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# ESRD & Acute Kidney Injury Dialysis: CY 2026 Update

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| **Related CR Release Date:** December 31, 2025 | **MLN Matters Number:** MM14313 |
| **Effective Date:** January 1, 2026 | **Related Change Request (CR) Number:** CR 14313 |
| **Implementation Date:** January 5, 2026 | **Related CR Transmittal Number:** R13516BP |
| **Related CR Title:** Implementation of Changes in the End-Stage Renal Disease (ESRD) Prospective Payment System (PPS) and Payment for Dialysis Furnished for Acute Kidney Injury (AKI) in ESRD Facilities for Calendar Year (CY) 2026 | |

## Affected Providers

- ESRD facilities
- Physicians
- Suppliers
- Other providers billing Medicare Administrative Contractors (MACs) for ESRD and acute kidney injury (AKI) services

## Action Needed

Make sure your billing staff knows about updates to the ESRD Prospective Payment System (PPS) and AKI dialysis payment, effective January 1, 2026:

- Base rate, labor-related share, and wage index
- Outlier and rural adjustment transition policies
- Transitional drug add-on payment adjustment (TDAPA) and post-TDAPA add-on payment adjustment amounts



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# Background

## ESRD PPS & AKI Dialysis

The ESRD PPS provides a single per-treatment payment to ESRD facilities that covers all resources used to provide outpatient dialysis treatment. We adjust the ESRD PPS base rate to reflect patient and facility characteristics that contribute to higher per-treatment costs.

We pay ESRD facilities for furnishing renal dialysis to Medicare patient with AKI. See CR 9598 for the payment policy.

The ESRD PPS includes consolidated billing (CB) requirements for limited Medicare Part B services included in the ESRD facility's bundled payment. We periodically update the list of items and services that are subject to Part B CB. These items and services are no longer payable separately when providers or suppliers other than ESRD facilities furnish the service to ESRD patients.

## Payment for Oral-Only Drugs

We regulate a drug designation process, which includes:

- Determining when a product is no longer an oral-only drug
- Including new injectable and intravenous products into the ESRD PPS

Under the drug designation process, we provide additional payment using a TDAPA for qualifying new injectable or intravenous drugs and biological products under 42 CFR 413.234(c).

Under 42 CFR 413.174(f)(6) and effective January 1, 2025, we include payment for renal dialysis drugs and biologicals with only an oral form provided to ESRD patients into the ESRD PPS and no longer provide separate payment. We pay for all oral-only renal dialysis drugs and biological products under the ESRD PPS.

## TDAPA

The TDAPA is a payment adjustment under the ESRD PPS for certain new renal dialysis drugs and biological products. For new drugs that fall into an existing ESRD PPS functional category, the TDAPA helps:

- ESRD facilities incorporate new drugs and biological products and make appropriate changes in their business to adopt such products
- Provide additional payments for associated costs
- Promote competition among the products within the ESRD PPS functional categories
- Focus Medicare resources on products that are innovative

For new renal dialysis drugs and biological products that don't fall within an existing ESRD PPS functional category, the TDAPA is a pathway toward a potential base rate modification. The TDAPA eligibility requirements are under 42 CFR 413.234. We base the TDAPA on 100% of the average sales price (ASP). If the ASP isn't available, we base the TDAPA on 100% of the wholesale acquisition cost (WAC). If the WAC isn't available, we base the TDAPA on the drug manufacturer's invoice. Under our conditional ASP reporting policy at 42 CFR 413.234(c), if we determine the latest full calendar quarter of ASP data isn't available for any drug paid for using the TDAPA, we stop applying the TDAPA for the new renal dialysis drug or biological product within the next 2 calendar quarters.

We pay the TDAPA for a 2-year period for a new renal dialysis drug or biological product that treats or manages a condition for which there's an existing ESRD PPS functional category. After we pay the TDAPA, we won't modify the ESRD PPS base rate. While the TDAPA applies to a new renal dialysis drug or biological product, we don't consider the drug or biological product an ESRD outlier service.

