



Why is the Government Shut Down?

October 28, 2025

The U.S. government shutdown can largely be explained by a political argument over the enhanced premium tax credits—Democrats want them, Republicans say that they want to talk it over after the funding bill has been passed.

But what the heck ARE the premium tax credits? And why is it so important to both sides that they would risk an unpopular shutdown over it?

The enhanced premium tax credits were/are increased health insurance subsidies passed during the COVID-19 pandemic, at a time when Congress decided it was in the best interests of the country to get as many Americans insured as possible.

The measure also expanded eligibility for the subsidies to include families whose income was up to four times the federal poverty level. Today, individuals earning \$62,600 or families of four earning \$124,800 a year will qualify for help to reduce their costs of buying health insurance.

As a result, the number of people purchasing insurance through the marketplace has more than doubled since 2020. In fact, about 92% of the 24.3 million Americans who use the marketplace receive a subsidy of some amount.

But the real issue is how these subsidies affect the price of health insurance. If the subsidies go away, many healthy Americans are expected to drop the unaffordable coverage, leaving the insurers with a lot of people who have large medical expenses who will hang onto coverage because it's cheaper than paying out of pocket. The result: less money coming in, roughly the same money going out, which means that if the subsidies go away, the insurance companies will raise their rates—further, driving out healthy policyholders who might have been able to afford their previous coverage without the subsidies.

By some estimates, if the credits expire at the end of 2025, as they will under the Republican legislation, out-of-pocket premiums would rise by more than 75% on average. The Kaiser Family Foundation has created a calculator which people can use to estimate how their costs could change in their zip code based on income and family size.

(link:<https://www.kff.org/interactive/how-much-more-would-people-pay-in-premiums-if-the-acas-enhanced-subsidies-expired/>)

The other problem is that people have to make their marketplace decisions starting November 1, which means even if the stalemate ends and some kind of deal is worked out, it might not give the insurance companies enough time to respond with accurate pricing.

This is a long way of saying that the issue that has triggered the current shutdown is actually kind of a big deal for a lot of Americans, who may not yet be aware of the impact it might have (or might not, depending on the outcome) have on their family finances. Was it worth shutting down the government? That's for the voters to decide.

Sources:

<https://www.yahoo.com/news/articles/democrats-want-health-care-tax-090320535.html>

<https://www.kff.org/interactive/how-much-more-would-people-pay-in-premiums-if-the-acas-enhanced-subsidies-expired/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.



Jeffrey Broadhurst
MBA, CFA, CFP
Broadhurst Financial Advisors, Inc.



****PRIVACY NOTICE****

This message is intended only for the individual or entity to which it is addressed and may contain information that is privileged, confidential, or exempt from disclosure under applicable federal or state law. You are hereby notified that any dissemination, distribution, or copying of this communication, except in accordance with its intended purpose, is strictly prohibited.

Our physical and mail address:

1911 West Point Pike
P.O. Box 301
West Point, PA 19486-0301

Contact us:

Phone: (215) 325-1595
Email: jeff@broadhurstfinancial.com