Special Needs Alliance:

Public Policy News You Can Use

October 21, 2025

Federal Government Shutdown Impacts on Disability Programs and Special Education Oversight

Today, the federal government shutdown becomes the second longest shutdown, eclipsed only by the 35-day shutdown that occurred in President Trump's first term. As Republicans and Democrats continue to disagree on a host of federal funding issues, about 750,000 federal employees remain furloughed. Other federal employees -- like air traffic controllers and Transportation Security Administration (TSA) agents -- who are expected to continue working while missing paychecks are starting to call in sick. While federal employees who are furloughed or not paid during the shutdown, the law guarantees they will receive pay for the period they were furloughed and/or back pay. However, the Trump administration has threatened to withhold their pay. Additionally, the Trump administration has used the government shutdown as an opportunity to continue reduction in force (RIF) efforts, becoming the first president to lay off furloughed employees. As a part of the RIFs, the administration laid off at least 466 employees in the Department of Education's offices that oversee special education programs. Special education advocates argue the layoffs decimate the federal workforce and compromise the Department of Education's ability to meet statutory requirements to oversee special education programming.

Depending on their funding source, federal programs are impacted differently by the shutdown. The American Association of People with Disabilities (AAPD) released an explainer on how disabled individuals may expect to be impacted by the shutdown. Social security payments and the Section 8 Housing Choice Voucher benefits are unaffected by the shutdown. However, other social security functions like obtaining a replacement Medicare card or resolving Social Security benefits issues are likely to take longer. The federal government has already distributed Supplemental Nutrition Assistance Program (SNAP) funds for the month of October. If the federal government shutdown continues until November, SNAP benefits may be delayed or interrupted. On the other hand, the Women, Infants, and Children (WIC) funding is limited and expected to run out in the coming days. AAPD urges individuals experiencing difficulties during the shutdown to contact financial institutions and nonprofit organizations for additional support.

Trump Officials Consider Changing SSDI Adjudication Process

The Office of Management and Budget (OMB) is reviewing a rule from the Social Security Administration (SSA) titled Improvements to the Disability Adjudication Process: Sequential Evaluation Process. Agency officials speaking under anonymity told the Washington Post that a part of the Trump administration proposal includes raising the threshold age to 60 or eliminating age as a factor entirely. Additionally, agency officials claim the administration intends to modernize the labor market data that is used to judge if claimants can work. Various researchers and policy experts expect the proposal to increase the number of older Americans living with disabilities to be incentivized to find work. The number of Americans that could lose access to disability access will remain unclear until specific provisions are shared with the public. Once the rule is reviewed by OMB, SSA will publish a proposed rule, and the public will be given an opportunity to comment on the proposals.

CMS Revises Guidance on Medicare Payment Holds During Shutdown

On October 15, CMS clarified that only a narrow set of Medicare claims will be temporarily held during the ongoing federal government shutdown, revising an earlier notice that same day that suggested a broader payment pause. The agency said it will continue to process and pay most claims on time, noting: "CMS will continue to process and pay held claims in a timely manner with the exception of select claims for services impacted by the expired provisions. To date, no payments have been delayed as statute already requires all claims to be held for a minimum of fourteen days, and this recent hold is consistent with that statutory requirement. Providers may continue to submit claims accordingly." Both parties have solidified their positions over the previous two weeks with competing partisan proposals differing on whether to extend enhanced ACA premium subsidies and reverse recent Medicaid spending cuts. A compromise remains elusive, leading observers to expect the shutdown to continue into next week.

Government Shutdown Continues While CMS Releases Updated Telehealth Guidance

Currently, there are no Senate votes scheduled for the remainer of the week, but Senate Majority Leader Thune said there will be another vote on the House-GOP passed bill. House Minority Leader Jefferies shared that the Democrats remain unified on their demands for an extension of the Affordable Care Act Advanced Premium Tax Credits (APTCs) in exchange for their votes on government funding.

Amid the shutdown, CMS issued an update to its telehealth FAQ clarifying provider billing and coverage expectations following the October 1 expiration of Medicare telehealth flexibilities. The new guidance allows Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) to continue billing through December 25 for non-behavioral telehealth services delivered after September 30. Beneficiaries who began telehealth behavioral health services prior to October 1 will also be exempt from the six-month in-person requirement.

