



Comprehensive Care for Joint Replacement Expanded (CJR-X) Model **What to Know & How to Prepare**

August 11, 2026

Today's Learning Objectives

1

Understand the Model

Describe the key features & goals of the CJR-X Model.

2

Connect Cost & Quality

Explain how CJR-X aligns cost & quality performance across an episode of care & shifts accountability to hospitals.

3

Recognize Organizational Impact

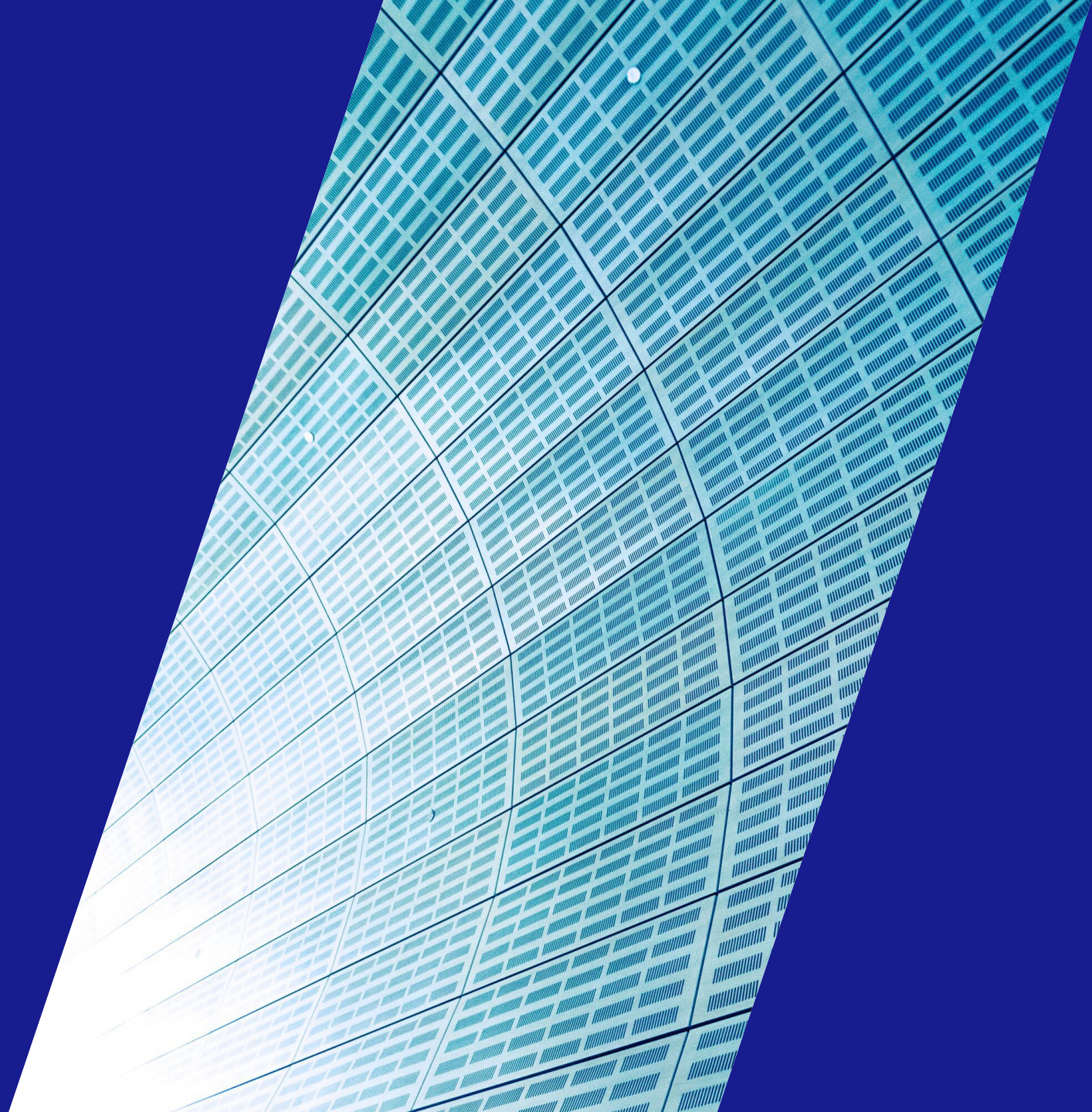
Recognize the potential organizational implications of participating in CJR-X, including impacts on performance, operations, & care delivery.

4

Prepare for Participation

Identify key considerations & early steps to help prepare for & succeed under the CJR-X Model.

