

Potential Impact of a Government Shutdown on Health Care Priorities

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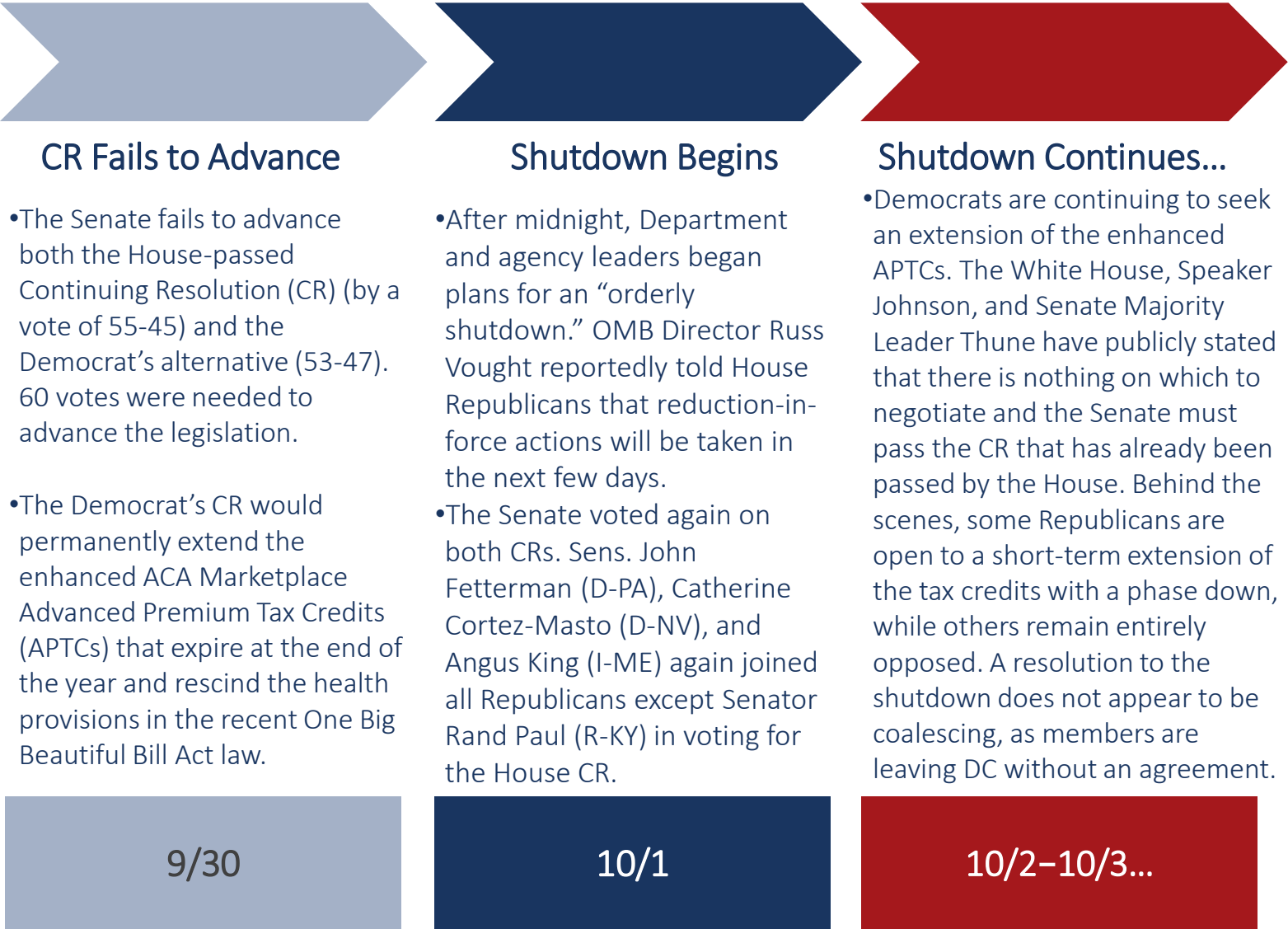
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Overview



Shutdown Timeline



Office of Management and Budget (OMB) Memo

- An OMB memo directed agencies to submit staffing and program plans should a shutdown occur.
- The memo directed agencies to consider reduction in force (RIF) notices that go beyond standard furloughs.
- The RIF notices should be considered for programs for which discretionary funding lapses on October 1, 2025, another source of funding (such as H.R.1) is not available, and the program, project, or activity is not consistent with President Trump's priorities.
- RIF notices should be considered for these programs regardless of whether an employee is furloughed or not.
- Once FY 2026 funding is provided, agencies should revise RIFs as needed to retain the minimal number of employees necessary to carry out statutory functions.



