



## **Frequently Asked Questions: Federal Government Shutdown**

***Current as of September 22, 2023***

The federal fiscal year runs from October 1 to September 30. Each year, Congress passes a package of 12 appropriations bills that provide discretionary funding to government agencies through the following fiscal year. This spending does not include mandatory spending like Medicare, which is funded through a Trust Fund.

This year, it is likely that Congress will not agree on a spending package by the September 30 deadline, which would result in a government shutdown. This shutdown would differ from the shutdown of 2018 because Congress has passed none of the 12 appropriations bills. In 2018, Congress had passed five bills, so only agencies funded by the remaining seven bills were impacted. The shutdown is also nuanced given that some federal workers are deemed essential and must continue to work, and mandatory programs continue activities.

The following frequently asked questions provide information about what a government shutdown is and what may happen in the event of a government shutdown.

### **What is a government shutdown and how does it come to an end?**

In short, a government shutdown happens when Congress does not pass appropriations bills or a continuing resolution by September 30. A continuing resolution maintains government spending at the previous year's funding level. A "CR" is usually short-term and provides members of Congress time to negotiate funding at new year levels.

### **What services are impacted during a shutdown?**

The Antideficiency Act prohibits federal agencies from obligating funds toward services that do not have an appropriation. This means anything funded by annual appropriations bills may not move forward unless "excepted." This includes employee salaries and a majority of government services. The Act prohibits the federal government from accepting volunteer work.

Impacted services vary by agency. Federal agencies are each responsible for developing shutdown [contingency plans](#) based on guidance released by the Office of Management and Budget (OMB). These plans identify which activities are "emergency" and "non-emergency." Emergency services, which are often related to public safety, continue to operate. Examples of services maintained in previous shutdowns include border protection, air traffic control, law enforcement, and power grid maintenance.

Mandatory programs, meaning programs that do not rely on annual appropriations and including Social Security, Medicare, and Medicaid, will continue in the event of a shutdown.

### **What Happens to Federal Employees?**

The vast majority of federal employees will be "furloughed." These employees are deemed non-emergency and rely on yearly appropriations for their paychecks. Furloughed employees may not work and will be without pay for the duration of the shutdown. Their backpay is guaranteed once the government reopens. Their health insurance and retirement benefits continue. These employees may apply for unemployment benefits.

“Excepted” employees refer to employees who are funded through annual appropriations and are nonetheless excepted from the furlough because they are performing duties related to safety. For example, armed services employees are considered excepted. These excepted employees must work without pay, but they must receive backpay.

“Exempted” employees refer to employees whose pay does not derive from annual appropriations. Political appointees are in this category. They are budgeted as part of the “office” they hold, so their pay comes through the funding of the “office.” Many of these offices are categorized as essential so these employees continue to work, and get paid when the government re-opens.

Lawmakers on Capitol Hill continue to get paid. Each lawmaker governs who in their office will work, but congressional staff do not get paid during the shutdown. They are due backpay by law after the shutdown.

### **What about federal contractors?**

Many government functions are fulfilled by contractors. Contractors keep working until a “Stop Work” order is issued by the agency.

### **How will a shutdown affect The Center for Medicare and Medicaid Services (CMS)?**

CMS’s contingency plan for fiscal year 2024 is detailed below:

- CMS will likely furlough 51 percent of its staff in the event of a shutdown. Exempt staff include those who have funding available during a lapse in appropriations and those funded from non-discretionary funding sources (such as the Health Care Fraud and Abuse Control Program, Quality Improvement Organizations, and user fees).
- Five percent of CMS staff are “excepted” and continue activities without appropriations funding.
- Medicare is mandatory spending and will continue to be funded in the event of a shutdown.
- Medicare payments to providers, hospitals, and beneficiaries will still be issued.
- Medicaid has funding for the first quarter of the 2024 fiscal year.
- Health Care Fraud and Abuse Control and the Center for Medicare & Medicaid Innovation will continue activities.
- CMS will maintain staff necessary to make payments to eligible states for the Children’s Health Insurance Program (CHIP).
- CMS will also continue Federal Exchange activities, including eligibility verification.
- It is unclear whether CMS may furlough staff that approve state changes to Medicaid during the unwinding process

### **How does a shutdown affect the Food and Drug Administration (FDA)?**

FDA contingency plan for fiscal year 2024 is detailed below:

- The FDA will likely furlough 19 percent of its staff in the event of a shutdown.
- The FDA’s activities are divided by centers and offices and are funded by both user fees and congressional appropriations. Activities funded by user fees will continue in the event of a shutdown.