We review and issue TDAPA payment determinations on a quarterly basis for new renal dialysis drugs or biological products that fit within an existing ESRD PPS functional category. We pay an additional TDAPA amount for phosphate binders of $36.41 per monthly claim to account for additional costs associated with providing the drugs in an ESRD facility during CYs 2025 and 2026.

## Transitional Add-On Payment Adjustment for New and Innovative Equipment & Supplies

The ESRD PPS provides the transitional add-on payment adjustment for new and innovative equipment and supplies (TPNIES) that qualify under 42 CFR 413.236. We base the TPNIES payment on 65% of the MAC-determined price. We pay the TPNIES for 2 CYs. While we apply the TPNIES to new and innovative equipment or supplies, we don't consider the equipment or supply an outlier service.

## Capital-Related Assets Eligible for TPNIES

We expanded the TPNIES policy to include capital-related assets (CRAs) that are home dialysis machines a patient uses in their home. We base the TPNIES for CRA on 65% of the MAC-determined price. On behalf of CMS, the MACs establish prices for new and innovative renal dialysis equipment and supplies, including certain CRAs that are home dialysis machines that meet the TPNIES eligibility criteria using verifiable information from these sources:

- The invoice amount, facility charges for the item, discounts, allowances, and rebates
- The price established for the item by other MACs and the sources of information used to establish that price
- Payment amounts determined by other payers and the information used to establish those payment amounts
- Charges and payment amounts required for other equipment and supplies that may be comparable or otherwise relevant

We pay the CRA for TPNIES for 2 CYs. Following payment of the CRA for TPNIES, we won't modify the ESRD PPS base rate, and the new CRA that is a home dialysis machine won't be an eligible outlier service.

### Post-TDAPA Add-On Payment Adjustment

Beginning January 1, 2024, the ESRD PPS provides additional payment for certain new renal dialysis drugs and biological products after the end of the TDAPA period under 42 CFR 413.234(g). We apply the post-TDAPA add-on payment adjustment to all ESRD PPS payments and calculate the adjustment using the drug or biological product use during the most recent 12-month period for which data is available. We calculate the post-TDAPA add-on payment adjustment annually and apply it for 12 calendar quarters following the end of the TDAPA period for a drug or biological product, conditional on receiving the ASP data. We then multiply this amount by the patient-level case-mix adjustment factors for the patient and add it to the ESRD PPS payment.

### Transitional Pediatric ESRD Add-On Payment Adjustment

As of January 1, 2024, the ESRD PPS provides the transitional pediatric ESRD add-on payment adjustment (TPEAPA) for all claims for services you provide to a pediatric ESRD patient under 42 CFR 413.235(b)(2). The TPEAPA is equal to 30% of the per-treatment payment amount for the pediatric ESRD patient. We apply the TPEAPA for CYs 2024–2026.

### Home Dialysis for AKI

Beginning January 1, 2025, we pay for renal dialysis services you provide to AKI patients who dialyze at home at the same payment rate as in-center. AKI patients are eligible for a home dialysis add-on payment adjustment under 42 CFR 413.373 equal to $95.60 and then adjusted by their ESRD facility's wage index. We extended this payment budget neutrally with a corresponding decrease to the base AKI payment rate that rounds to $0 per treatment based on projected use.

## CY 2026 Updates

We annually increase the ESRD PPS base rate by an ESRD market basket increase factor and reduce it by the productivity adjustment in section 1886(b)(3)(B)(xi)(II) of the Social Security Act.

| ESRD base rate update = ESRD bundled market basket increase factor – productivity adjustment |
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For the AKI patient renal dialysis payment rate, we adjust the ESRD base rate by the ESRD PPS wage index and, at the Secretary's discretion, on a budget neutral basis by any other adjustment factor under the ESRD PPS.

## ESRD PPS Base Rate

- The CY 2026 ESRD PPS base rate is $281.71
  (($273.82 x 1.009050 x 0.998600) x 1.021) = $281.71
- A budget-neutrality adjustment factor for the wage index and related policies of 1.009050
- A budget-neutrality adjustment factor for the non-contiguous areas payment adjustment of 0.998600
- A productivity-adjusted market basket increase of 2.1 percent

## Labor-Related Share

The labor-related share is 55.2%.

