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CMS Finalizes an Estimated 2.7% Increase in ESRD Payments for 2027

On October 28, 2026, the Centers for Medicare & Medicaid Services (CMS) issued the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) final rule (CMS-1846-F) for calendar year (CY) 2027. See the fact sheet here.

This rule finalizes policies to:

- Update the ESRD PPS base rate to $297.52, with total payments to ESRD facilities expected to increase by 2.7 percent from 2026;
- Update transitional drug add-on payment adjustment (TDAPA) policies, including updating eligibility timing and modifying the post-TDAPA add-on payment methodology;
- Increase the home and self-dialysis training add-on payment;
- Expand the Low-Volume Payment Adjustment (LVPA) to include more tiers with different adjustment factors;
- Update the transitional add-on payment adjustment for new and innovative equipment and supplies (TPNIES), although no applications were received; and
- Make updates to the ESRD Quality Incentive Program (QIP), including updates to performance standards and quality measures.

CMS also sought feedback on strategies to advance dialysis care and will consider feedback in future policies.

The rule is scheduled to be published in the *Federal Register* on October 30, 2026.

CMS FINALIZES ESTIMATES A 2.7% INCREASE IN OVERALL ESRD FACILITY PAYMENTS

FINALIZED WITH MODIFICATION

Pages 90-93, 140, 320-321, and 324

Payment Update

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 geography, low-volume service delivery, and other factors.

For CY 2027, CMS finalizes an ESRD PPS base rate of $297.52, a $15.81 increase from the CY 2026 base rate.[1] This reflects a payment update of 1.9 percent[2], updated budget neutrality adjustment factors, and the addition of phosphate binders to the base rate. CMS finalizes the same base rate for renal dialysis services for individuals with acute kidney injury (AKI). CMS also updates the ESRD PPS wage index and its outlier policy based on the most recently available data.

Incorporation of Phosphate Binders in the Base Rate

This proposed updated base rate also includes an increase of $12.85[3] from CMS's proposal to include phosphate binders in the base rate, marking the completion of their integration into the bundled payment. Since January 1, 2025, these drugs have been paid for through the TDAPA, with CMS using this period to collect utilization data. To calculate the payment rate, CMS used TDAPA utilization data and the most recently available Average Sales Price (ASP) for each of the six phosphate binders and added an additional 6 percent to the payment rate to account for operational costs. In the final rule, CMS used the most recently available data as proposed.

Payment Impact

The agency estimates that total payments to ESRD facilities will increase by 2.7 percent[4] from CY 2026. Hospital-based and freestanding ESRD facilities are projected to see a 2.7 percent increase.[5] CMS estimates that Medicare will pay $9.3 billion to ESRD facilities in CY 2027, reflecting a projected 1.0 percent increase in fee-for-service Medicare ESRD beneficiary enrollment in CY 2027.[6]

Overall, dialysis facility payments are projected to rise 2.7% in 2027. However, CMS's estimates vary based on facility type, ownership, location, size, and the percentage of pediatric patients treated.

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[1] $299.55 proposed; $17.84 proposed, respectively.
[2] 1.6 percent proposed.
[3] $15.96 proposed.
[4] 1.1 percent proposed
[5] 2.0 percent proposed for hospital-based facilities, 1.1 percent proposed for freestanding facilities. See Table 30 on pages 320-321 for more estimated impacts.
[6] $6.2 billion estimated in proposed Medicare payments; 1.5% percent decrease in enrollment anticipated in the proposed rule.

CMS FINALIZES POST-TDAPA ADD-ON PAYMENT ADJUSTMENTS FOR CY 2027

FINALIZED WITH MODIFICATION

Pages 95-106

TDAPA is a payment adjustment under the ESRD PPS meant for certain new renal dialysis drugs and biological products. In the CY 2026 ESRD PPS final rule, CMS established a new timeline for TDAPA eligibility. 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.

CMS identifies four drugs included in the post-TDAPA add-on payment adjustment: DefenCath®, Vafseo®, Korsuva®, and Jesduvroq®. CMS finalizes excluding Jesduvroq® from the calculation because it did not receive ASP data for Q3 2025. CMS also finalizes its proposal to include Korsuva® only for the first quarter of CY 2027 because its add-on payment adjustment period began on April 1, 2024. The proposed and final add-on amounts are outlined in Table 1 below.[7] For Q2-Q4, listed amounts are estimates based on the best available current data. CMS will finalize them later in 2027.