Source: <https://www.politico.com/f/?id=00000199-7e8f-ddde-a199-fedf6c5d0000>

Overview of HHS Contingency Plan



Federal agencies are required to submit contingency plans every fiscal year (FY) describing operations and staffing in the case of a lapse of funding.



HHS posted FY 2026 shutdown plans following a leaked memo from the White House Office of Management and Budget which directed agencies to consider Reduction in Force (RIF) actions for programs that would not be continued during a shutdown.



The shutdown plans are similar to those in previous years, with similar levels of staff and activities being retained or continued during a lapse in funding.



HHS has not provided information specifically responding to OMB's memo on RIF considerations. However, it is possible that at least some of the staff that would be furloughed according to HHS' contingency plan would receive RIF notices or updated contingency plans could be announced.



The rest of this slide deck provides information on the implications of a shutdown on health care.

General Shutdown Rules



Statutory Rules Governing A Shutdown

General Rule: The *Antideficiency Act* prohibits federal employees from spending money that Congress has not appropriated. *31 U.S.C. § 1341*.

Exceptions: The *Antideficiency Act* includes several exceptions to the general rule. *31 U.S.C. § 1342*.



A statute or other legal requirement expressly authorizes an agency to obligate funds in advance of appropriations.



The function addresses emergency circumstances, such that the suspension of the function would imminently threaten the safety of human life or the protection of property.



The function is necessary to the discharge of the President's constitutional duties and powers (*e.g.*, Commander-in-Chief or conducting foreign relations).



Other available appropriations can be leveraged.

Impact on Grants and Contracts

Contracts and Grants:

- Generally, an agency cannot incur a new obligation when the funding source for that obligation would be the lapsed appropriation.
 - E.g., signing a new contract or grant, extending a contract or a grant, or exercising a renewal option.
- When performance under an already-issued contract or grant is not impacted by a lapse, the contractor or grantee may continue to proceed with their work during the period of lapsed appropriations.
- Agency employees who are paid with annual appropriations and who perform an activity associated with contract or grant administration should generally not continue work during a lapse in appropriations.



<https://www.whitehouse.gov/wp-content/uploads/2023/09/Agency-Lapse-FAQs-9.27.2023.pdf>; SECTION 124—AGENCY OPERATIONS IN THE ABSENCE OF APPROPRIATIONS (whitehouse.gov); Government Reopening Check List - Items for Consideration January 2019 (whitehouse.gov)



General Rule

- Drafting, review, and publication of policy and regulatory documents (such as proposed or final regulations, submitted comments, guidance documents, and other publications) must be paused during a shutdown.