## Wage Index

For CY 2026, the ESRD PPS uses the wage index methodology established in CY 2025, which uses Bureau of Labor Statistics wage data by geographic area weighted by occupational mix based on freestanding ESRD facility cost report full-time equivalent data.

We updated the CY 2026 ESRD PPS wage index to show the most recent wage data and the most recent full year of freestanding ESRD facility cost report data.

- We apply a 5% cap to the reduction in the wage index for ESRD facilities
- The wage index floor is 0.6000

We'll base the ESRD PPS wage index for an ESRD facility on the most recent core-based statistical area (CBSA) delineations according to the Office of Management and Budget (OMB) Bulletin 23-01.

## Outpatient Provider Specific File Changes

Starting CY 2023, we adopted a 5% cap on wage index decreases. For CY 2026, we apply a 5% cap to all ESRD facilities on any decrease to an ESRD facility's CY 2026 final wage index from its CY 2025 final wage index. Under the 5% cap policy, we'll pay a new ESRD facility that opens in CY 2026 the wage index for the area in which its geographically located for its first full or partial CY with no cap applied because a new ESRD facility wouldn't have a wage index in the prior CY.

In CY 2025, we began phasing out the rural adjustment for ESRD facilities that became urban in CY 2025 because of adopting the revised CBSA delineations over a 3-year period. For CY 2026, we're in the second year of that phase out.

## Outlier Policy

We made these updates to the adjusted average outlier service Medicare-allowed payment (MAP) amount per treatment:

- $23.68 for adult patients
- $50.19 for pediatric patients

We made these updates to the fixed-dollar loss amount that's added to the predicted MAP amount to determine the outlier threshold:

- $14.80 for adult patients
- $162.43 for pediatric patients

We made these changes to the list of outlier services:

- Starting January 1, 2025, all renal dialysis drugs and biological products, except those currently paid for using TDAPA, are eligible for the outlier payment.
- We updated renal dialysis drugs that are oral equivalents to injectable drugs based on the most recent prices obtained from the Medicare prescription drug plan finder to reflect the most recent mean unit cost. Also, we'll add or remove any renal dialysis items and services, as necessary. See Attachment A.
- We revised the mean dispensing fee of the National Drug Codes (NDCs) qualifying for outlier consideration to $0.55 per-NDC per-month for claims with dates of service on or after January 1, 2026. See Attachment A.

## Rural Adjustment Transition Policy

Effective in CY 2025, we base the ESRD PPS rural adjustment on the most recent CBSA delineations according to OMB Bulletin 23-01. ESRD facilities that received the 0.8% rural adjustment in CY 2024 but were redesignated into an urban CBSA would receive a transitional phase-out of the rural adjustment. The ESRD facility would receive:

- Two-thirds of the adjustment (0.53%) for CY 2025
- One-third of the adjustment (0.27%) for CY 2026
- No rural adjustment for CY 2027

For CY 2026, the payment adjustment factor is 0.0027. To calculate the imputed MAP under the outlier payment, we apply one-third of the current 2.2% reduction factor to the average MAP, which results in a multiplicative factor of 0.9927.

## Post-TDAPA Add-On Payment Adjustment Amounts

For CY 2026, we're set to include 2 drugs, Korsuva® and Defencath®, in calculating the post-TDAPA add-on payment adjustment. We'll include:

- Korsuva® for all 4 calendar quarters at an amount of $0.1131
- Defencath® for only the third and fourth quarters at an amount of $2.3710

The final post-TDAPA add-on payment adjustment amounts for each quarter of CY 2026 are:

- Q1 (January – March): $0.1131 (Korsuva® only)
- Q2 (April – June): $0.1131 (Korsuva® only)
- Q3 (July – September): $2.4841 (Korsuva® and Defencath®)
- Q4 (October – December): $2.4841 (Korsuva® and Defencath®)

