

CAPITOL STREET

November 21, 2025

+2.4% Dialysis LDO Final Pay In 2026

Legislation To Extend TDAPA & TPNIES Introduced

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CMS released the final 2026 rule for dialysis, with pay +2.4% (up from 2.1% proposed) in 2026 for large dialysis organizations (LDOs) [here](#). The agency is finalizing updates to the transitional drug add-on payment adjustment (TDAPA) and ESRD Quality Incentive Program (QIP). The dialysis payment system provides a bundled, per-treatment payment to ESRD facilities that includes all renal dialysis services furnished for outpatient maintenance dialysis, including drugs and biological products.

»» Key Points

The overall ESRD payment update is +2.2% (up from proposed 1.9%), a \$180 M increase, helpful for large dialysis facilities (DVA, FMS). This includes a market basket (MB) update of +2.1% (a 2.9% ESRD MB % increase reduced by a 0.8% productivity adjustment), up from proposed 1.9% with a wage index of +0.9. For hospital-based facilities, CMS projects an increase in total payments of +1.5%.

For CY 2026, Medicare expects to pay a total of \$6 B to 7,600 ESRD facilities. The agency notes that 1.0% target for outlier payments was not achieved in CY 2024, as outlier payments represented approximately 0.8% of total Medicare payments. The rule incorporates past feedback on health IT use in dialysis facilities and potential future ESRD QIP measures, including interoperability, well-being, nutrition, and physical activity.

CMS is updating the dialysis payment rate for individuals with acute kidney injury (AKI) for CY 2026. The final payment rate is \$281.71 per treatment, which matches the CY 2026 ESRD prospective payment system base rate.

CMS is finalizing updates to the transitional drug add-on payment adjustment (TDAPA), including revised add-on payment amounts and a new eligibility timeframe for dialysis drugs like Korsuva and Defencath.

- The agency set new post-TDAPA add-on payment amounts, establishing a final adjustment of \$0.1131 per treatment for Korsuva (applies to all quarters of 2026), and \$2.3710 per treatment for DefenCath (applies to the 3Q&4Q 2026).

- CMS is also revising the eligibility timeframe, requiring that a new renal dialysis product must have received FDA approval within the past three years at the time the TDAPA application is submitted, taking effect for all TDAPA applications submitted on or after January 1, 2028.
- The increase of approximately \$180 M in Medicare payments to ESRD facilities includes the approximately \$34 M associated with the post-TDAPA add-on payment adjustment.

On the legislative front, there is an effort to expand Medicare access to innovative drugs, biologics, and devices for ESRD, but passage is unlikely in 2025. The *Kidney Care Access Protection Act (S. 2730)*, aims to expand Medicare access to innovative drugs, biologics, and devices for ESRD by extending TDAPA and TPNIES transitional payments from two years to three years and creating a permanent TDAPA add-on (not budget-neutral). The bill was introduced by Sens. Marsha Blackburn (R-TN) and Cory Booker (D-NJ) on Sept. 8, 2025. A companion bill in the House is expected as soon as this week from Reps. Carol Miller (R-WV) and Terri Sewell (D-AL).

Early termination of the Center for Innovation’s ESRD treatment choices (ETC) model is finalized under the rule (\$1 M in savings). The agency will modify the period during which payment adjustments are applied, covering claims with service dates from January 1, 2021, through December 31, 2025. CMS states the model has not revealed enhanced care quality within the measures of home dialysis modalities, transplant waitlisting, and living donor transplantation. The agency estimates \$1 M in net federal impact savings, noting that the model has increased Medicare expenditures.

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