STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

June 16, 2026

Jessica Thomas, Chief Internal Auditor
Office of Internal Audit Services
111 S. Capitol Avenue
Lansing, Michigan 48933

Dear Ms. Thomas:

In accordance with the State of Michigan Financial Management Guide, Part VII, enclosed is our final corrective action plan to address recommendations contained within the Office of the Auditor General report of the Efforts to Monitor Established Service Level Agreements for the Medicaid Pharmacy Benefits Manager Contract.

All legislative inquiries should be directed to Chardae Burton, Michigan Department of Health and Human Services (MDHHS) Director of Legislative Affairs, at burtonc5@michigan.gov. All other questions regarding the corrective action plan should be directed to me at havenss2@michigan.gov.

Sincerely,

Shannah M. Havens

Shannah Havens, CPA, MBA
Director, MDHHS Bureau of Audit

Enclosure (1)

c: Executive Office
Office of the Auditor General
House and Senate Fiscal Agencies
House and Senate Oversight Committees
House and Senate Appropriations Committees
House Appropriations Subcommittee on Medicaid and Behavioral Health
Senate Appropriations Subcommittee on MDHHS
House and Senate Health Policy Committees
Elizabeth Hertel, MDHHS, Director
Amy Epkey, MDHHS, Chief Operating Officer
Chardae Burton, MDHHS, Director, Legislative Affairs
Meghan Groen, MDHHS, Senior Chief Deputy Director, Heath Services Administration
Laura Blodgett, MDHHS, Senior Deputy Director, Communications Administration

Michigan Department of Health and Human Services
Efforts to Monitor Established Service Level Agreements for the Medicaid Pharmacy Benefits Manager Contract
Issued by the Office of the Auditor General
March 2026
Department Final Corrective Action Plan

Summary Response Matrix

	Complied	Will Comply	Partially Complied	Will Not Comply
Agrees				
Partially Agrees				
Disagrees				Finding 1 Finding 2

Final Corrective Action Plan

<u>Finding Number 1</u>
Finding Title: Significant improvement needed in MDHHS's Pharmacy Benefits Manager contract monitoring plan and written monitoring procedures for contract service level agreements.

Department Response
Management Views: MDHHS disagrees with the finding. Refer to the department's response in report 391-0117-25.

Comment on CAP from Michigan Office of the Auditor General (09/16/2026, 10:30 AM)
Although MDHHS indicates disagreement, in its response published in the audit report, it acknowledges opportunities exist for strengthening monitoring practices and states it plans to develop written monitoring procedures. Please refer to pages 33 through 34 of the audit report for full details.

<u>Finding Number 2</u>
Finding Title: Performance and documentation of monitoring activities over the contractor's compliance with service level agreements needs significant improvement.

Department Response
Management Views: MDHHS disagrees with the finding. Refer to the department's response in report 391-0117-25.

Comment on CAP from Michigan Office of the Auditor General (09/16/2026, 10:30 AM)
Although MDHHS indicates disagreement, in its response published in the audit report, it acknowledges opportunities exist for strengthening monitoring practices and states it plans to identify necessary improvements. Therefore, it appears MDHHS agrees with the Finding and recommendation. Please refer to pages 35 through 36 of the audit report for full details.