KHA's Federal Advocate
September 25, 2025

Government Shutdown Looms without Budget Deals
As the calendar turns to fall, government shutdown talk is reemerging as the preeminent issue facing Congress. Federal fiscal year 2025 ends Tuesday, Sept. 30. Although appropriators made significant progress in reporting most of the annual spending bills from their committees, a pathway forward for final passage of a budget deal did not emerge during the first half of September.

The House has reported all twelve spending bills from committee and passed three. The Senate has reported eight spending bills from committee and has passed three. There is talk of House and Senate leadership establishing a conference committee for resolving differences in an undefined set of bills, but this hasn't happened yet considering the path forward for the entire budget remains unclear.

In order to avoid a government shutdown next week, Congress must pass a continuing resolution funding the government at FY 2025 levels for a period of time. The question haunting Congress right now is the time period of the CR last and what anomalies, additional spending items not part of the base budget will be included. Health care policy features prominently in this debate.

The inclusion of health care extenders, Disproportionate Share Hospital cut waivers and Medicare Dependent Hospital, Low Volume Hospital and home health and telehealth extensions remains vital. However, the debate centers around the extension of the health care marketplace's enhanced premium tax credit. Set to expire on Dec. 31, 2025, as opposed to Sept. 30, 2025, the Kansas Hospital Association and other provider groups seek an extension included in the CR so it doesn't end up as a political tool potentially paired with health care cuts in a future year-long CR or omnibus bill.

Republicans have proposed a CR that would expire on Nov. 21, while Democrats have proposed a CR that would expire on Oct. 31 and include the EPTCs. Senate Republicans will not be able to pass a CR without Democratic help in getting the necessary sixty votes. So, the negotiations are the hammer, and the potential government shutdown next week is the anvil.

There is also the prospect of the proposal of a health care package in one chamber or the other this fall. Items on the table that we continue to watch closely from a defensive posture are site-neutral payment schemes and manufacturer-led 340B reforms that undermine the intent of the program. On the offensive side, one issue where we hope to see movement on is a Rural Emergency Hospital 2.0 bill that would address key priorities for existing REHs, those who may have an interest in converting, including to open up Critical Access Hospital reversion with necessary provider designations, as well as the ability to reopen recently closed hospitals as REHs.

Extending the EPTCs

Throughout the year, the Kansas Hospital Association and our members have advocated with our congressional delegation on the need to extend the Enhanced Premium Tax Credits before they expire on Dec. 31, 2025. As conversations heat up in Washington on potential negotiations to extend the tax credits, below are key points on the impact of the EPTCs for Kansas that we encourage you to use in meetings with members of Congress and community members.

- Without Congressional action, the EPTCs will expire Dec. 31, 2025.
- Approximately 160,000 Kansans benefit from the EPTCs by lowering their monthly insurance premiums. EPTCs have been a key driver in reducing the number of uninsured patients across Kansas and the nation over the last several years.
- If the EPTCs expire, the average Marketplace enrollee in Kansas will see estimated premium increases of $700 annually (approximately 77 percent increase) adding substantial strain to family budgets.
    - A Kansas family of four would experience premium hikes of over $2,500 annually.
    - A 60-year-old couple's premiums would rise by over $18,000.
- Blue Cross and Blue Shield of Kansas will likely increase rates by four to six percent solely attributable to the expiring EPTCs.
- The Trump Administration has recently announced plans to expand eligibility for catastrophic plans in an attempt to create a cushion for folks who find themselves unable to afford increased premiums.
    - Even if some Kansans disrupted by the changing insurance market maintain insurance "coverage" on a catastrophic plan, the high-deductible nature of those plans will regardless mean that Kansas hospitals are likely to still see an increase in uncompensated care.

- The potential expiration of EPTCs, in conjunction with other factors, means Kansas insurers are proposing the largest premium increase since 2018, raising premiums by 20 percent on average.
- The Kaiser Family Foundation projects these unsustainable increases will result in between 41,000 and 68,000 Kansans losing their insurance coverage.
- To ensure Kansans can maintain access to preventive care services, which makes America healthy and lowers health care costs throughout the system, and to prevent hospitals from shouldering additional uncompensated care and bad debt at a time when many already face financial headwinds, it is important for Congress to renew the EPTCs beyond Dec. 31, 2025.

Please see this fact sheet from Blue Cross Blue Shield of Kansas as they also weigh in on this issue.

This week we are sharing this letter with the Kansas Congressional Delegation to further express the importance of these credits on Kansans and Kansas hospitals.