Exceptions

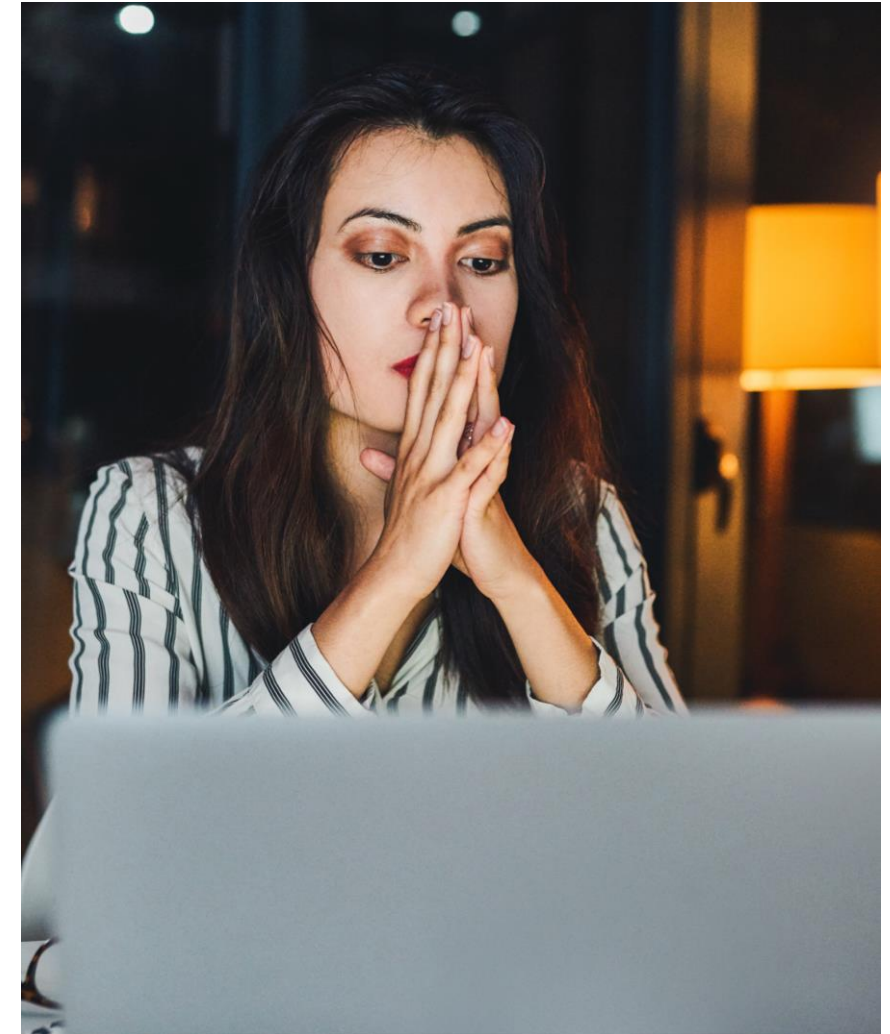
- The Office of the Federal Register (OFR) is allowed to publish documents from unfunded agencies (whether or not OFR is funded) **if the documents are directly related to the performance of governmental functions necessary to address imminent threats to the safety of human life or protection of property.**
- Publication of some documents may be allowed if the publication of the document is necessary to support funded agencies or activities or an excepted activity of unfunded agencies.
- Agencies can extend comment periods during a funding gap, but are not required to.

Impact on Federal Employees



Orderly Shutdown

- Some staff are “exempted” or “excepted,” meaning they generally continue to work during a lapse in funding.
- Staff that are not exempted or excepted are furloughed during the period of the shutdown.
- Furloughed employees should take no more than half a day to provide:
 - Necessary notices and contact information,
 - Secure their files,
 - Complete time and attendance records,
 - Pay invoices for obligations incurred prior to the lapse, and
 - Otherwise prepare to preserve their work.
- OMB requires agencies to provide written justification for the conduct of orderly shutdown activities in excess of a half-day.



<https://www.whitehouse.gov/wp-content/uploads/2023/09/Agency-Lapse-FAQs-9.27.2023.pdf>; SECTION 124—AGENCY OPERATIONS IN THE ABSENCE OF APPROPRIATIONS ([whitehouse.gov](https://www.whitehouse.gov))

Health Care Extenders

In addition to discretionary appropriations, the following health care-related authorizations and funding expired on September 30, 2025 or October 1, 2025:

- Funding for the **Special Diabetes Program for Type 1 Diabetes** and funding for the **Special Diabetes Program for Indians**;
- **National health security** extensions, including disclosure of information impacting national security, reassigning personnel in an emergency, and a limited anti-trust exemption;
- Extension of **increased inpatient hospital payment adjustment** for certain low-volume hospitals; **acute hospital care at home waiver** authorities; **Medicare-dependent hospital program**; and delays of **Medicaid DSH reductions**;
- Extension of temporary inclusion of authorized **oral antiviral drugs** as covered part D drugs;
- Extension of add-on payments for **ambulance services**, and **work geographic index floor**;
- Extension of funding for **quality measure** endorsement, input, and selection;
- Extension of funding for **outreach and assistance for low-income programs**; and
- Extension of certain **telehealth services**, including for FQHCs and rural health clinics, audio-only telehealth services, and mental health visits.