Introductions



Meet the Presenters



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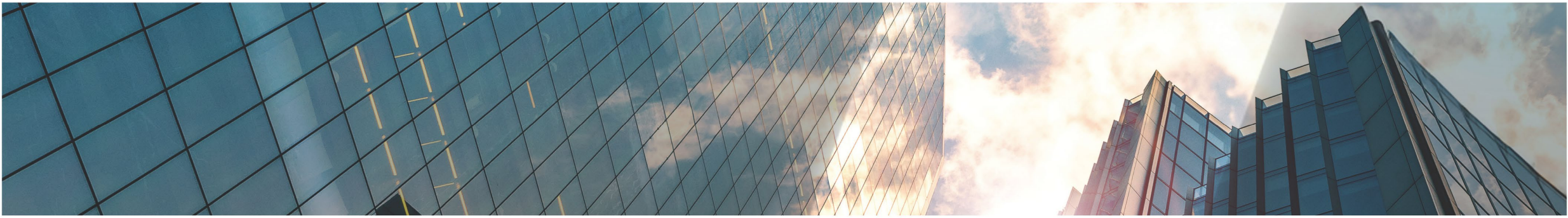


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CJR-X Overview



How Did We Get Here?

Progression From CJR to CJR-X

● 2016	CJR Launches: Inpatient Only	Mandatory in 67 MSAs; episode defined by MS-DRG 469/470 alone—no outpatient procedures
● 2018	Scaled Back	Mandatory participation narrowed to 34 MSAs; episode definition unchanged
● 2019	Target Pricing Change	Hospital-specific target pricing moved to 100% regional target pricing
● 2020	DRG Refinement	CMS splits hip fracture cases into new MS-DRG 521/522; episode definition updated to track the new codes
● 2021	Outpatient Added	TKA (27447) & THA (27130) added after removal from the Inpatient Only list, priced site-neutral with inpatient DRGs without MCC; risk adjustment expanded (age, dual-eligibility, comorbidities), PY 6 target prices established using CY 2019 data instead of rolling three-year window
● 2024	<i>December 31, 2024: CJR Ends</i>	8 performance years complete; \$112.7M net savings in PY 6–7
● 2028	<i>January 1, 2028: CJR-X Begins</i>	Carries forward CJR's DRGs & site-neutral outpatient pricing with no phased-in upside only in PY 1; composite quality scoring methodology to determine discount factor; adopts TEAM's target pricing & risk methodology; nationwide, ~2,500 hospitals

CJR-X: Comprehensive Care for Joint Replacement Expanded

Fast Facts

CJR-X is a mandatory, nationwide expansion of the original Comprehensive Care for Joint Replacement (CJR) Model.



Participants

- All IPPS hospitals unless they are already participating in TEAM; Maryland hospitals also excluded
- TEAM participants will begin CJR-X in 2031



Episode Structure

- 90-day total cost of care episodes, includes Parts A & B
- Revenue cycle undisrupted



Patient Population

- Medicare FFS only
- Patients can overlap with other models, e.g., MSSP
- Beneficiaries must receive notification of hospital's participation in CJR-X prior to discharge



Target Price Calculation

- Starting point for all targets is multistate regional history
- Significant adjustments for patient characteristics & acuity (age group, social risk, specific HCCs)



Risk Exposure

- Two-sided risk in all years for all participants
- $\pm 20\%$ risk for most hospitals (some may qualify for $\pm 5\%$ risk)



Quality Measures

- Five measures in three domains
- Poor quality scores could disqualify hospital from earning bonuses

Key Changes in the 2027 IPPS Final Rule

What CMS locked in—and what it weighed but set aside—for the CJR-X Model

Finalized by CMS



- **Start Delayed to January 1, 2028**
A three-month push from the proposed October 1, 2027 launch, giving hospitals more runway to prepare.
- **Calendar-Year Alignment**
Performance and baseline years now follow the calendar year instead of the fiscal year.
- **Direct CJR-X vs. TEAM Comparison**
Calendar alignment lets CMS compare LEJR episodes across both models on equal footing.
- **Seamless TEAM-to-CJR-X Handoff**
When TEAM ends in 2030, its hospitals roll into CJR-X with no transitional “stub” year.

Considered—Not Finalized



- Making the model voluntary rather than mandatory
- An upside-only first performance year, mirroring TEAM
- Phasing in downside risk gradually over three years
- Phasing in mandatory participation over time
- Exempting safety-net, Medicare dependent, small rural, sole community, and essential access hospitals
- Adding outpatient total ankle arthroplasty to the model

CJR-X vs. CJR vs. TEAM: How the Models Compare

CJR-X pairs TEAM’s risk adjustment approach with CJR’s 90-day structure, requiring two-sided risk from Day 1, nationwide.

