

Audit Conclusions

- MDHHS's efforts to ensure it awards MPHI contracts and grants in compliance with applicable State laws and policies were sufficient with exceptions.
- MDHHS's efforts to monitor MPHI contracts and grants were not sufficient.
- MDHHS's efforts to provide the Legislature with MPHI project and deliverables information in accordance with State law requirements were not sufficient.

Audit Findings

3 Material Conditions

Deficiencies noted in:

- Awarding of agreements to MPHI ([Finding 1](#))
- Monitoring of MPHI agreement reimbursements and work progress ([Finding 2](#))
- Reporting of required MPHI project information to the Legislature ([Finding 4](#))

Reportable Condition

- Improvements needed in oversight of MPHI indirect costs ([Finding 3](#))

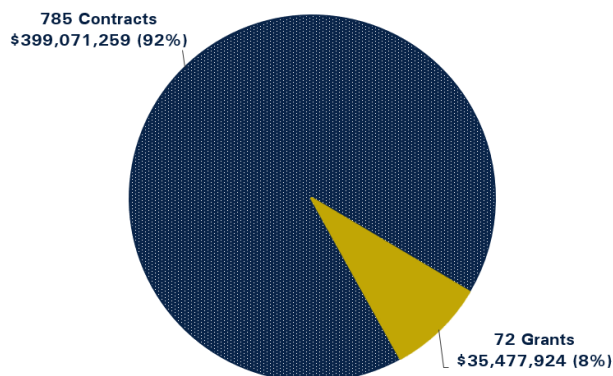
Potential Statutory Improvements Needed

- **Finding 1** Awarding practices may not align with all applicable statutory requirements.
- **Finding 4** Legislative reporting of MPHI projects was inconsistent with statutory requirements.
- **Observation** Evaluation of current statutory language is needed for:
 - Sole use of MPHI and lack of adherence to State procurement policies.
 - Role in selecting subcontractors and subgrantees and need for cost benefit considerations.
 - Establishment of recurring one-year agreements with MPHI when multi-year may be needed.
 - Demonstration projects not currently limited to health services and activities.
 - MPHI's purpose and its limited utilization of public universities contrary to the law.

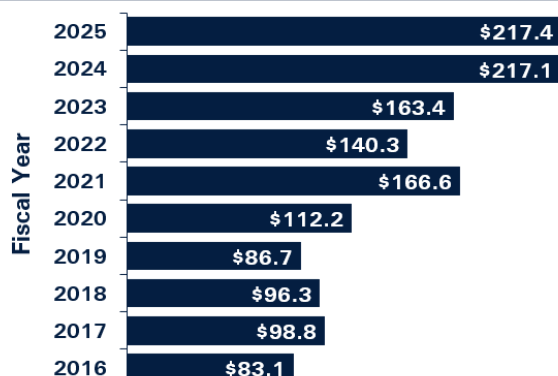
Establishment of MPHI and Agreements with MDHHS

- MPHI is a nonprofit corporation formed by MDHHS in 1990 pursuant to the Public Health Code.
- The Public Health Code and annual appropriations boilerplate permit MDHHS to coordinate with MPHI for health services research, evaluation, and demonstration and health statistical activities.
- MDHHS awarded and monitored 9 high-level and over 850 related project-level agreements to MPHI totaling \$435 million for fiscal years 2024 and 2025.
- Awards to MPHI have primarily increased since fiscal year 2016.

MPHI Project-Level Agreements by Type



Total Amount of MPHI Agreements (In Millions)



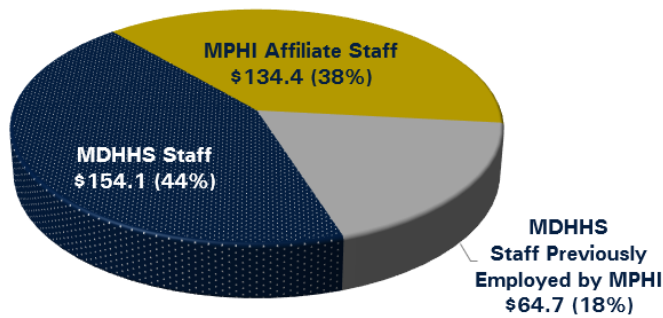
- As of October 2025, MDHHS contracted with MPHI for 750 MPHI staff (affiliate staff) who reported to MDHHS supervisors in multiple program areas across the department to administer these agreements.