Overview of HHS Contingency Plan



FY 2026 Contingency Planning – HHS



Staffing:

- Approximately 60 percent (47,257 employees) would be **retained**.
- About 40 percent (32,460 employees) are expected to be **furloughed**.
 - The percentage of employees expected to be furloughed is lower than in the FY2025 contingency plan, which anticipated that 40,887 staff (45 percent) would be furloughed.
- The FY2026 contingency plan notes that HHS expects to have 79,717 employees on board before the implementation of a shutdown plan (staffing data as of July 2025).
 - This is significantly more than HHS’ goal of reducing the number of staff from 82,000 to 62,000 through early retirements, Fork in the Road, and previous RIFs.

Total number of employees to be **retained** under the plan for each of the following categories (may include duplicated counts):

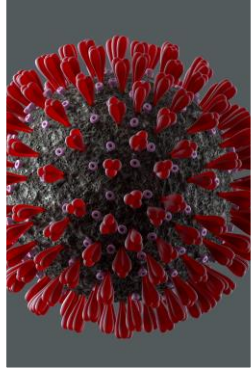
Compensation is financed by a resource other than annual appropriations:	35,096 employees
Necessary to perform activities expressly authorized by law:	12,206 employees
Necessary to perform activities necessarily implied by law:	2,654 employees
Necessary to the discharge of the President's constitutional duties and powers:	1,609 employees
Necessary to protect life and property:	7,898 employees



<https://www.hhs.gov/about/budget/fy-2026-hhs-contingency-staffing-plan/index.html>

Activities that Will Continue

HHS' Contingency Plan States the Following Activities and Programs Will Continue



Outbreak and Emergency Response

- HHS will rely on exceptions in the Antideficiency Act (ADA) to continue other activities protecting human life and property, such as monitoring for disease outbreaks conducted by CDC.
- ASPR will maintain the minimal readiness for all-hazards, including pandemic flu and hurricane responses.



Medicare and Medicaid

- HHS will also except staff as necessary to support mandatory funded activities, such as Medicare, Medicaid, OIG's Health Care Fraud and Abuse related activities (which covers all OIG staff), and other mandatory health program payments.



Direct Medical Services

- IHS medical staff are considered exempt, since the agency received advance appropriations in FY 2025 that will maintain its FY 2026 base appropriation for medical services.
- NIH will continue research and clinical activities necessary for the protection of human life or government property.



Certain FDA Activities

- FDA will continue exempt activities to support drug and medical device reviews.
- FDA will also continue monitoring for and quickly responding to outbreaks related to foodborne illness and the flu, supporting food and medical product recalls when products endanger consumers and patients, pursuing criminal and certain civil investigations when public health is at risk, screening the food and medical products that are imported to the U.S. to protect consumers and patients from harmful products, and addressing other critical public health issues.

Activities that Will Continue (2)

HHS' Contingency Plan States the Following Activities and Programs Will Continue:



FY2027 Budget Prep

- HHS will except staff across the Department to assist in executing constitutional duties, such as preparing the FY 2027 President's budget.



Certain Grant Payments

- HHS' Program Support Center (PSC), Financial Management Portfolio (FMP), Payment Management Services (PMS), and Division of Payment Management (DPM) will be operational and retain the necessary staffing in an excepted status to ensure delivery of grant payments for excepted programs.



Grants.gov

- HHS will maintain the Grants.gov system in an operational status, but with reduced federal support staff presence.
- The Grants.gov Contact Center will remain available to assist callers.
- HHS will provide the federal grantor community with guidance and updates in the event of a government shutdown.



General Counsel

- Some Office of the General Counsel (OGC) staff will be excepted to ensure that HHS responds appropriately to orders from the Judicial branch.

Retained Staff Generally Fall Into Several Categories



Staff performing activities without funding issues

Safety of human life – direct medical services (vast majority work at the NIH Clinical Center and IHS)

Staff performing activities authorized by necessary implication – orderly phase-down and suspension of operations (includes OGC staff who ensure HHS responds appropriately to orders from the Judicial branch)

Officers appointed by the President (including the Secretary, Deputy Secretary, Assistant Secretaries and many agency heads)

Safety of human life – activities other than direct medical services (supporting activities to respond to public health and natural emergencies, manage high-risk recalls, pursue criminal enforcement work and civil investigations related to imminent threats to human life, review import entries to determine potential risks to health, conduct for cause inspections of regulated facilities, conduct surveillance of adverse events reports for issues that could cause human harm)

Public Health Service Commissioned Corps

Staff performing activities authorized by necessary implication – support of funded activities

Protection of property – maintenance of computer data

Activities That Will Cease During a Shutdown



According to HHS' Contingency Plan, the following activities will cease or be impacted by a lapse in funding:

- Oversight of extramural research contracts and grants.
- Processing of FOIA requests or public inquiries, data collection, validation, and analysis.
- CDC communication to the American public about health-related information.
- CMS will be unable to provide oversight to major contractors.
- NIH will not have the ability to admit new patients to the Clinical Center, except for whom it is medically necessary.