Dimension	CJR (2016–2024)	TEAM (2026–2030)	★ CJR-X (2028+)
1 Episode Length	90 days	30 days	90 days
2 Episode Scope	LEJR only (hip & knee, no ankle)	5 categories: LEJR, SHFFT, CABG, Spinal Fusion, Major Bowel	LEJR only: hip & knee (IP & OP); ankle (IP only)
3 Risk Structure	Upside-only PY 1, then flat	Two-sided for Tracks 2/3; Track 1 is upside-only	Two-sided from Day 1—no glide path
4 Financial Protections	Ramped 5%→20% (PY 2–5); 3%→5% safety-net/rural	10% (Track 1); 5% (Track 2, safety-net/rural); 20% (Track 3)	20% most hospitals; 5% safety-net/rural—full risk in PY 1
5 Risk Adjustment	Basic clinical adjustment (primarily fracture status & episode type)	Advanced patient- & hospital-level adjustment using HCCs, demographics, social risk, disability, & utilization history	Comprehensive—same methodology as TEAM
6 Participation	Mandatory in 34 MSAs (approx. 320 hospitals)	Mandatory in 188 CBSAs (approx. 700 hospitals)	Mandatory nationwide (~2,500 hospitals)
7 Model Timing	2016–2024	2026–2030	Begins January 1, 2028; no end date

Why Does CJR-X Matter?

- CMS has signaled **continued movement toward mandatory, two-sided financial risk for providers.**
- Hospitals that meet applicable cost and quality criteria may be eligible for financial incentives;** CJR-X also includes unique waivers & provider alignment opportunities.
- Episodic strategies **support service line goals**, while also advancing other existing value-based & total-cost-of-care models like ACOs.

The Urgency of CJR-X

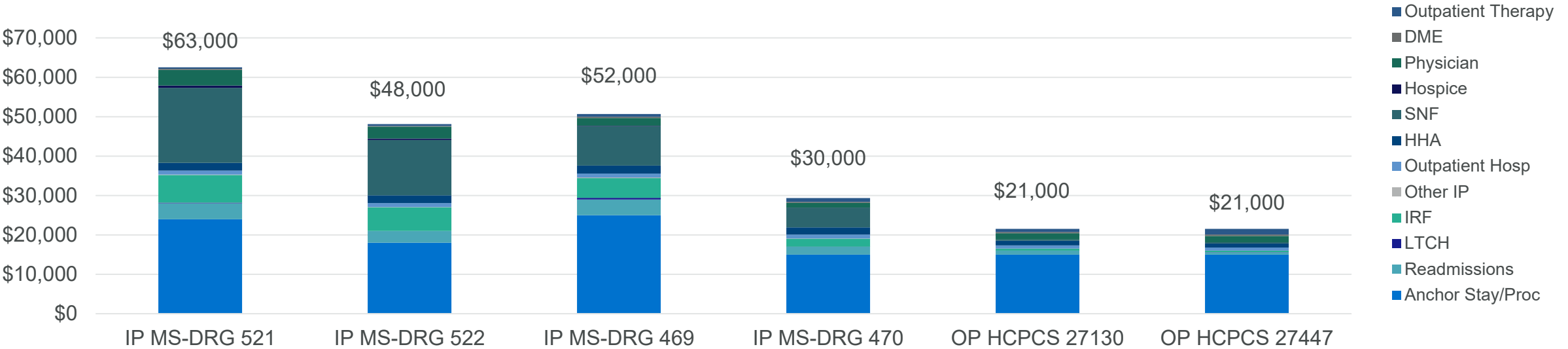
61% Proportion of hospitals in 2023 that paid CMS a penalty for CJR	January 2028 Model start date; deadline to have operational requirements in place
\$725M Projected Medicare savings, PY 1–PY 5	Two-Sided Risk Starting Year 1 for all participants



Episode Group & Definitions

Episode Type	MS-DRG/HCPCS Code(s)
Inpatient Triggers: MS-DRG (4 codes)	
Major Hip & Knee Joint Replacement Procedures	MS-DRG 469 (w/MCC), MS-DRG 470 (w/out MCC); <i>includes Ankle Replacement</i>
Hip Fracture Procedures	MS-DRG 521 (w/MCC), 522 (w/out MCC)
Outpatient Triggers: HCPCS (2 codes) <i>Ankle Not Included</i>	
Total Knee Arthroplasty (TKA)	HCPCS 27447: billed via OPPS (HOPD)
Total Hip Arthroplasty (THA)	HCPCS 27130: billed via OPPS (HOPD)

Average Episode Expenditures by MS-DRG/HCPCS



Target Price Calculation

Regional Target Pricing

1

Regional Benchmark

Target prices are established at the U.S. Census Division level.

