

Quality Scoring in the Transforming Episode Accountability Model (TEAM)

Quality Scoring



The Centers for Medicare & Medicaid Services (CMS) Transforming Episode Accountability Model (TEAM) uses selected quality measures related to care coordination, patient safety, and patient-reported outcomes to monitor the quality of beneficiary care at hospitals participating in TEAM. Since TEAM quality measures align with existing reporting requirements, TEAM participants are not required to provide additional quality data.



The quality measures are used to calculate the **Composite Quality Score (CQS)**. Then, the CQS is used to adjust the TEAM participants' reconciliation amounts based on quality performance.



This fact sheet details **the six steps** to calculate the CQS and quality-adjusted reconciliation amounts and provides example calculations.



Obtain Raw Measure Scores

Raw measure scores are obtained from the CMS quality reporting programs, minimizing TEAM participants' reporting burden. The table below presents the quality measures used in the CQS calculation in performance year (PY) 1.

Measure name ⁱ	Quality reporting program ⁱⁱ	Example raw measure score
<u>Hospital-Wide All-Cause Readmission Measure with Claims Data Only (HWR)</u> ⁱⁱⁱ	IQR	10.5%
<u>CMS Patient Safety and Adverse Events Composite (CMS PSI 90)</u>	HAC	0.95
<u>Hospital-Level Total Hip and/or Total Knee Arthroplasty Patient-Reported Outcome-Based Performance Measure (THA/TKA PRO-PM)</u>	IQR	36%

Table notes:

ⁱ Measure information is linked to the measure name.

ⁱⁱ IQR = Hospital Inpatient Quality Reporting Program; HAC = Hospital-Acquired Condition Reduction Program.

ⁱⁱⁱ For PY1, CMS will only use the claims-based portion of the measure to assess quality performance.

Assign Scaled Measure Scores

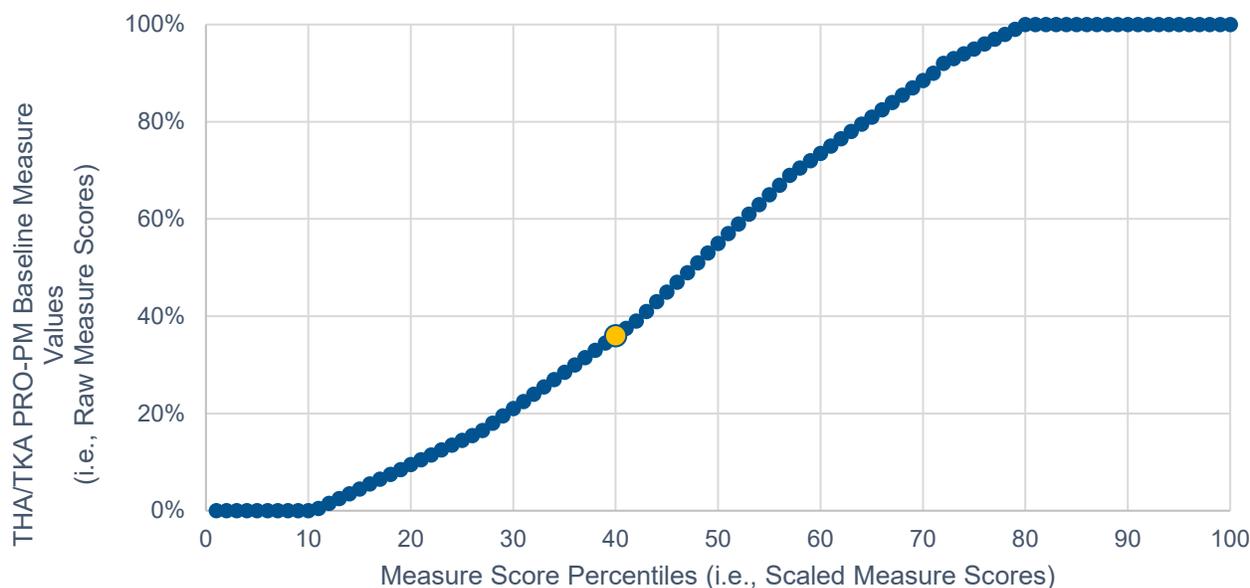
Measure score percentiles¹ will be determined based on a national set of raw measure scores from hospitals *eligible for TEAM*, not just TEAM participants.²

The percentiles will be calculated for a **fixed baseline period** that may vary by measure.

A **scaled measure score** will be equal to the baseline percentile in which the raw measure score falls.

The figure below shows an example distribution of THA/TKA PRO-PM baseline measure values (i.e., raw measure scores). The orange dot illustrates how a raw measure score of 36 percent falls on the 40th percentile of the baseline distribution. Therefore, if a participant receives a raw measure score of 36 percent, it translates to a scaled measure score of 40.

