

# CMS Finalizes 2.2 Percent Payment Increase for ESRD Facilities in CY 2026

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On November 20, 2025, the Centers for Medicare & Medicaid Services (CMS) issued the [End-Stage Renal Disease \(ESRD\) Prospective Payment System \(PPS\)](#) final rule (CMS-1830-F) for calendar year (CY) 2026. See the fact sheet [here](#). This rule finalizes proposals to:

- Increase ESRD payment rates by 2.2 percent,
- Update transitional drug add-on payment adjustment (TDAPA) policies, including applying the TDAPA to two new drugs and continuing it for six drugs,
- Establish a new non-contiguous area payment adjustment (NAPA) for ESRD facilities in some non-contiguous states and territories,
- Update the transitional add-on payment adjustment for new and innovative equipment and supplies (TPNIES),
- End the ESRD Treatment Choices Model (ETC) early, on December 31, 2025, and
- Make updates to the ESRD Quality Incentive Program (QIP), including updates to performance standards and quality measures.

CMS also sought feedback on ESRD facilities' use of health information technology and potential measure concepts for future years.

**The rule is scheduled to be published in the *Federal Register* on November 24, 2025.**

## CMS FINALIZES 2.2 PERCENT INCREASE IN PAYMENTS TO ESRD FACILITIES FOR CY 2026

*FINALIZED WITH MODIFICATION – Pages 6, 8, 10, 189 of the Unpublished Rule*

The ESRD PPS provides a single case-mix adjusted payment to ESRD facilities for renal dialysis services provided in an ESRD facility or in a Medicare beneficiary's home. This bundled payment includes most drugs, services, supplies, and capital-related costs related to maintenance dialysis services. CMS adjusts ESRD PPS facility rates for geographic, low-volume service delivery, and other factors.



For CY 2026, CMS finalizes an ESRD PPS base rate of **\$281.71**<sup>1</sup>, a **\$7.8g increase**<sup>2</sup> from the CY 2025 base rate. Based on this base rate, CMS estimates that total payments to ESRD facilities will increase by **2.2 percent**<sup>3</sup> from CY 2025. Hospital-based ESRD facilities are projected to see a **1.5 percent increase**<sup>4</sup> in total payments, while freestanding facilities are projected to see a **2.2 percent increase**.<sup>5</sup> CMS estimates that Medicare will pay **\$8.2 billion**<sup>6</sup> to ESRD facilities in CY 2026, reflecting a projected 0.1 percent decrease (as proposed) in fee-for-service Medicare ESRD beneficiary enrollment in CY 2026. CMS also finalizes updates to the ESRD PPS wage index and its outlier policy, based on the most recently available data.

Additionally, CMS updates the payment for renal dialysis services to individuals with acute kidney injury (AKI) to **\$281.71**<sup>7</sup>, equal to the finalized ESRD PPS base rate.

## CMS FINALIZES TDAPA POLICIES FOR CY 2026

### CMS Finalizes That Two New Products Will Receive the TDAPA for CY 2026

**FINALIZED AS PROPOSED – Page 116 of the Unpublished Rule**

TDAPA is a payment adjustment under the ESRD PPS meant for certain new renal dialysis drugs and biological products. CMS identifies two new renal dialysis drugs for which the TDAPA payment period will continue in CY 2026: DefenCath® (taurolidine and heparin sodium) and Vafseo® (vadadustat). Additionally, while not new, the TDAPA payment period for six phosphate binders will continue.<sup>8</sup>

### CMS Finalizes a New Timeline for TDAPA Eligibility and Post-TDAPA Amounts for Two Drugs

**FINALIZED AS PROPOSED – Page 92 of the Unpublished Rule**

CMS finalizes its proposal to align the TDAPA eligibility timeline with TPNIES eligibility requirements. Specifically, to be eligible for TDAPA, a drug or biologic must have been approved by the FDA within the past 3 years at the time of submission, effective on or

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<sup>1</sup> Proposed: \$281.06.