Agency-Specific Contingency Plans



Centers for Medicare and Medicaid Services (CMS)

- 3,311 (53 percent) of CMS staff will be retained. This is similar to the FY 2025 plan in which 3,365 (51 percent) of CMS staff would have been retained.
- Generally, mandatory spending entitlement *benefits* such as Medicare, Medicaid, and ACA subsidies will continue during a lapse in appropriations.
- CMS will have sufficient funding for Medicaid to fund the first quarter of FY 2026, based on the advance appropriation provided in the Full-Year Continuing Appropriations and Extensions Act, 2025.
- CMS will maintain the staff necessary to make payments to eligible states for the Children's Health Insurance Program (CHIP).
- CMS will continue Federal Marketplace activities, such as eligibility verification, using Federal Marketplace user fee carryover.
- CMS payment rule development and other policy decisions will depend on the funding source and duration of a lapse in appropriations.
- Under a lapse, CMS would be largely unable to provide oversight to many of its major contractors, including the Medicare Administrative Contractors, the Medicare Call Center, and other IT contractors.

Food and Drug Administration (FDA)

- 13,872 (86 percent) of FDA staff will be retained. This is a lower number of staff, but a higher percentage of staff compared to the FY2025 contingency plan in which 15,223 (77 percent) of FDA staff would be retained.
- FDA activities supported through user fees will continue as long as such funds are available, including the review and marketing authorization of new medical products, the review of requests to conduct important clinical research, issuance of certain guidance documents and regulations, and other necessary activities to help patients have access to new therapies, diagnostics, vaccines, generics, biosimilars, and other medical products.
- FDA will also continue activities related to imminent threats to the safety of human life such as managing recalls, mitigating drug shortages, and responding to foodborne illness and infectious disease. Surveillance of adverse event reports, review of import entries, for cause inspections of regulated facilities and criminal enforcement work would also continue.
- FDA would not be able to accept *new* applications for drugs, generic drugs, biologics, biosimilars, animal drugs, or medical devices that require payment of a user fee.
- *Work related to review, guidance development, and preapproval inspections related to whole blood, blood components for transfusion, and antivenom would stop, excepting work that is necessary to detect and address imminent threats to the safety of human life.*

National Institutes of Health (NIH)

- 4,477 (24.54 percent) of NIH staff will be retained. This is similar to the FY2025 plan in which 4,490 (22.2 percent) of NIH staff would have been retained.
- Continuing NIH activities will focus mainly on the ongoing operations at the NIH Clinical Center to maintain the safety and continued care of its patients. New patients will generally not be admitted unless it is deemed medically necessary by the NIH Clinical Center Director.
- Activities that will *not* continue include NIH grant peer review meetings, advisory council meetings, issuance of new grants, basic research conducted by NIH scientists, training of graduate students and postdoctoral fellows at NIH facilities, and program/grants management activities.

Health Resources and Services Administration (HRSA)

- 1,028 HRSA staff (53 percent) would be retained.
- For a limited amount of time, HRSA will continue certain activities with carryover balances, such as Health Centers, Ryan White HIV/AIDS program, Teaching Health Center Graduate Medical Education, and the National Health Service Corps.
- There would not be new funding opportunities, and IT and administrative contracts for the Vaccine Injury Compensation Program would be delayed.

Centers for Disease Control and Prevention (CDC)

- 4,891 (35.88 percent) of CDC staff would be retained, which is similar to the FY2025 plan in which 4,723 (31 percent) of CDC staff would have been retained.
- Activities such as maintaining laboratory functions, the President's Emergency Plan for AIDS Relief (PEPFAR), and the agency's 24/7 emergency operations center will continue.
- The World Trade Center (WTC) Health Program, the Energy Employees Occupational Illness Compensation Program Act (EEOICPA), and the Vaccines for Children (VFC) program are supported through mandatory funding and will not be impacted.
- Analysis of surveillance data for reportable diseases would be suspended and CDC and ATSDR staff would not be available to provide technical assistance to state and local health departments on topics including opioid overdose prevention, HIV prevention, and diabetes prevention.