Table 1. Estimated CY 2027 Quarterly Post-TDAPA Add-on Adjustment Amounts

Quarter	Add-on amount for Korsuva®	Add-on amount for DefenCath®	Add-on amount for Vafseo®	Total add-on amount
Q1 (January – March)[8]	**$0.0793**	**$8.3220**	**$0.9970**	**$9.3983**
Q2 (April – June)	*$0*	*$5.5951*	*$0.9437*	*$6.5388*
Q3 (July – September)	*$0*	*$5.5951*	*$0.9437*	*$6.5388*
Q4 (October – December)	*$0*	*$5.5951*	*$0.9437*	*$6.5388*

[7] See page Table 12, page 106 of the unpublished proposed rule.

[8] $0.1068 proposed for Korsuva, $5.5951 proposed for DefenCath, $0.9437 proposed for Vafseo, and $6.6456 proposed in total.

Modifications to the Post-TDAPA Add-on Payment Adjustment Methodology

FINALIZED AS PROPOSED

Pages 223-228

For CY 2027, CMS finalizes its proposal to calculate post-TDAPA add-on payment adjustments quarterly rather than annually. The change will not alter the calculation methodology, and CMS will publish the updated amounts each quarter through change requests (CRs). Therefore, as noted above, CMS published amounts only for the first quarter of CY 2027 in this final rule. CMS explains that this approach will allow it to use the most recent data in its calculations and help ESRD facilities estimate payments more accurately in advance.

CMS also finalizes its proposal to modify the conditional ASP policy to allow the use of older data when current ASP data is not available. Additionally, CMS finalizes its proposal to end the post-TDAPA add-on payment adjustment the quarter after non-submission of ASP data, but maintains flexibility in using the prior quarter's data if a quarterly update cannot be issued due to operational issues.

CMS TO INCREASE THE HOME AND SELF-DIALYSIS TRAINING ADD-ON PAYMENT

FINALIZED WITH MODIFICATION

Pages 206-223

There are three components to the payment for home and self-dialysis training: 1) the base rate, 2) a wage-adjusted home and self-dialysis add-on payment adjustment, and 3) an allowable number of training treatments. For CY 2027, CMS finalizes an increase to the overall payment for home and self-dialysis, from $95.60 to $138.00.[9] CMS also finalizes its proposal to allow facilities to receive the home and self-dialysis training add-on payment adjustment during the onset period. Additionally, CMS finalizes that this policy will be budget-neutral.

CMS FINALIZES CHANGES TO THE LVPA

FINALIZED WITH MODIFICATION

Pages 141-168

A low-volume facility is an ESRD facility that either furnished fewer than 4,000 treatments in each of the three previous cost reporting years or has not opened, closed, or received a new provider number due to a change in ownership during that period.

[9] $138.22 proposed.

These facilities receive an additional payment under the LVPA. In CY 2025, CMS finalized a policy creating two LVPA tiers based on each facility's treatment volume.[10]

CMS finalizes its proposal to expand the LVPA threshold from 4,000 and two tiers to 8,000 and six tiers. CMS will implement the policy in a budget-neutral manner.

Table 2. 6-tier LVPA[11]

Treatment Volume Tier (per year)	Number of Eligible ESRD facilities	Current Adjustment Factors	Proposed Adjustment Factors	Final Adjustment Factors
0-2,999	189	1.289	1.389	1.368
3,000-3,999	223	1.183	1.249	1.249
4,000-4,999	299	1.000	1.173	1.173
5,000-5,999	296	1.000	1.120	1.120
6,000-6,999	307	1.000	1.080	1.080
7,000-7,999	175	1.000	1.050	1.050

This policy will be effective January 1, 2027. However, CMS finalized an extension to the attestation deadline to December 31, 2026. This extension also applies to payments for renal dialysis services provided to pediatric patients.

CMS RECEIVES NO APPLICATIONS FOR TPNIES FOR CY 2027

FINALIZED WITH MODIFICATION

Page 94

In the CY 2020 ESRD PPS final rule, CMS introduced TPNIES for certain new and innovative renal dialysis equipment and supplies. While no applications were submitted for CY 2027, CMS is required to propose and finalize an average per treatment offset amount for TPNIES for capital-related assets that are dialysis machines. For CY 2027, the amount finalized is $10.63.[12]

[10] CY 2025 ESRD PPS Final Rule.
[11] See page 153, Table 16 of the unpublished proposed rule.
[12] $10.60 proposed.

AGENCY UPDATES THE ESRD QIP

FINALIZED AS PROPOSED

Pages 242-293

The ESRD QIP is designed to evaluate and improve the quality of care provided to patients with ESRD. It also 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 Payment Year (PY) 2029 is CY 2027, with the baseline period set as CY 2025. Facilities must meet minimum data requirements, and specific conditions apply based on the measure and facility size.

CMS finalizes updates to the ESRD QIP for PY 2029 to enhance the relevance of its reporting measures and to update performance standards, reporting requirements, and payment reduction scales.