The Connected Health Policy Center (CCHP) noted that this update aligns with CMS' existing policy and the proposed 2026 Physician Fee Schedule (PFS), which would extend non-behavioral telehealth billing for FQHCs and RHCs through December 31, 2026, if finalized. CMS also confirmed it will continue holding, rather than denying, claims for telehealth services provided after October 1, anticipating that Congress may act to retroactively reinstate the flexibilities once legislative negotiations resume.
Healthsperien's comprehensive summary of the implications of the government shutdown can be found here.

CMS Releases NOFO for Second Cohort of States in the Innovation in Behavioral Health (IBH) Model

The Centers for Medicare and Medicaid Services (CMS) released a notice of funding opportunity (NOFO) for a second cohort of states in the Innovation in Behavioral Health (IBH) Model, which is a seven-year initiative aimed at transforming behavioral health care through integrated service delivery and value-based payment models. Designed to support adults with moderate to severe mental health conditions and/or substance use disorders (SUDs), the Model aligns Medicaid and Medicare payments to encourage adoption of integrated care across behavioral health practices. The program will select up to five state Medicaid agencies to participate. The second cohort's timeline includes a two-year pre-implementation period from January 2027 through December 2028, followed by a five-year implementation period extending from January 2029 through December 2033. Selected participants may receive up to $7.5 million in cooperative agreement funding over the duration of the Model. Eligible applicants include all 50 states, Washington D.C., and U.S. territories. States may participate either at the state level or designate a sub-state region, with final approval subject to CMS review. This NOFO builds on an existing cohort of states already in the pre-implementation period of the IBH model and allows additional states to participate.

What's on Tap

As the government shutdown enters its fourth week, neither Republicans nor Democrats have demonstrated a willingness to further negotiate on a path forward to fund the federal government. Both sides have remained steadfast in their positions for twenty days now, despite immense public pressure to reopen the government. Speaker Johnson (R-LA) has kept the House on an extended recess since the start of the shutdown in an effort to pressure Senate Democrats. The Speaker has simultaneously refused to swear in Representative-elect Adelita Grijalva (D-AZ), further exasperating tensions between the two parties. Although GOP leadership has held firm that negotiations surrounding an extension of Affordable Care Act (ACA) subsidies must occur after the government reopens, fissures within the Republican party are emerging. Senator Katie Britt (R-AL) said over the weekend that she is open to having a conversation about extending the ACA advance premium tax credits (APTCs) but indicated a variety of adjustments must be made to the subsidies to mitigate further fraud.

Rep. Marjorie Taylor Greene (R-GA) also broke with the Republican stance earlier this month when she announced she supports an extension of the APTCs.

Senator Thune is expected to introduce a bill this week seeking to pay federal employees and service members who have continued working during the shutdown. GOP leadership is likely attempting to force Democrats' hands once again, attempting to paint the party as uninterested in working. As with the CR, Senator Thune's newest bill would need the support of at least seven Democrats, and so far, only 3 Senators caucusing with the party have supported any GOP measures.

Also last week, CMS announced a notice of funding opportunity (NOFO) for a second cohort of states in the Innovation in Behavioral Health (IBH) Model, a seven-year initiative aimed at transforming behavioral health care through integrated service delivery and value-based payment models. Designed to support adults with moderate to severe mental health conditions and/or substance use disorders (SUDs), the Model aligns Medicaid and Medicare payments to encourage adoption of integrated care across behavioral health practices. The program will select up to five state Medicaid agencies to participate. The second cohort's timeline includes a two-year pre-implementation period from January 2027 through December 2028, followed by a five-year implementation period extending from January 2029 through December 2033. Selected participants may receive up to $7.5 million in cooperative agreement funding over the duration of the Model. Eligible applicants include all 50 states, Washington D.C., and U.S. territories.

Upcoming Events

Senate

- In session: October 20th – 24th
- Thursday October 23, 10am | Senate HELP Committee holds a hearing on 340B Drug Pricing Program | 430 Dirksen Senate Office Building

House

- Out of session