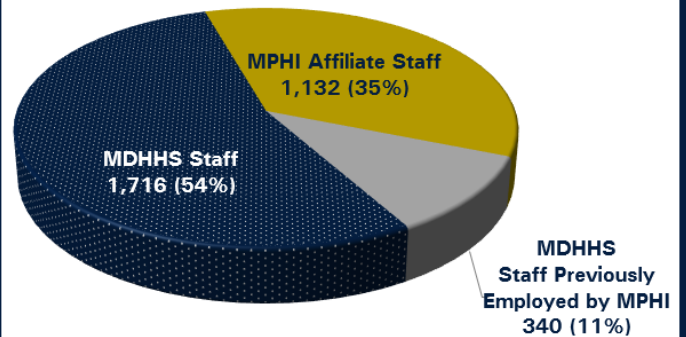
Additional Selected Report Highlights

- All 20 selected agreements had 1 or more deficiencies reported in Findings 1, 2, 3, and/or 4 (see excerpt of [Exhibit 3](#) in the table below).
- MDHHS awarded \$21 million in agreements not aligned with statutory requirements outlined in Section 333.2611 of the *Michigan Compiled Laws* and without necessary review and approval from DTMB (Finding 1).
- MPHI affiliate staff and MDHHS staff previously employed by MPHI approved \$199 million in MDHHS payments to MPHI and almost half of work plans reporting agreement progress (Finding 2). (See pie charts below.)
- MDHHS legislative report indicated over 50% of selected agreements did not have any deliverables to report (Finding 4).

Approvals by Staff of Payments to MPHI (in Millions)



Approvals by Staff of MPHI Work Plans



Information Related to OAG's Selected 20 MDHHS and MPHI Agreements (Exhibit 3)

Project-Level Agreement Information				Reported Findings
Project-Level Agreement Title	As of December 12, 2025		Subcontracts and/or Subawards	This Agreement Included Exceptions Noted in Finding(s):
	Final Approved Budget	Total Amount Paid on FSRs		
Community Violence Intervention Initiative - 2025	\$ 816,470	\$ 743,760	Subcontracts	2, 3, and 4
COVID-19 Immunization Support	494,427	451,623	None	2 and 4
Nursing Home Capacity Expansion	11,922,220	10,899,892	Both	1, 2, and 4
Mental Health Emergency Preparedness Planning	1,200,000	419,317	Both	2, 3, and 4
Behavioral Health Database Design Support	1,300,000	329,899	Subcontract	1, 2, and 4
Early On Childhood Support	66,745	54,828	Subcontracts	2, 3, and 4
Michigan Violent Death Reporting System	291,724	250,981	Subcontract	2, 3, and 4
MIKids Now Program Support	2,589,983	2,549,876	Subcontract	1, 2, 3, and 4
Opioids Settlement Website and Technical Assistance Program Support	1,234,322	691,487	Subcontracts	1, 2, and 4
Per- and Polyfluoroalkyl Substances Environmental Health Support	8,798,300	7,144,780	Subcontracts	2 and 4
Social Determinants of Health Program Support	1,390,102	1,241,284	Subcontracts	1, 2, 3, and 4
Strategic Support for MDHHS (2024)	4,975,654	2,086,835	Subcontracts	2 and 4
Action Level Exceedance Support	3,041,405	2,524,035	None	2 and 4
Continuous Quality Improvement in Behavioral Health	450,000	222,882	Subcontract	2 and 4
Healthy Homes Expansion Support	11,975,600	10,327,129	Subcontracts	1, 2, and 4
Healthy Michigan Activities	11,891,564	11,500,564	Subcontracts	2, 3, and 4
Maternal and Child Health Block Grant Needs Assessment	160,000	155,791	None	2 and 4
Public Health Infrastructure Grant A1	305,175	259,628	None	2 and 4
Strategic Support for MDHHS (2025)	16,350,055	14,946,231	Subcontracts	1, 2, and 4
Nursing Home Infection Control - 2024	9,812,007	5,513,859	Subawards	2 and 4
	<u>\$ 89,065,753</u>	<u>\$ 72,314,679</u>		

To visit our website:

Full report (391-0111-26):

