CAPITOL STREET

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+2.1% Dialysis (LDO) Pay Update 2026

RFI on Health IT & Nutrition/Well-Being; TDAPA Eligibility Narrows

Relevant Companies

CSL Vifor, ardelyx, AMGEN, CorMedix, DaVita Kidney Care, Fresenius Medical Care, Akebia Therapeutics

Our Take & Next Up

CMS released the proposed 2026 rule for dialysis today, with positive pay +2.1% in 2026 for LDOs (here), noting that the KCC model (CMMI) is likely to continue. 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. The overall payment update is +1.9% with large dialysis organizations (LDOs) projected to see a +2.1% increase in payment. CMS also included RFIs seeking info on (1) the current state of health IT use in dialysis facilities, and (2) info on tools that promote healthy living, in line with HHS MAHA initiatives.

Key Points

The overall ESRD payment update is +1.9%, a $160 M increase, positive for dialysis facilities. The Medicare ESRD base rate and rate for AKI (acute kidney injury) treatment would be updated by +1.9% based on the proposed CY 2026 ESRD MA percentage increase of +2.7% reduced by the proposed 2026 productivity adjustment of 0.8%.

Large dialysis organizations (LDOs) are projected to receive a +2.1% increase in payment. For hospital-based facilities, CMS projects an increase in total payments of +1.5%. For free-standing facilities, CMS projects an increase in total payment of +1.9%. For CY 2026, Medicare expects to pay a total of $6.9 B to ~7,600 ESRD facilities.

CMS is proposing to narrow the Transitional Drug Add-on Payment Adjustment (TDAPA) eligibility timeframe starting in 2028 (3 years after FDA approval). Starting in 2028, CMS is proposing that a new renal dialysis drug or biologic must be approved by the FDA within the past 3 years. Currently, any renal dialysis drug or biologic that receives FDA approval on or after January 1, 2020, would be considered “new” and this would not be the case going forward.

- **TDAPA payments for DefenCath (CRMD), Vafseo (AKBA), and oral-only phosphate binders will continue in 2026**. A new renal dialysis drug or biologic that is included in the ESRD base rate is paid under TDAPA for 2 years. Oral phosphate binders currently receiving TDAPA include sevelamer

carbonate, sevelamer hydrochloride, sucroferric oxyhydroxide, lanthanum carbonate ferric citrate, and calcium acetate.

CMS will end the ESRD Treatment Choices (ETC) model early at the end of 2025 – not NEW as CMMI announced this in March. The ETC Model is a mandatory payment model designed to encourage greater use of home dialysis and kidney transplants. It was set to end on June 30, 2027, but during the first 2 years of the model, there was no evidence of an impact on the use of home dialysis modalities, transplant waitlisting, and living donor transplantation. See our previous analysis on VBC models here. This saves $1 M.

We note that the KCC model is doing well, and unlikely to be cancelled by CMMI. CMS noted that feedback on ways to improve home dialysis are already being tested in the Kidney Care Choices (KCC) Model. KCC model was highlighted as showing promise in significantly increasing home dialysis rates.

CMS proposes removing social and equity reporting measures under Quality Incentive Program (QIP) as expected. The ESRD QIP assesses the total performance of each facility on quality measures specified for a payment year. Starting in 2027, CMS is proposing to remove the Facility Commitment to Health Equity reporting measure, Screening for Social Drivers of Health reporting measure, and Screen Positive Rate for Social Drivers of Health reporting measure.

Request for Information (RFI) focuses on tools to promote health IT use, health promotion, nutrition, physical activity and early detection (aka MAHA).

- CMS is requesting public comment on the current state of health IT use, including electronic health records, in dialysis facilities to further facilitate the adoption and integration of Fast Healthcare Interoperability Resources (FHIR). CMS is seeking feedback on ways to assess interoperability for dialysis facilities.
- The MAHA agenda is taking shape with RFIs centered on nutrition, “well-being”, exercise and early detection. CMS is seeking input for a measure of “well-being”, particularly feedback on the applicability of tools and constructs that assess overall health and how it could fit into the ESRD Quality Incentive Program (QIP) as a measure. CMS is also seeking input on measures of nutrition, exercise, and tools for early chronic kidney disease (CKD) detection.

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