2

Three-Year Baseline

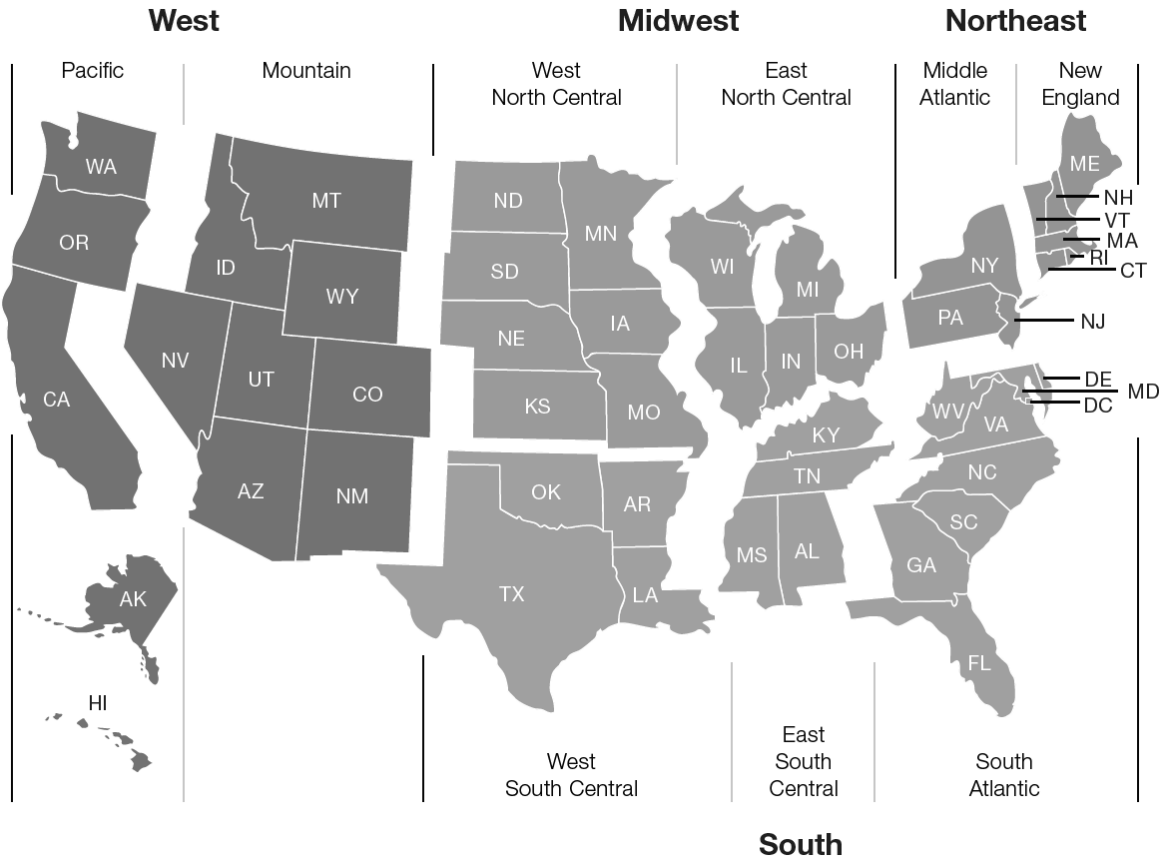
Based on Medicare fee-for-service episode spending across all hospitals in the region during the three years prior to the performance year.

3

Same Starting Line

Every hospital in a region starts from the same DRG/HCPSC benchmark, regardless of historical spending.

U.S. Census Divisions¹



Target Price Calculation

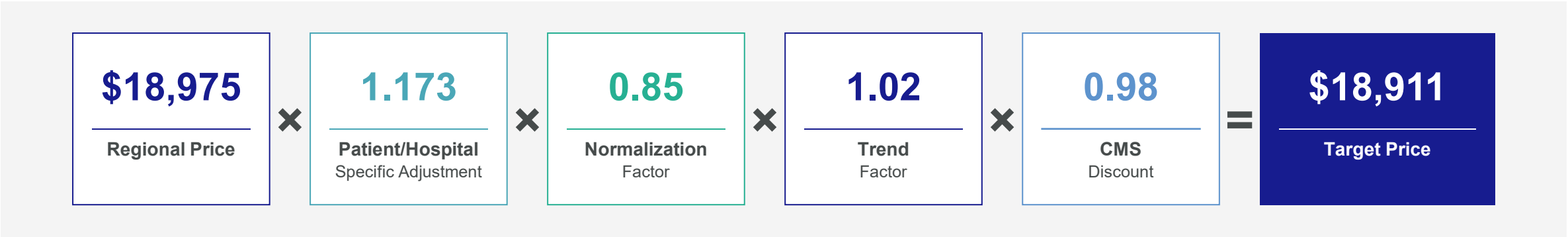
180 **HCC Look-Back:** HCCs documented by any provider in the 180 days preceding the episode count toward the target price.

