

CMS Proposes 1.9 Percent Payment Increase for ESRD Facilities in CY 2026

On June 30, 2025, the Centers for Medicare & Medicaid Services (CMS) issued the [End-Stage Renal Disease \(ESRD\) Prospective Payment System \(PPS\)](#) proposed rule (CMS-1830-P) for calendar year (CY) 2026. See the fact sheet [here](#). This rule proposes to:

- Increase ESRD payment rates by 1.9 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 seeks 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 July 2, 2025. Comments are due August 29, 2025.

CMS PROPOSES 1.9 PERCENT INCREASE IN PAYMENTS TO ESRD FACILITIES FOR CY 2026

Pages 34-37, page 65, page 111, and page 114 of the unpublished rule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 proposes an ESRD PPS base rate of \$281.06, a \$7.24 increase from the CY 2025 base rate. Based on this base rate, CMS estimates that total payments to ESRD facilities will increase by 1.9 percent from CY 2025. Hospital-based ESRD facilities are projected to see a 1.5 percent increase in total payments, while freestanding facilities are projected to see a 1.9 percent increase. CMS estimates that Medicare will pay \$6.9 billion to ESRD facilities in CY 2026, reflecting a projected 0.1 percent decrease in fee-for-service Medicare ESRD beneficiary enrollment in CY 2026. CMS also proposes updates to the ESRD PPS wage index and its outlier policy, based on the most recently available data.

Additionally, CMS proposes to update the payment for renal dialysis services to individuals with acute kidney injury (AKI) to \$281.06, equal to the proposed payment ESRD PPS base rate.

CMS PROPOSES TDAPA POLICIES FOR CY 2026

Pages 38-50 and 62-64

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

TDAPA is a payment adjustment under the ESRD PPS meant for certain new renal dialysis drugs and biological products. In this rule, CMS identifies two new renal dialysis drugs for which the TDAPA payment period would continue in CY 2026: DefenCath® (taurolidine and heparin sodium) and Vafseo® (vadadustat). Additionally, while not new, the TDAPA payment period for six phosphate binders would continue.¹

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

CMS is proposing to modify the timeline for TDAPA eligibility to align it with the 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 after January 1, 2028.²

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 is not proposing to include one of these three drugs—Jesduvroq®—in the calculation of the post-TDAPA add-on payment adjustment for CY 2026 but will

¹ See page 63 and Table 8 of the unpublished rule.

² See page 50 and Table 5 of the unpublished rule for hypothetical TDAPA-eligibility scenarios with the proposed timeline changes.

include the other two, Korsuva® and DefenCath®, in the calculations. CMS proposes the add-on amounts as outlined in Table 1 below.³

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

Quarter	Proposed add-on amount for Korsuva®	Proposed add-on amount for DefenCath®	Total proposed post-TDAPA add-on payment adjustment amount
Q1 (January – March)	\$0.2633	\$0	\$0.2633
Q2 (April – June)	\$0.2633	\$0	\$0.2633
Q3 (July – September)	\$0.2633	\$1.4780	\$1.7413
Q4 (October – December)	\$0.2633	\$1.4780	\$1.7413

CMS PROPOSES NAPA FOR CERTAIN ESRD FACILITIES

Pages 50-61

CMS proposes 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 would 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 would receive up to a 25 percent increase to the non-labor portion of the ESRD PPS bundled payment. CMS requests comment on all aspects of this new adjustment.

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

Pages 37-38

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

³ See page 41 of the unpublished rule.

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 proposed average per treatment offset amount for TPNIES for capital-related assets that are dialysis machines is \$10.41, though there are no capital-related assets set to receive TPNIES for CY 2026.⁴

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

Pages 91-95

CMS proposes 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.

Additionally, CMS proposes 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. However, the agency proposes to make no adjustments, as initial research shows there was no statistically significant difference in home dialysis rates among participations and non-participants during the period of the hurricane's impact and a prior period. CMS seeks feedback on this approach.

CMS PROPOSES UPDATES TO THE ESRD QIP

Pages 68-78

⁴ See page 38 of the unpublished rule.