<sup>2</sup> Proposed: \$7.24 increase.

<sup>3</sup> Proposed: 1.9 percent increase.

<sup>4</sup> Proposed: 1.5 percent increase.

<sup>5</sup> Proposed: 1.9 percent increase.

<sup>6</sup> Proposed: \$6.9 billion.

<sup>7</sup> Proposed: \$281.06.

<sup>8</sup> See page 115 and Table 10 of the unpublished rule

after January 1, 2028.<sup>9</sup> CMS is implementing several changes regarding eligibility requirements and specifically is revising the definition of a “new renal dialysis drug or biologic product” to remove the eligibility requirements for TDAPA related to having a HCPCS level II application.

Three drugs were within the three-year period following the conclusion of their TDAPA eligibility and were therefore potentially eligible for the post-TDAPA add-on payment adjustment. CMS did not propose to include one of these three drugs—Jesduvroq®—in the calculation of the post-TDAPA add-on payment adjustment for CY 2026 but will include the other two, Korsuva® and DefenCath® (third and fourth quarters only due to TDAPA timing), in the calculations.<sup>10</sup> CMS finalizes the add-on amounts as outlined in Table 1 below.<sup>11</sup>

**Table 1. Proposed and Final Post-TDAPA Add-on Payment Adjustment Amounts for CY 2026**

***FINALIZED WITH MODIFICATION – Page 80 of the Unpublished Rule***

Quarter	Proposed add-on amount for Korsuva®	Final add-on amount for Korsuva®	Proposed add-on amount for DefenCath®	Final add-on amount for DefenCath®	Total proposed post-TDAPA add-on payment adjustment amount	Total final post-TDAPA add-on payment adjustment amount
Q1 (January – March)	\$0.2633	\$0.1131	\$0	\$0	\$0.2633	\$0.1131
Q2 (April – June)	\$0.2633	\$0.1131	\$0	\$0	\$0.2633	\$0.1131

<sup>9</sup> See page 89 and Table 5 of the unpublished final rule for hypothetical TDAPA-eligibility scenarios with the proposed timeline changes.

<sup>10</sup> See page 75 of the unpublished final rule.

<sup>11</sup> See page 80 and Table 4 of the unpublished final rule and page 41 of the unpublished proposed rule.

Q3 (July – September)	\$0.2633	\$0.1131	\$1.4780	\$2.3710	\$1.7413	\$2.4841
Q4 (October – December)	\$0.2633	\$0.1131	\$1.4780	\$2.3710	\$1.7413	\$2.4841

## CMS FINALIZES NAPA FOR CERTAIN ESRD FACILITIES

*FINALIZED AS PROPOSED – Page 111 of the Unpublished Rule*

CMS finalizes a new, budget-neutral payment adjustment for ESRD facilities in certain high-cost, non-contiguous states to account for non-labor costs not captured in the ESRD PPS wage index. This adjustment will apply to claims that are submitted by facilities in Alaska, Hawaii, and the U.S. Pacific Territories of Guam, American Samoa, and the Northern Mariana Islands, and the magnitude of the adjustment would be dependent on the location of the ESRD facility. Facilities in the selected geographies will receive up to a 25 percent increase to the non-labor portion of the ESRD PPS bundled payment.<sup>12</sup>

## CMS RECEIVES NO APPLICATIONS FOR TPNIES FOR CY 2026, UPDATES TPNIES FOR CAPITAL-RELATED ASSETS

*FINALIZED WITH MODIFICATION – Pages 73 and 113*

In the CY 2020 ESRD PPS final rule, CMS introduced TPNIES under the ESRD PPS for certain new and innovative renal dialysis equipment and supplies. However, no applications were submitted for CY 2026. Additionally, there were no applications submitted in CY 2025, and therefore no items with continuing payments in CY 2026.

The final average per treatment offset amount for TPNIES for capital-related assets that are dialysis machines is **\$10.43**<sup>13</sup>, though there are no capital-related assets set to receive TPNIES for CY 2026.