Figure 1. Example Distribution of THA/TKA PRO-PM Baseline Measure Values and Measure Score Percentiles



Calculate Normalized Weights

Normalized weights will be calculated for each TEAM participant as the volume of that participant's relevant TEAM episodes divided by that participant's total volume of TEAM episodes across all measures. The weights may vary by measure and TEAM participant.

The table³ below shows an example calculation of normalized weights based on a participant's TEAM episode volumes.

¹ A percentile of 100 will be the best possible performance and a percentile of 0 will be the worst possible performance.

² To be a TEAM-eligible hospital, the hospital must be an acute care hospital paid under Inpatient Prospective Payment System (IPPS) and Outpatient Prospective Payment System (OPPS). Hospitals that are not paid under both payment systems, such as Indian Health Services (IHS) hospitals, active Rural Community Hospital Demonstration (RCHD) participants, and Maryland hospitals, are not eligible for TEAM.

³ The table is modified from Table X.A.-11 of the FY2025 IPPS final rule (<https://www.federalregister.gov/d/2024-17021/p-6685>).

Measure abbreviation	Episode category	Example volume of a participant's TEAM episodes	Example weight
		[a]	[b] = [a] / sum of [a]
HWR	All inpatient episode categories	650	0.38
CMS PSI 90	All inpatient episode categories	650	0.38
THA/TKA PRO-PM	Inpatient lower extremity joint replacement	400	0.24
Sum	n/a	1,700	1.00

Calculate Weighted Scaled Scores and Determine the CQS

The **weighted scaled score** for each measure will be calculated as the scaled measure score multiplied by the normalized weight for the measure.

The **CQS** will be the sum of weighted measure scores and will range from 0 to 100. Higher CQS values indicate better quality performance of the TEAM participant.

The table⁴ below presents an example calculation of weighted scaled scores from scaled measure scores and weights. It also shows that the CQS is the sum of the weighted measure scores. In this example, the CQS is 51.4, indicating that the TEAM participant earned about half of the total possible CQS.

Measure abbreviation	Example scaled measure score	Example weight	Example weighted measure score
	[c]	[d]	[e] = [c]*[d]
HWR	60	0.38	22.8
CMS PSI 90	50	0.38	19.0
THA/TKA PRO-PM	40	0.24	9.6
CQS (sum of [e])			51.4

Apply CQS to Reconciliation Amounts

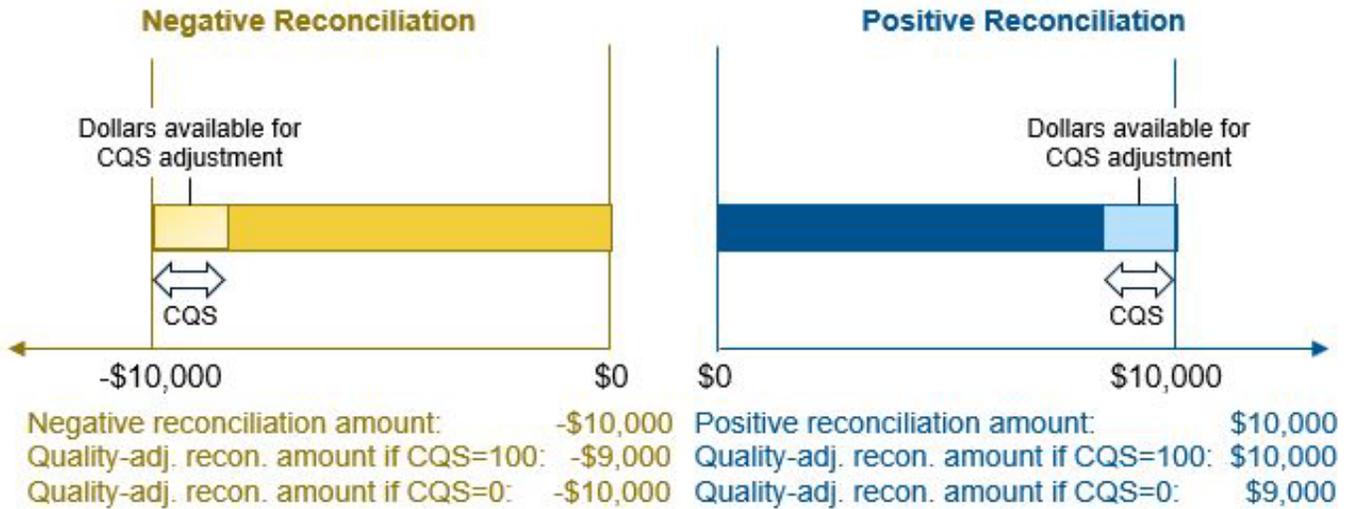
A **reconciliation amount** is the difference between the TEAM participant's total episode spending and the reconciliation target prices in the PY. The reconciliation amounts across all episode categories are aggregated to the TEAM participant level to determine whether the TEAM participant has a positive or negative reconciliation amount.