Two Measure Removals and One Measure Replacement Proposed for PY 2029

FINALIZED AS PROPOSED

CMS finalizes the removal of the following two measures beginning with PY 2029:

- **Medication Reconciliation (MedRec) Reporting Measure (introduced in CY 2019 ESRD PPS final rule):** This measure assesses whether facilities appropriately evaluate patient medications. CMS cites limited programmatic value and a desire to better focus the measure set on the broader ESRD population.

- **COVID-19 Vaccination Coverage Among Healthcare Personnel (HCP) Reporting Measure (introduced in CY 2023 ESRD PPS final rule):** This measure requires dialysis facilities to report the COVID-19 vaccination status of HCP through the Centers for Disease Control and Prevention (CDC) National Healthcare Safety Network (NHSN). CMS cites elevated provider burden and misalignment with current clinical guidelines or practice.

CMS also finalizes replacing the Hypercalcemia reporting measure with the Hyperphosphatemia clinical measure and updating eligibility requirements beginning in PY 2029, stating that the replacement measure would better assess patient-focused clinical outcomes. Updates to the National Healthcare Safety Network Bloodstream Infection in Hemodialysis Patients Clinical Measure are also finalized.

Measure Domains and Weights Used to Calculate the Total Performance Score

FINALIZED AS PROPOSED

As the proposals to remove the MedRec and COVID-19 Vaccination Coverage Among HCP reporting measures from the ESRD QIP are finalized, the measure set no longer includes any measures under the Reporting Measure Domain. To reflect these changes, CMS finalizes the removal of this domain and updates the domain weights and individual measure weights in the Care Coordination Domain and the Clinical Care Domain. CMS suggests this update will address concerns about how individual performance measures affect a facility's Total Performance Score (TPS) and further encourage improvement in clinical measures.

Performance Standards for Clinical Measures

FINALIZED WITH MODIFICATION

For PY 2029, CMS finalizes updating performance standards for clinical measures using the most recently available data from CY 2025 final rule. See Table 26 for a complete list of performance standards for PY 2029 Clinical Measures.[13]

Proposed Payment Reduction Scale

FINALIZED WITH MODIFICATION

For PY 2029, facilities must achieve a TPS of at least 54[14] to avoid a payment reduction, using the most recently available data from CY 2025 in the final rule. Payment reductions will be implemented on a sliding scale, with a maximum reduction of 2 percent for facilities with the lowest performance scores.

Request for Information on D-PaLS PRO-PM in the ESRD QIP

CMS sought feedback on the potential inclusion of the Dialysis Facility Discussion of Patient Life Goals Patient-Reported Outcome Performance Measure (D-PaLS PRO-PM) in the ESRD QIP. The D-PaLS PRO-PM assesses whether dialysis facilities discuss patients' life goals and incorporate those discussions into treatment plans. Evidence suggests that discussions about integrating patients' life goals into treatment decisions do not consistently occur in practice among ESRD patients. Consequently, individuals with ESRD often report feeling uninformed about treatment options and not involved in decision-making.

In response to comments, CMS thanks commenters and states it will continue to take into account commenters' feedback when considering the future implementation of the D-PaLS PRO-PM and the development of other patient-centered measures.

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[13] Page 284.

[14] 51 proposed.

The final rule represents a modest update to the ESRD QIP. CMS estimates that the proposed ESRD QIP policies will result in an overall economic impact of approximately $133.2 million, which includes payment reductions across all facilities and information collection requirements.

FEEDBACK SOUGHT ON ADVANCING DIALYSIS CARE

Pages 293-308

To better understand how Medicare payment policy may support care for ESRD beneficiaries while maintaining the integrity of existing prospective payment systems, CMS requested information on three topics to advance dialysis care:

1. **Increasing Home Dialysis Uptake:** CMS sought feedback on approaches to increase the percentage of incident, non-pediatric, non-Medicare Advantage ESRD beneficiaries initiating and remaining on a home modality for dialysis.
2. **Advancing Palliative Care for Dialysis Patients:** CMS sought feedback on how to define "palliative dialysis", identify eligible beneficiaries, and structure care delivery across ESRD facilities, hospice providers, and home health agencies. CMS also sought input on payment approaches that could support palliative dialysis without creating duplicate payments across Medicare.
3. **Potential Payment Changes to Support Alternative Dialysis Schedules:** CMS sought feedback on considerations associated with changing the ESRD PPS unit of payment from a per-treatment to a monthly (daily rate) structure.

CMS signals it is considering ways to align the ESRD PPS payment framework with "Advancing American Kidney Health" while meeting the evolving needs of ESRD beneficiaries. CMS will consider comments when developing any future policy. The release of this final rule follows the October 20, 2026, publication of HHS's Kidney Care National Plan, intended to further advance the agency's kidney care efforts.

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