

Healthcare Policy Disputes Threaten Government Shutdown

With hours to go until the midnight deadline on September 30, 2025 to fund the government, lawmakers appear deadlocked over whether certain healthcare provisions should be included in the temporary funding bill. Should this deadlock continue, the federal government will shut down beginning October 1 and remain shut down until that deadlock is resolved. This Health Capital Topics article provides an update on the developing saga.

Congress passed the most recent temporary funding bill, known as a continuing resolution (CR), on March 14, 2025, funding the government through the remainder of fiscal year 2025, until September 30, 2025.¹ While House Republicans unilaterally passed a stopgap measure extending funding until November 21, it failed in the Senate, where Democrats assert that they will not vote for a spending bill that does not protect healthcare access, including renewing the *Affordable Care Act* (ACA) marketplace enhanced premium tax credits and repealing the *One Big Beautiful Bill Act* (OBBBA) Medicaid provisions.² Senate Democrats subsequently proposed an alternative stopgap bill to fund the government through October 31, permanently extend the ACA subsidies, and reverse the OBBBA Medicaid cuts; that bill also failed.³ Senate Republicans have a narrow majority, but require Democratic backing to meet the 60-vote threshold needed to pass an extension.

The ACA marketplace enhanced premium tax credits, which are provided to lower-income individuals to purchase health insurance on the ACA insurance exchanges, and have been in place since 2021, are currently set to sunset at the end of 2025.⁴ The Urban Institute estimates that if the ACA enhanced premium tax credits ultimately expire, 22 million Americans would see increased health insurance costs, and healthcare providers would lose \$32.5 billion in revenue and take on an additional \$7.7 billion in uncompensated care costs next year.⁵ Democrats pushed to include an extension to the tax credits in OBBBA, but were unsuccessful. OBBBA provisions also included over \$911 billion in Medicaid cuts and new conditions on eligibility, which are expected to increase the number of uninsured people by 10 million.⁶

In addition to the furlough of thousands of federal workers and significant disruption across the country, the failure to pass any sort of spending bill results in the expiration of several healthcare program and policy extenders,⁷ including Medicare telehealth flexibilities, the hospital-at-home waiver, and community health center funding.⁸ More than 6.7 million seniors (25% of eligible Medicare beneficiaries) participated in a telehealth visit in 2024, and approximately 31,000 seniors received care in their homes from over 400 hospitals under the hospital-at-home waiver through October 2024.⁹ The abrupt discontinuation of these services could meaningfully disrupt senior healthcare.

Other healthcare priorities that would be cut in the event of a government shutdown include:

- Medicaid disproportionate share hospital (DSH) payments, by \$8 billion;
- Increased reimbursement for Medicare-dependent hospitals and low-volume hospitals;
- Graduate medical education (GME) funding;
- Ambulance add-on Medicare payments for rural and underserved urban areas; and
- Emergency preparedness programs (the *Pandemic and All-Hazards Preparedness Act of 2006* has already partially lapsed).¹⁰

As of the time of publication, lawmakers have not reached agreement on a CR, and the federal government faces imminent shutdown. Healthcare organizations should prepare for potential disruptions regardless of whether a shutdown is ultimately averted. The brinkmanship surrounding healthcare provisions in this funding debate underscores the persistent volatility in federal healthcare policy and the vulnerability of temporary program extensions. Health Capital Topics will continue to track this evolving situation and provide updates as events unfold.

[Note: This article reflects information available as of 5:30 PM ET on September 30, 2025.]

- 1 "Healthcare Extenders Tracker (July 2025 Update)" By Rachel Stauffer, et al., McDermott+, July 11, 2025, <https://www.mcdermottplus.com/insights/healthcare-extends-tracker/> (Accessed 9/29/25).
- 2 "Trump to Meet With Congressional Leaders as Shutdown Looms" By Michael Gold, New York Times, September 29, 2025, <https://www.nytimes.com/2025/09/29/us/politics/trump-shutdown-meeting-schumer-jeffries-johnson.html#> (Accessed 9/29/25).
- 3 "Key health programs face cliff as government funding bill falls" By Michael McAuliff, September 19, 2025, <https://www.modernhealthcare.com/politics-regulation/telehealth-medicare-dsh-stopgap-funding-bill/> (Accessed 9/29/25); "Why ACA tax credits for 22 million Americans are at the center of the government shutdown drama" By Aimee Picchi, CBS News, September 30, 2025, <https://www.cbsnews.com/news/government-shutdown-affordable-care-act-enhanced-premium-tax-credit/> (Accessed 9/30/25).
- 4 "Five Things to Know about the Renewal of Extra Affordable Care Act Subsidies in the Inflation Reduction Act" By Cynthia Cox, Kaiser Family Foundation, August 11, 2022, <https://www.kff.org/policy-watch/five-things-to-know-about-renewal-of-extra-affordable-care-act-subsidies-in-inflation-reduction-act/#:~:text=Subsidies%20in%20the%20E2%80%A6,Five%20Things%20to%20Know%20about%20the%20Renewal%20of%20Extra%20Affordable,in%20the%20Inflation%20Reduction%20Act&text=As%20part%20of%20the%20Inflation,previously%20priced%20out%20of%20coverage.> (Accessed 4/21/25).
- 5 "Providers face \$32.1B in lost 2026 revenue if enhanced ACA subsidies expire" By Dave Muoio, Fierce Healthcare, September 26, 2025, <https://www.fiercehealthcare.com/providers/providers-face-321b-lost-2026-revenue-if-aca-enhanced-premiums-expire> (Accessed 9/29/25).
- 6 "Allocating CBO's Estimates of Federal Medicaid Spending Reductions Across the States: Enacted Reconciliation Package" By Rhiannon Euhus, Kaiser Family Foundation, July 23, 2025, <https://www.kff.org/medicaid/allocating-cbos-estimates-of-federal-medicare-spending-reductions-across-the-states-enacted-reconciliation-package/> (Accessed 9/30/25).
- 7 "Many healthcare programs are extended for specific time periods, as short as one or two years or as long as 10, and are usually attached to a larger piece of must-pass legislation." "Healthcare Extenders Tracker (July 2025 Update)" By Rachel Stauffer, et al., McDermott+, July 11, 2025, <https://www.mcdermottplus.com/insights/healthcare-extends-tracker/> (Accessed 9/29/25).
- 8 "McDermott+ Check-Up: September 26, 2025" JDSupra, September 29, 2025, <https://www.jdsupra.com/legalnews/mcdermott-check-up-september-26-2025-9311052/> (Accessed 9/29/25).
- 9 "Millions of seniors could lose access to telehealth without deal in Congress" By Lauren Weber and Trisha Thadani, The Washington Post, September 30, 2025, <https://www.washingtonpost.com/health/2025/09/30/shutdown-threatens-senior-telehealth/> (Accessed 9/30/25).
- 10 "Key health programs face cliff as government funding bill falls" By Michael McAuliff, September 19, 2025, <https://www.modernhealthcare.com/politics-regulation/telehealth-medicare-dsh-stopgap-funding-bill/> (Accessed 9/29/25).

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