How the Target Price Is Built



Sample Target Price Calculation

For illustrative purposes only using hypothetical figures



± Retrospective Adjustment: Target price can be adjusted by up to ±3% retrospectively.

Risk Adjustment

CJR-X Episode Risk-Adjustment Factors & LEJR HCCs

CJR-X episodes are risk-adjusted for:

- 1 Hospital Bed Size**
& Safety-Net Adjuster
- 2 Anchor Procedure Type**
Ankle • Partial or Total Hip/Knee Arthroplasty
- 3 Disability**
Original Reason for Medicare Enrollment
- 4 Prior Post-Acute Care Use**
History Within Look-Back Window
- 5 Patient Characteristics**
Age • Dual Eligibility • Social Risk
- 6 LEJR HCCs (180 Days Prior)**
Count of HCCs + Specific HCCs Correlated to LEJR

HCCs Correlated to LEJR Procedures

Oncology

- HCC 17: Cancer metastatic to lung, liver, brain & other organs; AML (except promyelocytic)

Cognitive & Mental Health

- HCC 125/126/127: Dementia (severe/moderate/mild)
- HCC 151: Schizophrenia
- HCC 155: Major depression (moderate/severe)

Cardiovascular

- HCC 224: Acute on chronic heart failure
- HCC 225: Acute heart failure
- HCC 226: Heart failure (except end-stage)
- HCC 238: Specified heart arrhythmias
- HCC 267: DVT & pulmonary embolism

Renal

- HCC 326: Chronic kidney disease, Stage 5
- HCC 327: CKD, severe (Stage 4)

Metabolic

- HCC 36: Diabetes w/severe acute complications
- HCC 37: Diabetes w/chronic complications
- HCC 48: Morbid obesity

Neurological

- HCC 199: Parkinson & basal ganglia disease
- HCC 253: Hemiplegia/hemiparesis

Respiratory

- HCC 280: COPD, interstitial & other chronic lung disorders

Skin & Musculoskeletal

- HCC 383: Chronic skin ulcer (except pressure)
- HCC 402: Hip fracture/dislocation

CJR-X Quality Measures

Quality measures will be linked to financial gains & losses in CJR-X. CMS proposes five measures in three domains.

Complications	Domain Weight: 50%
Inpatient: Hospital-Level RSCR Following Elective Primary THA &/or TKA (CMIT ID #350)	
Outpatient: Hospital Visits Within 7 Days of HOPD Surgery (CMIT ID #344, OP-36)*	
Patient Experience	Domain Weight: 40%
Inpatient: HCAHPS Survey (CMIT ID #338)*	
Outpatient: OAS CAHPS Survey (CMIT ID #162)*	
Patient-Reported Outcomes	Domain Weight: 10%
Inpatient & Outpatient: Hospital-Level THA/TKA PRO-PM (CMIT ID #1618)	

*Measure includes CJR-X & non-CJR-X patients

CJR-X Quality Measures

Point Values for Quality Measures

Performance Percentile	RSCR THA/TKA (#350)	Hosp. Visits 7d HOPD (#344)	HCAHPS (#338)	OAS CAHPS (#162)	THA/TKA PRO-PM (#1618)
>90th	10.00	10.00	8.00	8.00	2.00
≥80th & <90th	9.25	9.25	7.40	7.40	1.85
≥70th & <80th	8.50	8.50	6.80	6.80	1.70
≥60th & <70th	7.75	7.75	6.20	6.20	1.55
≥50th & <60th	7.00	7.00	5.60	5.60	1.40
≥40th & <50th	6.25	6.25	5.00	5.00	1.25
≥30th & <40th	5.50	5.50	4.40	4.40	1.10
<30th	0.00	0.00	0.00	0.00	0.00

- Overall CQS = weighted average of inpatient & outpatient composite quality scores, capped at 20 points.
- Weighting reflects each hospital's proportion of inpatient vs. outpatient episode volume.
- Performance assessed against national distributions; hospitals without reportable values default to the 50th percentile.
- Quality improvement points are not included; CJR-X emphasizes absolute performance only.

Quality-Adjusted Discount Factor

A hospital's CQS determines both its eligibility for reconciliation payment & its effective discount factor.