- Funded activities include the testing of human and animal drugs, biosimilars, medical devices, and tobacco products. User fee work also supports approval of new medical products, review of requests to conduct important clinical research, issuance of guidance, and other activities to ensure access to new therapies and treatment options.
- Activities that may be carried out with COVID-19 supplemental funding include work on emergency use authorizations, mitigation efforts related to supply chain disruptions, medical device infection control, work on enforcement for fraudulent, counterfeit and misbranded products related to COVID-19, and work on counter measures and treatment options related to COVID-19.
- Activities related to imminent threats to health or life will continue, including work related to public health emergencies, drug shortages, recalls, and foodborne illness and infectious diseases outbreaks.
- Exempt staff will include those supporting the approval of new products, the review of requests to conduct important clinical research, the issuance of guidance, and other activities related to new therapy access.

#### **How does a shutdown affect the Centers for Disease Control and Prevention (CDC)?**

CDC contingency plan for fiscal year 2023 is below:

- The CDC will likely furlough 59 percent of its staff in the event of a shutdown.
- CDC will maintain laboratory functions, the President's Emergency Plan for AIDS Relief (PEPFAR) and the CDC's 24/7 emergency operations center.
- Centers for Disease Control and Prevention (CDC) monitoring of disease outbreaks will continue.
- The Vaccines for Children program, the World Trade Center (WTC) Health Program, and the Energy Employees Occupational Illness Compensation Program Act (EEOICPA) will also continue.
- CDC's response to urgent disease outbreaks and critical investigation needs (including food, healthcare, mosquitoes and ticks, and high-consequence pathogens).
- Staff exempted will include those working on PEPFAR, Global AIDS Program, The WTC Health Program, VFC, COVID-19, Mpox, and EEOICPA.
- Excepted staff include those ensuring the protection of government research property, animals, and other property. These also include staff whose duties are necessary to ensure ongoing support and operations of funded activities, or those who are needed for orderly suspension of non-funded activities.

#### **How does a shutdown affect the Veterans Health Administration (VHA)?**

VA contingency plan has not been updated since 2021, below are the details:

- The Department of Veterans Affairs plans to keep all VHA facilities open and operating during a potential shutdown, and almost all VHA employees will be retained.
- A small percentage of VHA employees may be furloughed. 96 percent of all Veterans Administration employees will be fully funded or otherwise required to perform expected functions in the event of a shutdown.

**What will happen to programs with an extension deadline of September 30, 2023?**

Without a new appropriation, a number of health care programs will run out of funding. These programs include: The Medicaid Disproportionate Share Hospital (DSH) program, community health centers, the Pandemic and All-Hazards Preparedness Act of 2006, the SUPPORT for Patients and Communities Act of 2018 (funding for fighting the opioid epidemic).

It is possible that the agencies that run each of these programs “find” available funding to continue activities of the programs through the shutdown, though updated contingency plans have yet to confirm whether that may happen.

**What other implications might a shutdown have for health care?**

The drug price negotiation process through the Inflation Reduction Act is not funded through appropriations, so its activities will continue through a shutdown.

The National Institutes of Health (NIH) will furlough approximately 78 percent of its staff in the event of a shutdown, excluding those who focus on human safety, property, and ongoing experiments (including experiments at the NIH Clinical Center). This would affect grant processors during a particularly busy time for funding and grant deadlines. Retained staff would be those focusing on priority research projects, oversight, and contracts that would be negatively affected by a pause in funding.

Missed health insurance premiums will be paid to insurance plans that cover federal employees at the end of the shutdown. Insurance will continue.