Substance Abuse and Mental Health Services Administration (SAMHSA)

- 98 (13 percent) of SAMHSA staff will be retained, which is almost identical to the FY2025 plan.
- The Disaster Distress Helpline, the 988/Suicide Lifeline, the Treatment Services Locator program, and the Treatment Referral Line would continue.
- Grants that have been awarded in FY2025 that have funds remaining, such as the State Opioid Response grant program and the Mental Health and Substance Use Block Grants would continue.
- SAMHSA expects a shutdown lasting less than one month would have limited impacts because of existing grant performance periods. However, responses to grant recipient requests would be delayed and new grant opportunities would be delayed.

Administration for Strategic Preparedness and Response (ASPR)

- 664 (70 percent) of ASPR staff will be retained.
- ASPR will continue support of public health and emergency responses.
- ASPR staff will continue managing contracts that are critical to material threats, the development of medical countermeasures, and pandemic preparedness and response.
- Plans to continue activities supported by multi-year appropriations, such as BARDA and the Strategic National Stockpile (SNS).
- Oversight and management of cooperative agreements will not continue, including the Hospital Preparedness Program.

Administration for Children and Families

- 934 (56 percent) of staff would be retained.
- The Unaccompanied Alien Children program, disaster recovery, and the Federal Parent Locator Service will continue.
- Most ACF programs will not have funding to make new awards or to continue.

Administration for Community Living

- 22 (18 percent) of ACL staff would be retained.
- ACL staff will be able to continue activities that are reimbursable work as they relate to managed care consumer information.
- ACL activities related to Health Care Fraud and Abuse Control will continue.
- ACL will not be able to award 15 state formula grants.

Indian Health Service

- 14,801 (100 percent) staff at IHS will be retained.
- IHS medical staff are considered exempt, since the agency received advance appropriations in FY 2025 that will maintain its FY 2026 base appropriation for medical services.
- Advance appropriations, third party collections, and carryover balances will continue to fund the provision of care by the IHS, Tribal Health Programs, and Urban Indian Organizations.

Advanced Research Projects Agency for Health (ARPA-H):

- 132 (100 percent) of ARPA-H staff would be retained.
- ARPA-H was appropriated three-year appropriations in Fiscal Years (FYs) 2024 and 2025.
- HHS believes the carryover balances from these two appropriations are sufficient to support ARPA-H operations during a lapse of appropriations. As a result, all ARPA-H activities would continue during a lapse of appropriations.

Potential Impact



Office of the Secretary

- 2,966 (60 percent) of staff would be retained.
- ASPE research and analysis related to Inflation Reduction Act implementation and further development of behavioral health integration measures would not continue.
- Office of Civil Rights HIPAA-related investigations and Office of Inspector General's Health Care Fraud and Abuse Control Program activities would continue.

Agency for Healthcare Quality and Research (AHRQ)


- 10 (10 percent) of AHRQ staff would be retained.
- Activities funded through the Patient-Centered Outcomes Research Trust Fund would continue.
- Oversight of extramural research grants and contracts would not continue.

<https://www.hhs.gov/about/budget/fy-2026-os-contingency-staffing-plan/index.html>; <https://www.hhs.gov/about/budget/fy-2026-ahrq-contingency-staffing-plan/index.html>

Key Takeaways



The impacts of a government shutdown on specific health care stakeholders will be determined by several factors, including:

- 
- ☐ Shutdown length.
 - ☐ Availability of alternative funding sources for a program or activity (FDA- user fees, Medicaid- state funding, public health – emergency supplementals).
 - ☐ How long it takes an agency or program to implement an “orderly phase-down.”
 - ☐ How the Trump Administration prioritizes staff and programs.
 - ☐ If it is a complete or partial shutdown (meaning some agencies have advance appropriations and some don’t).
 - ☐ If the program or activity meets a statutory exemption, such as an imminent threat to the safety of human life or the protection of property.

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