

State Investments in Healthcare Initiatives Take Shape in Budget Negotiations

As the next step in the Fiscal Year 2024 (Oct. 1, 2023-Sept. 30, 2024) state budget process, the House and Senate released their Michigan Department of Health and Human Services budget recommendations on April 25. This move advanced each chamber's budget through its respective subcommittee, with the House taking the additional step of passing all of its budgets through the full Appropriations Committee, laying the groundwork for negotiations between the House, Senate, Governor's office, and department. The Legislature must present its final budget bills to Gov. Whitmer by July 1.

In February, Gov. Whitmer released her \$79 billion state budget proposal—the largest state budget in Michigan's history—calling for continued and new investments in several initiatives of importance to family physicians:

- **MIDOCs**, established in 2017 to expand residency positions in primary care and other urgent-need specialties and retain physicians in underserved areas of the state
- **Michigan State Loan Repayment Program**, which helps employers recruit and retain primary medical, dental, and mental healthcare professionals by providing loan repayment assistance
- **Medicaid physician payment increase**, initially funded in the FY 2022-2023 state budget, for certain primary care and child wellness services
- **Additional Medicaid payment increase** for physician and non-physician professional services

It was then determined that the state faces a \$600 million shortfall, requiring cuts to the Governor's proposal. Since then, House and Senate appropriators have been working to determine how best to allocate funding for the many competing needs across the state.

Senate Calls for Full Funding of MAFP Priorities

The Senate proposal came in at \$160 million below Gov. Whitmer's recommendation. It concurs with the Governor in maintaining current funding for MIDOCs (\$6.4 million), Michigan State Loan Repayment Program (\$1.5 million), and Medicaid physician payment increase for certain primary care and child wellness services (\$15 million), and adding an additional \$73.8 million to fund the separate Medicaid physician payment increase for professional services.

House Reduces Additional Medicaid Payment Increase

The House budget exceeds the Governor's executive recommendation by \$236 million. It, like the Senate, concurs with the Governor's recommendation of level funding for MIDOCs, Michigan State Loan Repayment Program, and current Medicaid physician payment increase. Regarding the additional Medicaid physician payment increase, the House reduced funding to \$36.9 million.

Next Steps

Next in the budget process is the annual Consensus Revenue Estimating Conference, coming up May 19. This is when the state treasurer and directors of the Senate and House fiscal agencies will release revised revenue estimates for fiscal years 2023, 2024, and 2025. These estimates will be the basis for any adjustments needed as the Legislature finalizes its budget proposals. Therefore, the Senate and House proposals detailed above are subject to change.

As budget negotiations are ongoing, Michigan Academy of Family Physicians will continue educating lawmakers on the importance of investing in primary care workforce initiatives and ensuring physicians who care for Medicaid beneficiaries can sustain their practices—keys to preserving and increasing patient access to care.