CQS Impact on Reconciliation Payment Eligibility & Discount Factor

CQS	CQS Category	Eligible for Reconciliation Payment	Discount Factor
CQS ≤6.0	Below Acceptable	No	2.0%
CQS ≥6.1 & ≤12.0	Acceptable	Yes	2.0%
CQS ≥12.1 & ≤17.0	Good	Yes	1.0%
CQS ≥17.1	Excellent	Yes	0.0%

CJR-X Reconciliation Calculation Examples

"Acceptable" Quality

- Regional Benchmark Price: \$22,000
- Discount factor: 2.0% (CQS ≥6.1 & ≤12.0)
- Reconciliation target price: $\$22,000 \times 0.98 = \$21,560$
- Actual episode spend: \$20,500
- NPRA: $\$21,560 - \$20,500 = \text{\$1,060 paid to the hospital}$

"Excellent" Quality

- Regional Benchmark Price: \$22,000
- Discount factor: 0.0% (CQS ≥17.1)
- Reconciliation target price: $\$22,000 \times 1.00 = \$22,000$
- Actual episode spend: \$20,500
- NPRA: $\$22,000 - \$20,500 = \text{\$1,500 paid to the hospital}$

Risk Structure



CJR-X applies two-sided risk to all participants starting Performance Year 1
NO upside-only option in PY 1 • Risk limits vary based on hospital classification

Reduced Risk

Safety-Net • Rural • MDH • SCH • EACH

5%

Stop-Gain/Stop-Loss

Two-sided risk starting PY 1 (2028)
Stop-gain/stop-loss capped at 5% of aggregate reconciliation target prices
Reduced exposure protects vulnerable providers

Full Exposure

All Other CJR-X Participants

20%

Stop-Gain/Stop-Loss

Two-sided risk starting PY 1 (2028)
Stop-gain/stop-loss capped at 20% of aggregate reconciliation target prices
Full symmetric risk/reward exposure

CJR-X Risk Exposure Scenario

Annual Volume: 200 episodes • Total Program Size: \$4,434,176

5% Stop-Gain

\$217,159

Reduced risk participants

5% Stop-Loss

(\$217,159)

Reduced risk participants

20% Stop-Gain

\$868,635

Standard participants

20% Stop-Loss

(\$868,635)

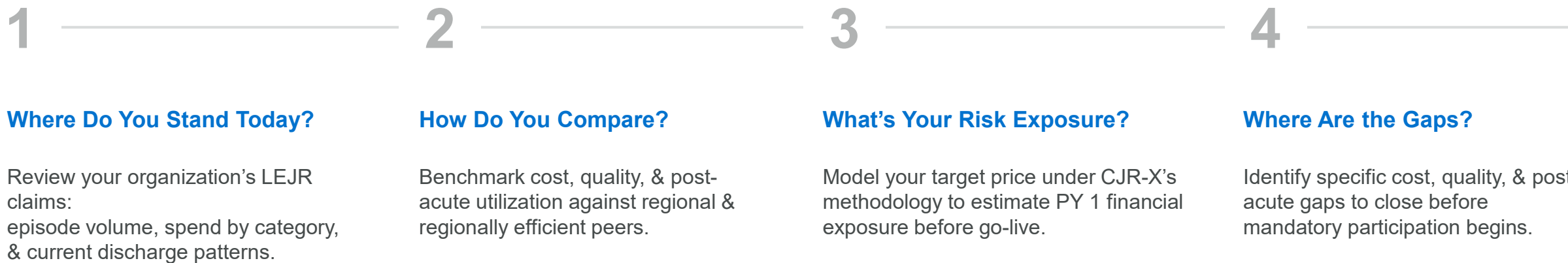
Standard participants

Assessing Your Readiness



Assessing Your Current Performance & Readiness

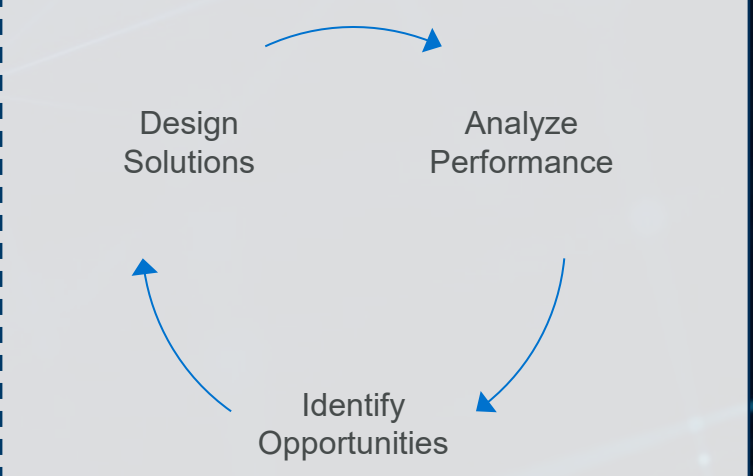
CJR-X has no upside-only transition period—assessment needs to happen before January 1, 2028, not after.



Why this is different from TEAM: TEAM hospitals had a full performance year of upside-only risk to learn the model. CJR-X hospitals are financially at risk from the very first episode—there is no equivalent trial period.



