

How a government shutdown would impact health programs

By Kelly Hooper

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Health agencies are bracing for a government shutdown that would force them to furlough thousands of workers and disrupt public health campaigns, but many programs deemed essential would continue.

Lawmakers have until Sept. 30 to pass a bill to fund the government, but conservatives in the House who want spending cuts and a crackdown at the border have held up a deal.

With less than two weeks to go, the White House is urging Congress to pass a continuing resolution — a short-term funding fix — that would keep the government open at current spending levels and punt decisions on program cuts or increases to later this year.

Even if lawmakers could agree on that, it could have an effect on health programs that, according to the Biden administration, need an immediate infusion of funds.

Biden, for example, wants any continuing resolution to include \$3.7 billion more for CMS to assist states with their post-pandemic review of Medicaid eligibility. States have cut millions of people from their rolls, some for failing to fill out paperwork.

And congressional authorization is also needed to extend some programs, such as community health centers and the Medicaid Disproportionate Share Hospital program, which helps hospitals that serve large numbers of lower income and uninsured people.

As past shutdowns have shown, the health programs that remain open vary depending on how essential they're seen at the time.

During the 16-day shutdown in October 2013, the National Institutes of Health briefly closed its portal to register new clinical trials and couldn't enroll new patients, according to a [GAO report](#).

CMS also lost discretionary funding to combat waste, fraud and abuse, and states were forced to use their own money for formula grant programs like Temporary Assistance for Needy Families, the federal cash welfare program for lower-income people.

During the 1995-1996 shutdown, [new Medicare enrollees were turned away](#).

Big picture: According to [HHS' current contingency plan](#), which the administration updated in July and is subject to change as a shutdown inches closer, the department expects to furlough about 40 percent of its workforce, including support staff, grant processors and others, if the government shuts down.

Staffers who remain on the job will keep essential services running. Medicare checks will still go out the door, clinical trials will continue, and the Obamacare exchanges will remain open.

HHS agencies have previously appropriated emergency funds to rely on. Certain programs combating Covid-19, like vaccine development, would continue using that money.

Monitoring for disease outbreaks would also go on, as would the Vaccines for Children program, which provides free shots to low-income people.

The FDA: Among HHS agencies, the FDA is better positioned than most to weather a shutdown, but it would still face deleterious effects.

The FDA's activities are split between centers and offices funded by user fees and congressional appropriations. Certain user fee-based activities, which make up about 40 percent of the medical product centers' budgets, would continue in the event of a shutdown.

The Center for Tobacco Products is entirely user fee-funded, so its work largely wouldn't be interrupted.

Still, some product review divisions that receive a substantial amount of user fee money may not have support staff available during a shutdown, depending on how those employees are classified, said Steven Grossman, executive director of the Alliance for a Stronger FDA.

The most [current contingency plan](#) for the FDA covers fiscal 2023, and it's unclear when HHS may update it and what changes it could make. FDA spokesperson Michael Felberbaum referred a question about the agency's plans to the White House.

CMS: Medicare and Medicaid are mandatory programs that aren't subject to annual appropriations, therefore payments to doctors, hospitals and beneficiaries would continue.

"CMS is uniquely insulated from a shutdown given the entitlements of Medicare and Medicaid and the benefits they provide," said Matt Kazan, managing director for the consulting firm Avalere Health.

Other key agency activities would also keep going.

The drug price negotiation process that kicked off late last month, for example, has funding from last year's [Inflation Reduction Act](#).

But CMS may be forced to furlough staff responsible for approving state changes to Medicaid, Kazan said, at a time when states are reassessing beneficiaries' eligibility for the first time since the end of the Covid public health emergency.

That could mean CMS misses problems with the unwinding, said Edwin Park, a research professor with Georgetown University's Center for Children and Families.

CMS reported in July that 700,000 people lost coverage in April, many due to paperwork problems and has urged states to do a better job of determining eligibility.

NIH: Per the agency's contingency plan, last updated in September 2022, the National Institutes of Health would furlough three-quarters of its staff during a shutdown.

Grant processors would be hard hit.

Remaining staff would continue to support priority research projects, research oversight and contracts that would be hurt by an interruption in funding.

Staffers who protect human safety, property or ongoing experiments would continue to work, such as those at the NIH Clinical Center, the agency's biomedical research hospital.

Workers who care for and feed NIH research animals would remain on the job, as would staffers who maintain cell lines, hospital data networks and elements of the National Library of Medicine data center.

The impact of a shutdown largely depends on how long it lasts, said Carrie Wolinetz, who worked closely with NIH from the outside during the 2013 shutdown. The 16-day lapse in funding that October created clinical trial and research application backlogs.

Timing of the shutdown also matters. October and November is a busy time for external research funding, including a big grant deadline. "A shutdown is incredibly disruptive to that process," Wolinetz said.

PEPFAR: The President's Emergency Plan for AIDS Relief, which provides testing, treatment and other support for people abroad who are HIV positive, would most likely not feel the effects of a shutdown.

That's provided it doesn't go on for long, according to a State Department official POLITICO granted anonymity because the official was not authorized to speak on the record.

A longer shutdown that lasts more than a few weeks would mean that money stops flowing to program beneficiaries, said Catherine Connor, vice president for public policy and advocacy at the Elizabeth Glaser Pediatric AIDS Foundation, which receives PEPFAR money.

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