Why Democrats Are Casting the Government Shutdown as a Health Care Showdown

The average enrollee is expected to pay more than double if COVID-era Affordable Care Act tax credits are allowed to expire.

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Hours into the federal government shutdown, Julio Fuentes stood steps from the U.S. Capitol to deliver an urgent message about the Hispanic voting bloc that helped the GOP sweep into power last year.

Those votes, he cautioned, are at risk if Congress doesn't pass a law to preserve lower premiums on Affordable Care Act marketplace plans for the roughly 4.7 million people living in his home state of Florida who are enrolled in the coverage.

"Hispanic voters helped return Donald Trump to the White House," said Fuentes, CEO of the Florida State Hispanic Chamber of Commerce, who called on Congress to reopen the government to work out a deal on the tax credits. "Republican leaders would do right by their constituents to keep coverage affordable, and they will remember that heading into the midterms."

With less than a month to go before many Americans pick their health insurance plans for the next year, Democrats in Congress are holding up government funding to pressure Republicans into extending billions of dollars in federal tax credits that have in recent years dramatically lowered premiums and contributed to record-low rates of uninsured Americans.

Democrats see the high-stakes standoff as a chance to talk about affordable health care as millions of Americans — including those enrolled in coverage through a workplace or Medicare — brace for higher costs next year. Party leaders, hoping to win back support from some of the working-class supporters who have drifted away from them, have used the moment to remind voters of the recent cuts Republicans have approved to some health care programs.

Republicans are outwardly exuding confidence that the approach will not find traction, reminding the public that Democrats forced the shutdown. But a new KFF analysis shows that 80% of all premium tax credits benefited enrollees in states Trump won.

The shutdown coincides with open enrollment season, with insurers preparing to send notices revealing next year's premium rates for roughly 24 million people enrolled in ACA coverage. The average enrollee is expected to pay more than double if the tax credits are left to expire. Insurers have also said they'll have to dramatically raise the price of premiums because healthier people will opt out of coverage as it becomes more expensive, leaving a sicker pool of Americans — and less money to cover them.

"Over the next few days, what you're going to see is more than 20 million Americans experience dramatically increased health care premiums, copays, and deductibles because of the Republican unwillingness to extend the Affordable Care Act tax credits," House Minority Leader Hakeem Jeffries said October 2 on the steps of the Capitol.

Open enrollment in most states begins on November 1. Some insurers and exchanges have delayed sending notices detailing premium rates for next year, because they are waiting to see what unfolds in Washington. For example, Covered California, the state's insurance marketplace, is planning to mail out notices to more than a million enrollees later than usual this year, on Oct. 15.

From her home in Richmond, Virginia, 31-year-old Natalie Tyer is anxiously awaiting the arrival of her notice. She checks the state's marketplace website daily to see whether new rates for her insurance plan have been posted.

Tyer has been relying on marketplace coverage for over a year now while she works part-time for a small video production company and pursues a master's degree to become a school counselor. The tax credits help cover $255 of her monthly premium, bringing it down to $53. Since she's generally healthy, if the credits expire and her premiums go up significantly, she might drop coverage altogether.

"I very well might have to go without health insurance and may have to rely on hope," Tyer said.

Democrats' push to center the shutdown on health care affordability, though, runs up against many uncomfortable realities of the federal government's closure, which will leave millions of federal workers without paychecks, hamper some functions of public health agencies, and threaten food assistance payments for low-income mothers, among other effects.

The ACA, meanwhile, has been a political flash point since 2010, when Republicans fought against the passage of the landmark health care legislation. A wave of Republican congressional victories soon followed that fight, spurring a government shutdown in 2013, when the GOP tried to gut the program. Party leaders again tried to repeal it in 2017 to follow through on a Trump campaign promise.

The latest clash — over the billions of dollars in tax credits that Democrats issued during the COVID-19 pandemic to boost enrollment in the ACA — has been simmering for months. Democrats, who wrote the original legislation introducing and then extending them, set the enhanced tax credits to expire at the end of this year. Even some Republicans began warning this summer that letting those tax credits lapse could be detrimental, with Republican pollsters Tony Fabrizio and Bob Ward issuing a memo cautioning that an extension of the credits could make a difference in next year's midterm election.

Extending the ACA tax credits, which have reduced monthly premiums to as little as $0 for poorer enrollees and capped the amount middle-income Americans pay to just 8.5% of their income, also would be a popular move.

More than three-quarters of Americans want those tax credits to continue, according to a new KFF poll conducted before the shutdown. About 3 in 4 people said they will blame Trump or the GOP if they end. KFF is a health information nonprofit that includes KFF Health News.

Although they've declined to address the tax credits so far this year, Republican Party leaders have signaled they are willing to extend the ACA tax credits, but with new restrictions on who qualifies for them. GOP leadership has also said they want to hash out the policy details over several weeks, not under the gun of a shutdown.

On October 6, House Speaker Mike Johnson accused Democrats of manufacturing a political issue to shut down the government and urged them to pass the continuing resolution just to "keep the lights on."

"They decided that they would pick a fight on health care," Johnson said, adding that he believes the tax credits are "a December 31 issue," referring to when the credits are set to expire.

Since open enrollment begins next month, insurers will need to start posting premium prices for customers to window-shop in the coming days. Democrats have argued that waiting months to work out a deal, which could change those prices, might spur widespread confusion.

While more Americans appear to be faulting Trump and Republicans for the shutdown, only a quarter of people are convinced that the Democrats' proposal to extend the ACA tax credits is worth closing the government over, according to a CBS News poll over the weekend.

Health care is typically a winning message for Democrats, who have struggled to coalesce around issues that appeal to the working class in recent years, said William Pierce, a health policy consultant who served under President George W. Bush.

"It's all about health care. They need to make this all about health care," Pierce said, describing it as a weak spot for Republicans. "They need to just keep talking about it, constantly."

Republicans in the White House and Congress have countered with factually dubious claims that Democrats are seeking to expand free health care for immigrants who do not have legal status in the U.S.

In fact, such immigrants are not eligible for enrollment in the marketplace, and Democrats have not proposed opening ACA coverage to them in their proposal.

Back in Richmond, as Tyer worries about her coverage for next year, she's bothered to see the debate focus on immigrants. Some of her classmates and colleagues are worried, too.

"The reality is, what's happening with these tax credits is that normal people — people who want to work in the public sector, who want to educate kids — we are also going to lose health care," Tyer said.

KFF Health News senior correspondent Bernard J. Wolfson contributed to this report.

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