



What Happens to Health Programs if the Federal Government Shuts Down?

Shutdown could affect NIH, CDC, community health centers and HIV/AIDS programs, but Medicare and Medicaid payments won't stop immediately.

September 28, 2023 By Julie Rovner and KFF Health News

For the first time since 2019, congressional gridlock is poised to at least temporarily shut down big parts of the federal government — including many health programs.

If it happens, some government functions would stop completely and some in part, while others wouldn't be immediately affected — including Medicare, Medicaid, and health plans sold under the Affordable Care Act. But a shutdown could complicate the lives of everyone who interacts with any federal health program, as well as the people who work at the agencies administering them.

Here are five things to know about the potential impact to health programs:

1. Not all federal health spending is the same.

“Mandatory” spending programs, like Medicare, have permanent funding and don't need Congress to act periodically to keep them running. But the Department of Health and Human Services is full of “discretionary” programs — including at the National Institutes of Health, Centers for Disease Control and Prevention, community health centers, and HIV/AIDS initiatives — that must be specifically funded by Congress through annual appropriations bills.

The appropriations bills (there are [12 of them](#), each covering various departments and agencies) are supposed to be passed by both chambers of Congress and signed by the president before the start of the federal fiscal year, October 1. This almost never happens. In fact, according to the Pew Research Center, Congress has passed all the appropriations bills in time for the start of the fiscal year [only four times](#) since the modern budget process was adopted in the 1970s; the last time was in 1997.

Congress usually keeps the lights on for the government by passing short-term funding bills, known as “continuing resolutions,” or CRs, until lawmakers can resolve their differences on longer-term spending.

This year, however, a handful of conservative Republicans in the House have said they won't vote

for any CR, in an attempt to force deeper spending cuts than [those agreed to this spring](#) in a bipartisan bill to raise the nation's borrowing authority. House Speaker Kevin McCarthy and his allies could join with Democrats to keep the government running, but that would almost certainly cost McCarthy his speakership. Several of the rebellious conservatives are already threatening to force a vote to oust him.

2. The Biden administration decides what stays open.

The White House Office of Management and Budget is responsible for drawing up contingency plans in case of a government shutdown and [publishes one](#) for each federal department. The plan for Health and Human Services [estimates that](#) 42% of its staff would be furloughed in a shutdown and 58% retained.

The general rule is that two types of activities may continue absent annual spending authority from Congress. One is activities needed “for safety of human life or the protection of property.” At HHS, that would include caring for patients at the hospital on the campus of the National Institutes of Health — though new patients generally would not be admitted — as well as the agency's laboratory animals, and CDC investigations of disease outbreaks.

Other activities that may continue are those with funding sources that aren't dependent on annual appropriations. Medicare and Social Security, for example, are entitlements funded by taxes and premiums. Drug approvals at the FDA are largely funded by user fees paid by drugmakers, so approvals in process could continue, but questions remain about whether new approval processes could start.

Also unaffected are programs that have been funded in advance by Congress. For example, the Indian Health Service is [already funded](#) through the 2024 fiscal year.

3. What happens to enrollment in Medicare and Affordable Care Act plans?

It depends on how long the shutdown lasts. In the short term, mandatory spending programs would be mostly, but not completely, unaffected by a government shutdown. Benefits would continue under programs like Medicare, Medicaid, and the Affordable Care Act, and doctors and hospitals could continue to submit bills and get paid. But federal staffers not considered “essential” would be furloughed.

That means initial Medicare enrollment could be temporarily stopped. According to the [Committee for a Responsible Federal Budget](#), an independent group that tracks federal spending, during the 1995-96 federal shutdown, “more than 10,000 Medicare applicants were temporarily turned away every day of the shutdown.”

A shutdown shouldn't much affect Medicare's annual open enrollment period, which starts October 15 and allows current beneficiaries to join or change private Medicare Advantage or prescription drug plans. That's because much of the funding to help seniors and other beneficiaries choose or change Medicare health plans has already been allocated.

Rebecca Kinney, who runs the HHS office that oversees the federal program that counsels Medicare beneficiaries about their myriad choices, said September 22 that funding for both the 1-800-MEDICARE hotline and federally funded state counseling agencies has already been distributed for this year, so neither would be affected, at least in the short run.

The same is true for Affordable Care Act plans, which open for enrollment November 1. The HHS contingency documents say the Centers for Medicare & Medicaid Services, which oversees the federal health exchange, healthcare.gov, “will continue Federal Exchange activities, such as eligibility verification,” using fees paid by insurers left over from the previous year.

Still, about half of CMS staffers would be furloughed in a shutdown. That could complicate a lot of other activities there, starting with drug price negotiations set to begin October 1. HHS Secretary Xavier Becerra [told reporters](#) at the White House last week that a shutdown would likely push back the timeline for negotiations.

A shutdown would also threaten HHS oversight of the Medicaid “unwinding” process, as states reevaluate the eligibility of those enrolled in the program for low-income people. State workers would be unaffected, according to the Georgetown University Center for Children and Families, so eligibility reviews would continue regardless. But because of federal furloughs, “technical assistance to help states address unwinding problems and adopt mitigation strategies could cease,” wrote the center’s Kelly Whitener and Edwin Park. “Efforts to determine if there are further renewal processes that are out of compliance with federal requirements could be limited or ended.”

4. What if the shutdown is prolonged?

More programs could be affected. For example, the HHS shutdown contingency document says that “CMS will have sufficient funding for Medicaid to fund the first quarter” of fiscal year 2024. The government has never been shut down long enough to know what would happen after that. The 2013 shutdown, which included HHS, lasted just over two weeks. Most of the agency wasn’t affected by the 2018-2019 shutdown because its annual appropriations bill had already been signed into law. (The FDA is funded under the appropriations bill that covers the Agriculture Department rather than the one that funds HHS.)

5. Do federal employees get paid during a shutdown?

It depends. Employees whose programs are funded continue to work and be paid. Those considered “essential” but whose programs are not funded would continue to work, but they wouldn’t get paid until after the shutdown ends. A 2019 law now requires federal workers to [get back pay](#) when funding resumes, which was not always the case. However, federal contractors, including those who work in food service or maintenance jobs, have no such guarantee.

[This story](#) was published by KFF Health News on September 27, 2023. It is republished with permission.