## Non-Contiguous Areas Payment Adjustment

Starting January 1, 2026, ESRD facilities in certain non-contiguous areas will receive an increase to the non-labor portion of their payment. We base this increase on the contiguous area in which the ESRD facility is located (as determined by the first 2 digits of the provider number) and cap it at 25%. The non-labor portion of the ESRD PPS base rate is 44.8%. These facilities will receive an increase in the non-labor portion of the ESRD PPS payment:

- ESRD facilities in Alaska: 25% increase
- ESRD facilities in Hawaii: 21% increase
- ESRD facilities in Guam, America Samoa, and the Northern Mariana Islands: 25% increase

Thus, the non-labor portion of the base payment = base rate * 0.448 * NAPA factor. Any applicable adjustment factors are then applied to this amount.

## TDAPA

There are 10 eligible renal dialysis drugs for which ESRD facilities will continue to receive payment using the TDAPA under the ESRD PPS for CY 2026. We'll pay the TDAPA to ESRD facilities for:

- Taurolidine and heparin sodium, July 1, 2024 – June 30, 2026
  - HCPCS code J0911 — Instillation, taurolidine 1.35 mg and heparin sodium 100 units (central venous catheter lock for adult patients receiving chronic hemodialysis)
  - See CR 13608 for more information.
- Vadadustat, January 1, 2025 – December 31, 2026
  - HCPCS code J0901 — Vadadustat, oral, 1 mg (for ESRD on dialysis)
  - See CR 13865 for more information

We'll pay the TDAPA to ESRD facilities for 8 additional drugs beginning January 1, 2025. See CR 13865 for more information.

- J0601 — Sevelamer carbonate (renvela or therapeutically equivalent), oral, 20 mg (for ESRD on dialysis)
- J0602 — Sevelamer carbonate (renvela or therapeutically equivalent), oral, powder, 20 mg (for ESRD on dialysis)
- J0603 — Sevelamer hydrochloride (Renagel or therapeutically equivalent), oral, 20 mg (for ESRD on dialysis)
- J0605 — Sucroferric oxyhydroxide, oral, 5 mg (for ESRD on dialysis)
- J0607 — Lanthanum carbonate, oral, 5 mg (for ESRD on dialysis)
- J0608 — Lanthanum carbonate, oral, powder, 5 mg, not therapeutically equivalent to j0607 (for ESRD on dialysis)
- J0609 — Ferric citrate, oral, 3 mg ferric iron, (for ESRD on dialysis)
- J0615 — Calcium acetate, oral, 23 mg (for ESRD on dialysis)

Report the AX modifier with the HCPCS code for these drugs to receive payment for the drugs using TDAPA. While these drugs are eligible for the TDAPA, they don't qualify towards outlier payments.

## TPNIES

No renal dialysis equipment or supplies are eligible for the TPNIES for CY 2026.

## TPNIES for CRAs

There aren't any TPNIES for CRAs continuing for CY 2026 that are home dialysis machines for hemodialysis. The CY 2026 average per treatment CRA for TPNIES offset amount is $10.43.

## AKI Dialysis Payment Rate Updates

- The AKI dialysis payment rate for CY 2026 is $281.71, which is the base rate under the ESRD PPS for CY 2026
- AKI dialysis claims are eligible for the wage-adjusted add-on per treatment adjustment for home and self-dialysis training
- The labor-related share is 55.2%
- We adjust the AKI dialysis payment rate for wages using the same wage index that we use under the ESRD PPS
- We don't reduce the AKI dialysis payment rate for the ESRD Quality Incentive Program
- We don't apply these to AKI claims:
  - TDAPA
  - TPNIES
  - TPEAPA
  - Post-TDAPA payment adjustment
  - New non-contiguous area payment adjustment
- Patients with AKI will still be able to receive phosphate binders through Medicare Part D during the TDAPA period for phosphate binders under the ESRD PPS for CY 2026

# More Information

We issued CR 14313 to your MAC as the official instruction for this change. For more information, find your MAC's website.

# Document History

| Date of Change | Description |
|---|---|
| December 31, 2025 | Initial article released. |