishing performance benchmarks, and facilitating seamless communication between care settings, ensuring accountability for episode outcomes while enabling the proactive intervention and personalized care planning essential for TEAM model success.

Proven Success in Bundled Payment Models

With over 15 years of experience in value-based care and AI-driven clinical solutions, Persivia has established itself as the leading technology partner for hospitals navigating complex bundled payment initiatives. Our comprehensive platform has demonstrated exceptional results in the Bundled Payments for Care Improvement Advanced (BPCI-A) model, delivering measurable improvements that directly translate to TEAM model success.

Documented BPCI-A Performance Results:

\$17 million

saved in readmission costs
across client portfolio

7% decrease

in skilled nursing facility
length of stay

65% reduction

in all-cause 30-day
readmission rates

4% vs. 2.2% NPRA

Persivia episodes vs.
national average



[Click here to read the full story](#)

Conclusion:

Your Path to TEAM-Ready Excellence

As the January 1, 2026 TEAM launch date approaches, hospitals face a moment of strategic decision that will define their success in value-based care for years to come. The pathway to TEAM-ready excellence requires immediate action, sustained commitment, and systematic implementation of the critical components outlined in this playbook.