<sup>12</sup> See page 112 or Table 9 of the unpublished final rule for the final NAPA factors for CY 2026.

<sup>13</sup> **Proposed:** \$10.41.

## CMS FINALIZES THE END OF THE ETC MODEL ON DECEMBER 31, 2025, AND CONSIDERS IMPACT OF HURRICANE HELENE ON MODEL ADJUSTMENTS

*FINALIZED AS PROPOSED – Pages 168 and 171 of the Unpublished Rule*

CMS finalizes ending the ETC Model early, on December 31, 2025, for three main reasons: 1) the model has not been shown to improve key model measures; 2) expenditures have increased, rather than decreased, under the model; and 3) other avenues, such as the Kidney Care Choices Model, are making progress on ETC Model goals. CMS previously announced its intention to end the model via proposed rulemaking on March 12, 2025. CMS also finalizes changes to align with the model's proposed early termination, including clarifying when the agency will stop data and report sharing and making changes to the regulatory text.

In October 2024, Hurricane Helene disrupted production of IV fluids and peritoneal dialysis solutions at a Baxter International factory in North Carolina, resulting in potential concerns about the impact of the hurricane on home dialysis. CMS considered whether to adjust the schedule and methodologies for the Performance Period Adjustment (PPA) under the ETC Model, given anecdotal information on the impact. As proposed, the agency finalizes no adjustments, as initial research shows there was no statistically significant difference in home dialysis rates among participants and non-participants during the period of the hurricane's impact and a prior period.

## CMS FINALIZES UPDATES TO THE ESRD QIP

The ESRD QIP is designed to evaluate and improve the quality of care provided to patients with ESRD. CMS finalizes updates to the ESRD QIP for payment years (PYs) 2027 and 2028 which aim to enhance the accuracy and relevance of performance assessments within the ESRD QIP.

### Measure Removals

*FINALIZED AS PROPOSED – Page 133 of the Unpublished Rule*

#### Final Measure Removals for PY2027 – Facility Commitment to Health Equity Reporting and Two Social Drivers of Health Reporting Measures

CMS finalizes its proposal to remove the following measures from the ESRD QIP:

- **Facility Commitment to Health Equity Reporting Measure:** Since facilities have already submitted reporting data for PY2026, this data will be publicly

available on the CMS Provider Data Catalog (PDC) and be used for PY 2026 payment determinations.

- **Both social drivers of health reporting measures, Screening for Social Drivers of Health and Screen Positive Rate for Social Drivers of Health, beginning with PY 2027:** Facilities will not be penalized if they do not report CY2025 data, and any PY2027 data will not be used for reporting or payment purposes.

### **Final Measure Update for PY2028 – ICH CAHPS**

#### ***FINALIZED AS PROPOSED – Page 145 of the Unpublished Rule***

CMS finalizes its proposal to update the In-Center Hemodialysis (ICH) Consumer Assessment of Healthcare Providers and Systems (CAHPS) beginning with PY 2028, due to declining response rates. CMS finalizes its proposal to remove 23 questions and consolidate the race and ethnicity questions into one question. The revised survey will be implemented beginning with the CY 2026 Spring cycle and CMS will apply the new methodology beginning with the April 2027 refresh (including reanalyzing Fall 2025 data with the new methodology), as proposed.

CMS also finalizes its proposal to reduce the scope of variables included in the existing case-mix adjustment methodology, removing adjusters that had limited impacts on results, and aligning the case-mix methodology with proposed removals.

The agency announced it is also working to develop and test administering the survey via the web (with a mail follow-up), and a modified survey targeted to assess patient experience for home dialysis patients.

## **CMS FINALIZES UPDATES TO PERFORMANCE STANDARDS FOR THE PY 2028 ESRD QIP**

The ESRD QIP requires the establishment of performance standards for selected measures each performance year, in accordance with sections 1881(h)(4)(A), (B), and (C) of the Act. These standards include levels of achievement and improvement and must be set before the performance period begins. The performance period for PY2028 is CY 2026, with the baseline period set as CY 2024. Facilities must meet minimum data requirements, and specific conditions apply based on the measure and facility size.