The ESRD QIP is designed to evaluate and improve the quality of care provided to patients with ESRD. CMS proposes 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. CMS welcomes public comment on these proposals.

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

CMS proposes to remove the Facility Commitment to Health Equity Reporting Measure introduced in the CY2024 ESRD PPS final rule beginning with PY2027. CMS cites high provider burden and additional flexibility to focus the program’s measure set on other priority quality and safety areas. 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.

Additionally, CMS proposes to remove both social drivers of health reporting measures beginning with PY 2027: Screening for Social Drivers of Health and Screen Positive Rate for Social Drivers of Health. Though both measures were similarly adopted in the CY 2024 ESRD PPS final rule, CMS cites elevated provider burden, potentially duplicative screenings across providers, and a lack of information regarding whether these screenings help better connect patients with applicable resources or services as rationale for removal. If finalized, data from PY2027 would not be used for reporting or payment purposes.

Proposed Measure Update for PY2028 – ICH CAHPS

CMS proposes to update the In-Center Hemodialysis (ICH) Consumer Assessment of Healthcare Providers and Systems (CAHPS) beginning with PY 2028. These semiannual surveys provide patient experience insight, but declining survey response rates have led CMS to explore opportunities to reduce its length. Following internal analyses, a technical expert panel (TEP), and consultation with the CAHPS consortium, CMS proposes to remove 24 questions and consolidate the race and ethnicity questions into one question. CMS proposes implementing the revised survey beginning with the CY 2026 Spring cycle and applying the new methodology beginning with the April 2027 refresh (including reanalyzing Fall 2025 data with the new methodology).

CMS also plans to reduce the scope of variables included in the existing case-mix adjustment methodology, removing adjusters that CMS found had limited impacts on results, and aligning the case-mix methodology with proposed removals. CMS 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 PROPOSES UPDATES TO PERFORMANCE STANDARDS FOR THE PY 2028 ESRD QIP

Pages 78-82

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.

CMS invites comments on the following proposals, including updates to performance standards, reporting requirements, eligibility criteria, and payment reduction scales.

Proposed Performance Standards for Clinical Measures to be Based on CY 2022 Data

For PY2027, CMS proposes using data from CY 2023, the most recent available, to estimate performance standards for clinical measures. CMS proposes to update these standards using CY 2024 data in the CY 2026 ESRD PPS final rule. For a complete list of performance standards for PY2028 Clinical Measures, refer to Table 10 of the unpublished proposed rule.⁵

Proposed Requirements for Reporting Measures

Table 15 of the unpublished proposed rule⁶ 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.

Proposed Payment Reduction Scale

For PY2027, facilities must achieve a Total Performance Score (TPS) of at least 56 to avoid a payment reduction. Payment reductions will be implemented on a sliding scale, with a maximum reduction of 2 percent for facilities with the lowest performance scores. These estimates are based on CY 2023 data and will be updated with CY 2024 data in the CY 2026 ESRD PPS final rule.

⁵ Page 79 of the [unpublished rule](#).

⁶ Ibid.

CMS REQUESTS INFORMATION ON FUTURE MEASURE CONCEPTS AND DIALYSIS FACILITIES' USE OF HEALTH IT

Pages 82-88

Health Information Technology

To promote adoption of Fast Healthcare Interoperability Resources (FHIR) standards, CMS requests information on the status of health IT use in dialysis facilities. This includes how patient records are maintained, how dialysis facilities currently submit patient assessment data to CMS, barriers to interoperability, and additional support and resources that could best support FHIR adoption, among other topics.

Measure Concepts for Future Years

CMS requests information on five measure concepts for future years. Feedback will inform future measure development.

1. **Interoperability**: CMS seeks feedback on how to assess interoperability in dialysis facilities, including systems readiness and capabilities.
2. **Well-being**: CMS seeks 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 seeks feedback on tools and frameworks that encourage healthy eating and nutrition for dialysis patients.
4. **Physical activity**: CMS seeks feedback on measures of physical activity relevant to the ESRD QIP.
5. **Chronic kidney disease (CKD)**: CMS seeks feedback on CKD measures that would facilitate early detection, treatment, and delay of disease progression.

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