

Family Physicians Press for Investments in Primary Care Workforce as State Budget Negotiations Continue

MIDOCs, Michigan State Loan Repayment Program, Medicaid Uplift Key to Primary Care Physician Recruitment, Retention

On May 19, state economy leaders gathered for Michigan's Consensus Revenue Estimating Conference (CREC)—the second of two such annual conferences—to release economic and revenue forecasts that inform decisions on the state budget. The overall assessment is that state revenues are trending down, with an estimated decline in state general fund dollars of \$989 million for Fiscal Year 2023 and \$1.85 billion for FY 2024.

According to economists, this decline is due to slowing economic growth, reductions in the individual tax rate, and timing issues associated with the 2021 adoption of a flow-through entity tax. CREC leaders cited the impact of tax cuts adopted in 2023 and a shift in consumers purchasing more services not subject to tax, as also contributing to the state's revenue decline.

School aid funding projections were revised upward from January 2023 estimates by \$105 million for FY 2023 and \$42 million for FY 2024.

While these figures are lower than what was calculated at the beginning of the year, the House and Senate budget proposals were drafted to adjust for this lower state revenue. Even though the House budget came in higher than Gov. Whitmer's proposal, it utilized more federal dollars and less state funds to generate the additional investments needed.

Next Up: Negotiations

The May CREC forecasts provide the foundation for legislators and the Executive Branch to finalize the state's Oct. 1, 2023 – Sept. 30, 2024, budget. Budget target discussions are expected to begin as early as the week of May 22, with negotiations to continue into June. Per statute, the Michigan Legislature must present a budget to the Governor by July 1 for her review and signature.

The Senate budget proposal is \$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.

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, the 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.

Ongoing MAFP Advocacy

It is expected the Michigan Department of Health and Human Services budget conference committee will be comprised of Senators Sylvia Santana, Kristen McDonald Rivet, and Rick Outman and Representatives Christine Morse, Jasper Martus, and Phil Green. As negotiations trim down budget allocations, the MAFP advocacy team will continue pressing for funding for MIDOCs, the Michigan State Loan Repayment Program, and increased Medicaid physician payment rates—investments important for recruiting and retaining primary care physicians in Michigan.