### **Final Performance Standards for Clinical Measures to be Based on CY 2024 Data**

#### ***FINALIZED WITH MORE RECENTLY AVAILABLE DATA – Page 146 of the Unpublished Rule***

For PY2028, CMS finalizes its proposal to use the most recently available data to estimate performance standards for clinical measures, which was CY 2023 data at the time of the rule. **The final rule uses CY 2024 data, which is now available.** For a complete list of performance standards for PY2028 Clinical Measures, refer to Table 14 of the unpublished final rule.<sup>14</sup>

### **Final Requirements for Reporting Measures**

***FINALIZED AS PROPOSED – Page 147 of the Unpublished Final Rule***

Table 15 of the unpublished final rule<sup>15</sup> outlines the frequency and data elements required for successful reporting of the ESRD QIP reporting measures for PY2027. These include 1) MedRec – monthly reporting of medication reconciliation, 2) Hypercalcemia – monthly reporting of total uncorrected serum or plasma calcium lab values, and 3) COVID-19 Vaccination Coverage Among HCP – quarterly reporting of vaccination coverage data.

### **Final Payment Reduction Scale**

***FINALIZED WITH MORE RECENTLY AVAILABLE DATA – Page 146 of the Unpublished Rule***

For PY2027, facilities must **achieve a Total Performance Score (TPS) of at least 57 to avoid a payment reduction**, updated from 56 due to CMS's use of more recently available CY 2024 data. Payment reductions will be implemented on a sliding scale, with a maximum reduction of 2 percent for facilities with the lowest performance scores.

## **FEEDBACK ON DIALYSIS FACILITIES' USE OF HEALTH IT AND MEASURE CONCEPTS WILL INFORM FUTURE POLICY DEVELOPMENT**

***Pages 149-160 of the Unpublished Rule***

### **Health Information Technology**

To promote adoption of Fast Healthcare Interoperability Resources® (FHIR®) standards, CMS requested information on the status of health IT use in dialysis facilities. This includes how patient records are maintained, how dialysis facilities

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<sup>14</sup> See page 146 of the unpublished final rule.

<sup>15</sup> See page 147 of the unpublished final rule.

currently submit patient assessment data to CMS, barriers to interoperability, and additional support that could best support FHIR® adoption, among other topics.

Commenters emphasized that many dialysis facilities lack the resources to meet future interoperability requirements and urged CMS to provide technical and financial support, ensure realistic timelines, and hold vendors accountable for delivering interoperable systems. CMS thanked commenters for their feedback but did not respond to comments.

### **Measure Concepts for Future Years**

CMS requested information on five measure concepts for future years.

1. **Interoperability:** CMS sought feedback on how to assess interoperability in dialysis facilities, including systems readiness and capabilities.
2. **Well-being:** CMS sought feedback on tools that assess well-being, which “integrates mental, social, and physical health while emphasizing preventative care to proactively address potential health issues.”
3. **Nutrition:** CMS sought feedback on tools and frameworks that encourage healthy eating and nutrition for dialysis patients.
4. **Physical activity:** CMS sought feedback on measures of physical activity relevant to the ESRD QIP.
5. **Chronic kidney disease (CKD):** CMS sought feedback on CKD measures that would facilitate early detection, treatment, and delay of disease progression.

Commenters generally supported CMS’s five measure concepts but emphasized the need for resources and technical assistance to help smaller dialysis facilities implement new measures. The agency did not respond to comments but intends to use this input to inform future measure development efforts.

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*This Applied Policy® Summary was prepared by [Emma Hammer](#) with support from the Applied Policy team of health policy experts. If you have any questions or need more information, please contact her at [ehammer@appliedpolicy.com](mailto:ehammer@appliedpolicy.com) or at (202) 558-5272.*