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Stopgap funding standoff puts ACA subsidies and health programs at risk

Week of September 21 - September 27, 2025

| SEP 26, 2025

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The Buzz This Week

Congress is again facing the prospect of a government shutdown if a new appropriations bill is not passed by September 30. On September 19, the Republican-led US House of Representatives passed a short-term continuing resolution (CR), often referred to as a stopgap funding measure. The bill serves as a temporary patch to extend government funding and policies through November 21. However, the US Senate rejected that measure a few hours later.

Senate Democrats attempted to advance their own CR, but that proposal failed. With the House adjourned through October 1, the Senate remains the only chamber in session before the September 30 deadline. That leaves a second Senate vote on the Republican-led House bill as the only option under consideration prior to the deadline.

At the center of the stopgap funding standoff is the Affordable Care Act (ACA). Since its passage in 2010, the law has been a frequent source of shutdown tension, and its premium subsidies remain a focal point in this year's negotiations.

The House bill maintains current funding levels across most programs, with some exceptions for defense, disaster response, and food assistance. It also amends other health policies, including temporary extensions of Medicare telehealth flexibilities, the Acute Hospital Care at Home waiver, and funding for community health centers. It also includes a delay to scheduled cuts to Medicaid disproportionate share hospital (DSH) payments.

Notably absent is an extension of enhanced ACA premium subsidies, which expire at the end of the year. Democrats have said the subsidies are essential for affordable coverage, warning they will not support a package that excludes them. Democrats have also called for rolling back Medicaid cuts enacted under prior legislation.

By contrast, Republicans have emphasized passing what they describe as a “clean” funding bill and argue that the subsidies can be debated later. Senate leaders from both parties have hardened their positions, leaving the chamber at an impasse.

The timeline is especially tight. With the weeklong recess, lawmakers have just a few working days to reach an agreement. If lawmakers do not reach a deal, a shutdown could furlough some federal workers and delay food benefits, among other things. However, Medicare and Social Security payments would continue.

Why It Matters

If Congress passes a stopgap measure, lawmakers will still need to negotiate a full appropriations bill in November, which will determine funding levels for federal agencies such as the National Institutes of Health (NIH) and the Centers for Disease Control and Prevention (CDC).

Appropriations directly affect healthcare access and delivery, and the timing could not be more consequential. Marketplace open enrollment begins in November, and more than 24 million people rely on ACA subsidies to lower their premiums. Without an extension, notices going out this fall will reflect higher costs, and some households could face increases of more than 75%. The Congressional Budget Office (CBO) has estimated that millions could lose coverage in the coming years if the subsidies lapse, with roughly 2 million affected as early as next year.

Beyond the immediate impact on households, short-term funding deals make it difficult for organizations to plan ahead. Hospitals and community health centers rely on predictable federal dollars to hire staff, expand services, and invest in long-term care models. Without that certainty, they are forced to be reactive rather than strategic. The same applies for insurers, which must set premiums without knowing whether subsidies will continue—a risk for both their business and the people they cover.

The uncertainty extends to specific programs as well. The stopgap measures would extend Medicare telehealth flexibilities, the Acute Hospital Care at Home waiver, and community health center funding through November 21. While these short-term extensions prevent immediate disruption, they limit the ability of providers to invest in long-term services or expand access. Similarly, repeated delays to Medicaid disproportionate share hospital (DSH) payment cuts have spared safety-net hospitals from abrupt losses, but they have also left hospitals uncertain about long-term funding stability.

The decisions Congress makes in the coming weeks will influence not only short-term government funding but also the policies that affect how Americans access healthcare. When funding is extended only in short bursts, it makes it harder for agencies, providers, and insurers to plan ahead. Without predictable support, organizations focus on managing risk instead of investing in improvements or expanding access.

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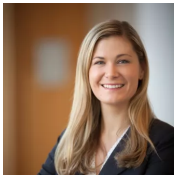
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