The CQS value adjusts the reconciliation amount. The dollars available for CQS adjustment vary by participation track. The left side of the figure shows example CQS-adjusted negative reconciliation amounts for Track 3. The right side of the figure shows example CQS-adjusted positive reconciliation amounts for Tracks 1-3.⁵ The negative reconciliation example uses a reconciliation amount of -\$10,000 adjusted by a CQS of 100 and 0, and the positive reconciliation example uses a reconciliation amount of \$10,000 adjusted by a CQS of 100 and 0.

⁴ The table is modified from Table X.A.-12 of the TEAM final rule (<https://www.federalregister.gov/d/2024-17021/p-6685>).

⁵ For positive reconciliation amounts, the CQS adjustment is up to 10% for all three participation tracks. For negative reconciliation amounts, the CQS adjustment is up to 15% for Track 2 and 10% for Track 3. There are no negative reconciliation amounts for Track 1. A separate [Quality Measures in the Transforming Episode Accountability Model \(TEAM\)](#) fact sheet provides example CQS adjustments for each participation track.

Figure 2. Example CQS-Adjusted Reconciliation Amounts for Track 3



The tables below show example scenarios of how **CQS-adjusted reconciliation amounts** differ based on different CQS values, positive or negative reconciliation amounts, and different participation tracks.

- The **CQS adjustment percentage** formula differs for a positive reconciliation amount and a negative reconciliation amount. Also, the CQS adjustment percentage formula for a negative reconciliation amount differs by participation track.
- The first table shows example CQS-adjusted positive reconciliation amount calculations and is applicable to Tracks 1-3 since all participation tracks use the same formulas for positive reconciliation amounts. The second table shows example CQS-adjusted negative reconciliation amount calculations based on Track 2, and the third table shows example CQS-adjusted negative reconciliation amount calculations based on Track 3.⁶

CQS Adjustments for Positive Reconciliation Amounts (Tracks 1-3)

The first table illustrates the calculations for a CQS-adjusted positive reconciliation amount for Tracks 1-3. The example uses a positive reconciliation amount of \$10,000 for each scenario and three different CQS values (i.e., 100, 50, 0). A higher CQS results in a higher quality-adjusted reconciliation amount (i.e., the TEAM participant will receive more of the positive reconciliation amount from CMS).

TEAM participant	Positive reconciliation amount	CQS value	CQS adjustment percentage	CQS adjustment amount	CQS-adjusted reconciliation amount
	[f]		[h] = 10%*(1-[g]/100)	[i] = [f]*[h]	[j] = [f]-[i]
Participant A	\$10,000	100	0%	\$0	\$10,000
Participant B	\$10,000	50	5%	\$500	\$9,500
Participant C	\$10,000	0	10%	\$1,000	\$9,000

⁶ No table shows example negative reconciliation amount calculations for Track 1 since Track 1 does not have negative reconciliation amounts.

CQS Adjustments for Negative Reconciliation Amounts (Track 2)

The second table illustrates the calculations for a CQS-adjusted negative reconciliation amount for Track 2. The example uses a negative reconciliation amount of -\$10,000 for each scenario and three different CQS values (i.e., 100, 50, 0). A higher CQS results in a quality-adjusted reconciliation amount closer to zero (i.e., the TEAM participant owes less of the negative reconciliation amount to CMS).

TEAM participant	Negative reconciliation amount	CQS value	CQS adjustment percentage	CQS adjustment amount	CQS-adjusted reconciliation amount
	[f]	[g]	[h] = 15%*[g]/100	[i] = [f]*[h]	[j] = [f]-[i]
Participant D	-\$10,000	100	15%	-\$1,500	-\$8,500
Participant E	-\$10,000	50	7.5%	-\$750	-\$9,250
Participant F	-\$10,000	0	0%	\$0	-\$10,000

CQS Adjustments for Negative Reconciliation Amounts (Track 3)

The third table illustrates the calculations for a CQS-adjusted negative reconciliation amount for Track 3. The example uses a negative reconciliation amount of -\$10,000 for each scenario and three different CQS values (i.e., 100, 50, 0). A higher CQS results in a quality-adjusted reconciliation amount closer to zero (i.e., the TEAM participant owes less of the negative reconciliation amount to CMS).

TEAM participant	Negative reconciliation amount	CQS value	CQS adjustment percentage	CQS adjustment amount	CQS-adjusted reconciliation amount
	[f]	[g]	[h] = 10%*[g]/100	[i] = [f]*[h]	[j] = [f]-[i]
Participant D	-\$10,000	100	10%	-\$1,000	-\$9,000
Participant E	-\$10,000	50	5%	-\$500	-\$9,500
Participant F	-\$10,000	0	0%	\$0	-\$10,000