How to Prepare for CJR-X

Now Current State Assessment	2026–2027 Implementation Planning	2028 & Beyond Ongoing Monitoring
Purpose: Assess your current performance in CJR-X episodes & areas for improvement to develop strategies for the model. - Financial Projections - Risk Adjustment/Stratification - Care Setting Optimization - Provider Alignment/Intelligence - Discharge Planning - Coordination of Care - Outcomes Management - Quality Measure Results - Model Requirement Readiness	Purpose: Implement strategies to improve performance in areas identified in current state assessment & comply with model requirements. Patient Optimization Post-Acute Utilization Site-of-Care Shift Quality Improvement	Purpose: Track performance & identify areas for improvement across the care continuum. 

Critical Success Factors



What Separated High vs. Low Performers

Capabilities that drove performance in the original CJR Model

High performance reflected disciplined execution across surgeons, pathways, post-acute networks, & data infrastructure.

High-Performing Organizations



- Surgeon alignment around standard pathways
- Preferred post-acute network strategy
- Reliable care management infrastructure
- Transparent data to identify variation
- Cross-functional accountability

Common Readiness Gaps



- Limited surgeon engagement
- Weak post-acute oversight
- Fragmented discharge planning
- Delayed or incomplete episode data
- Variation not managed in real time

Executive Takeaway

Capabilities that once differentiated high performers are now table stakes.



Identify Sources of Financial Risk

Financial risk & margin opportunity in CJR-X

A focused set of levers can significantly influence upside or downside.

Primary Cost Drivers

- Post-acute utilization patterns
- Length-of-stay variation
- Discharge destination mix
- Additional hospital admissions
- Episode management consistency

Where Risk Emerges

- Post-acute utilization
- Avoidable inpatient days
- Inconsistent post-discharge management
- Avoidable readmissions
- Limited visibility into variation

Priority Areas for Intervention

- Target resources toward greatest impact drivers
- Right-setting post-acute discharge strategy
- Reduced variation in care pathways
- Managing high risk episodes
- Targeted management of high-cost episodes

Executive Takeaway

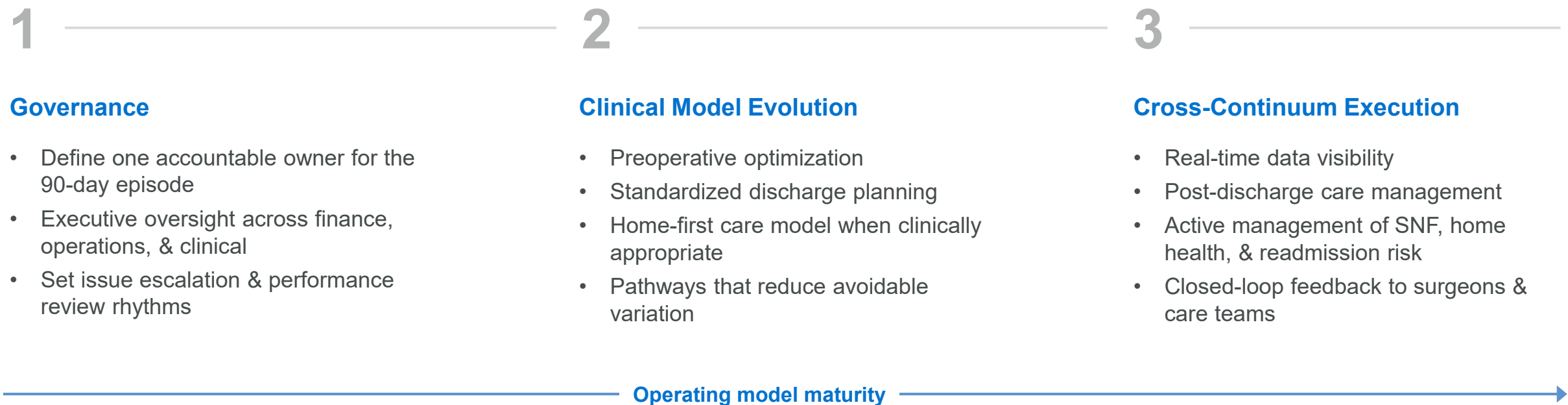
A small number of levers will determine most of the upside—or downside.



Operating Model for CJR-X Success

Moving from program management to 90-day episode ownership

CJR-X readiness may benefit from a deliberate operating model shift.



Executive Takeaway
Operating model changes may help support CJR-X readiness.



Why Quality Matters More Than Most Hospitals Expect

CQS can influence how much financial performance is ultimately realized

Cost efficiency creates the opportunity; quality performance helps protect the value of that opportunity during reconciliation.

Why Quality Can Get Overlooked

Preparation often concentrates on target price performance, post-acute spend, LOS, & utilization management—because those levers are visibly tied to episode cost.

Why That Creates Risk

Poor CQS performance can reduce the quality adjustment & limit the amount of savings a hospital ultimately realizes.

What Leaders Should Manage

Treat quality as an integrated financial lever—not a separate clinical scorecard or year-end reporting exercise.

Financial Reality

Strong Cost Performance + Weak Quality

- Reduced quality adjustment
- Reconciliation value at risk
- Savings may not fully translate to margin

Strong Cost Performance + Strong Quality

- Maximum quality opportunity
- Improved reconciliation outcome
- Greater realized margin opportunity

Executive Takeaway

Managing cost may create savings opportunities. Managing quality may help preserve reconciliation value.



Practical Next Steps



Governance Structure

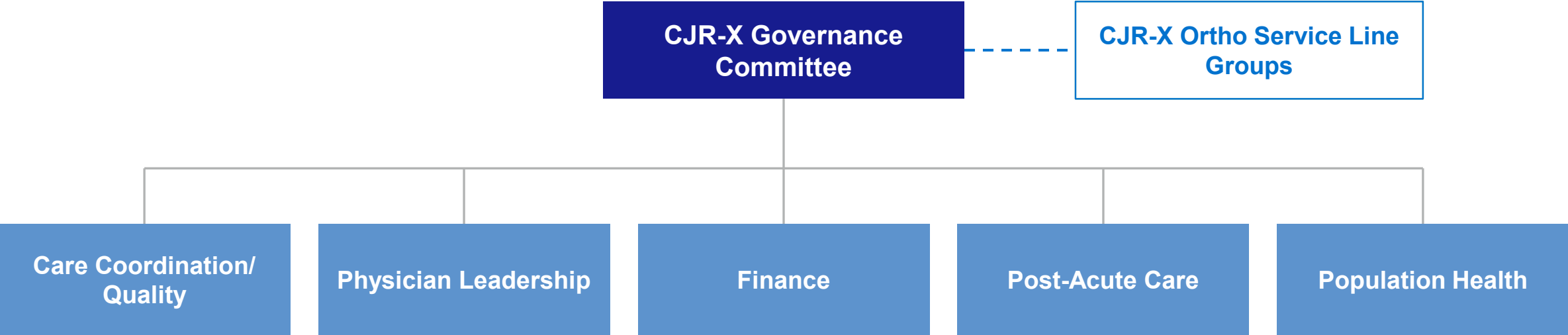
Recommended CJR-X Governance

Governance Committee

Senior leaders meet monthly to review performance data, identify improvement opportunities, & engage service lines to execute improvement strategies.

Service Line Groups

Administrative, clinical, & physician leaders engage every other month or as needed to review service-line-specific data & implement action steps directed by the committee.



If You Do Only Four Things

Priority actions for CJR-X readiness

Organizations may benefit from prioritizing key readiness actions rather than addressing all areas at once.

1

Build Data, Analytics, & Quality Infrastructure

- Establish baseline episode cost & utilization analytics
- Ingest claims data & monitor performance after go-live
- Create transparent dashboards to identify variation & trends
- Assess readiness to report required quality measures

Action Focus:
Data, Analytics, & Quality Readiness

2

Redesign Discharge as a Financial Strategy

- Patient-centered discharge planning
- Intentional PAC utilization management
- Reduced avoidable PAC variation

Action Focus:
Post-Acute Optimization

3

Align Surgeons to Standardized, Risk-Based Pathways

- Reduced clinical variation
- Shared accountability for episode outcomes
- Data-driven behavior reinforcement

Action Focus:
Physician Alignment

4

Establish a Single Owner of the 90-Day Episode

- Clear accountability across the continuum
- Connected finance, clinical, & operational decisions
- Performance monitoring beyond discharge

Action Focus:
Governance & Accountability

Prioritize these four actions in the first 90–180 days to establish visible, accountable, repeatable CJR-X performance management.

Wrap-Up

What health systems need to know as CJR-X moves toward January 1, 2028

1

Mandatory & nationwide, starting January 1, 2028

~2,500 hospitals will be accountable for hip & knee replacement episodes (inpatient & outpatient), plus inpatient-only ankle replacement.

2

CJR-X introduces immediate two-sided risk from Day 1

CJR-X pairs TEAM's comprehensive risk adjustment with CJR's 90-day episode—but applies two-sided risk immediately, with no upside-only glide path.

3

There is no grace period—assess readiness now

Benchmark your current cost, quality, & post-acute performance against regional peers before January 2028, not after.

4

A small number of levers drive most of the outcome

Post-acute utilization, length of stay, discharge destination, & rehospitalizations concentrate most of the risk—managing them well is now table stakes, not a differentiator.

5

If you do only four things, do these

Develop a data infrastructure plan, redesign discharge as a financial strategy, align surgeons to standardized pathways, & name a single owner of the 90-day episode.

Contact

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