

White Paper on the Conversion of the Ojibway Correctional Facility into a State Psychiatric Hospital

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A Proposal to Convert the Ojibway Correctional Facility into a State Hospital

Executive Summary

This white paper proposes the conversion of the former Ojibway Correctional Facility in Marenisco, Michigan, into a state hospital. The facility, which has been vacant since its closure in 2018, presents a unique opportunity to address a critical and growing need for mental health and psychiatric care services in Michigan, particularly the Upper Peninsula of Michigan. This conversion would not only repurpose a valuable state asset but also provide significant benefits, including improved public health outcomes, economic revitalization for the local community, and a more humane and effective approach to mental healthcare.

1. Introduction

The closure of the Ojibway Correctional Facility has left a large, state-owned property unused. Simultaneously, Michigan faces a crisis in its mental health system, particularly in the rural and underserved regions of the Upper Peninsula. There is a severe shortage of psychiatric beds, long wait times for inpatient care, and a lack of specialized facilities for individuals with severe mental illnesses. The current system often relies on emergency rooms or jails to house individuals in crisis, which is not only ineffective but also costly and inhumane.

This proposal argues that repurposing the Ojibway Correctional Facility as a state hospital is the most logical and beneficial solution. The facility's existing infrastructure, remote location, and large campus make it an ideal candidate for a secure, specialized mental healthcare center.

2. The Problem

Driven by a critical deficit in psychiatric beds, where capacity falls well below the recommended 30 to 60 beds per 100,000 residents (Mundt et al., 2022), Michigan's mental health system is failing, particularly in rural areas like the Upper Peninsula. This shortage has dire, measurable consequences across the state: it forces over 150 patients, including children, to board in emergency rooms every day waiting for care (MHA, 2025), and often shifts the burden of treatment onto the criminal justice system, exemplified by reports from some county jails where up to 38 of 169 incarcerated individuals are identified as severely mentally ill (Kansier, 2020), highlighting the inhumane reliance on incarceration for public health needs.

The Michigan Department of Health and Human Services began tracking the number of standard psychiatric beds in Michigan in 2022 (Schneider, 2024) and shows as of September 1, 2025 (State of Michigan, 2025) the following:

Adult

Licensed Beds	Dept Inventory Beds*	Current Bed Need	Need or (Surplus)
2487	2511	2143	(368)

*Reflects Certificate of Need (CON) approved Psych beds

Child/Adolescent

Licensed Beds	Dept Inventory Beds*	Current Bed Need	Need or (Surplus)
316	363	370	7

*Reflects Certificate of Need (CON) approved Psych beds

Additionally, state funding for community mental health services has increased exponentially. In 1990, the state had spent \$626.7 million for community mental health services which grew in thirty years to \$3.5 billion (Schneider, 2024).

However, while the funding has increased tremendously and the number of standard beds reflect adequate or near adequate availability of resources, there are other factors at play. Robert Sheehan, the executive director of the Community Mental Health Association of Michigan, explains this discrepancy through examples such as staffing shortages or the need to provide an isolated environment for an acute individual which effectively causes multiple beds to be taken offline (Schneider, 2024). Furthermore, according to Sara Lurie, the chief executive officer of the Community Mental Health Authority of Clinton, Eaton, and Ingham Counties, the psychiatric bed inventory does not include specialty beds reserved for “high acuity individuals and those with intellectual or developmental disabilities” for which there is a shortage of 189 adult beds and 30 youth beds (Schneider, 2024). Lastly, “high acuity beds,” or beds for individuals who are actively suicidal or at risk of harming themselves or others has a severe deficit of only 69 available adult beds and no high acuity beds for youth in Michigan. The Michigan Department of Health and Human Services has identified the need for 261 high acuity adult beds (shortage of 192) and at least 50 high acuity youth beds (shortage of 50).

According to a 2024 report by the Treatment Advocacy Center (TAC), Michigan had a total of 1,945 licensed psychiatric beds in 2022, which translates to 19 beds per 100,000 people. This is significantly below the “absolute minimum” recommendation, per the TAC, of 30 beds per 100,000 people, and far from the optimal number of 60 beds per 100,000. This translates to a minimum need of 1,065 additional psychiatric beds (30 beds per 100,000 people) and to reach optimal availability (60 beds per 100,000 people) an additional 3,072 beds (Konoske, 2025). According to the Michigan Health and Hospital Association (MHA), Michigan ranks 47th in the nation for inpatient psychiatric bed availability (Fulton, 2025).

The Upper Peninsula, in particular, has a critical shortage with an identified need, based on the Certificate of Need (CON), for 75 adult psychiatric beds but only a combined 57 beds available at regional hospitals - UPHS Marquette has 37 adult beds and MyMichigan Medical Center-Sault has 20 adult beds. The recommendation per the TAC is 90 adult beds in the Upper Peninsula. Compounding this issue, many of the existing licensed beds in the Upper Peninsula

are not fully operational due to staffing shortages. UPHS Marquette operates 20 of its 37 beds and MyMichigan Medical Center-Sault 12 of its 20 (Konoske, 2025). There is currently one child psychiatrist in the Upper Peninsula, and no available youth psychiatric beds (Konoske, 2025).

3. The Solution: A Center of Excellence for Mental Healthcare

The conversion of the Ojibway Correctional Facility into a state-of-the-art state psychiatric hospital is a strategically sound and highly beneficial solution that directly addresses Michigan's psychiatric bed shortage. This proposal leverages a significant state asset and creates a regional center for quality behavioral health care, jobs, and community revitalization.

3.1 Strategic Location and Infrastructure

The Ojibway Correctional Facility's existing infrastructure provides a unique and immediate advantage with a current capacity of 1,180 beds and the ability to expand to 3,000, according to Rep. Markkanen (2025) as stated in his recently introduced House Resolution 151 of 2025. With that capacity, this facility can provide a massive number of inpatient psychiatric beds immediately and significantly reduces wait times and the burden on emergency rooms and jails.

Furthermore, its location in Marenisco, MI, is strategically advantageous. While rural, it is in close proximity to larger cities such as Ashland, WI and Rhinelander, WI. This connectivity provides access to broader supply chains, specialized medical services, and a wider talent pool, ensuring the state hospital can attract and retain the high-level professional staff needed for a top-tier facility.

3.2 Economic Revitalization and Job Creation

This project is not merely a healthcare initiative; it is an economic development engine for Marenisco and the entire Gogebic County region. The creation of a state hospital will generate hundreds of high-quality, stable jobs, directly stimulating the local economy.

Job opportunities will be diverse and will include:

- **Clinical Staff:** Psychiatrists, registered nurses, licensed practical nurses, therapists, psychologists, and social workers.
- **Support Staff:** Certified nursing assistants, medical assistants, administrative personnel, food service workers, maintenance crews, and security.

These jobs will not only provide a new economic anchor for the community but will also reverse the negative economic impact of the prison's 2018 closure, offering a sustainable source of employment and tax revenue.

3.3 Sustainable Staffing and Local Partnerships

A key component of this proposal is a sustainable staffing model, supported by strong partnerships with local and regional higher education institutions. This approach ensures a

steady pipeline of qualified professionals, and coincides with the legislation, HB 4407, reintroduced by Rep. Rheingans which states “Micare must maintain a robust and adequate network of health care professionals located in this state or regularly serving residents of this state, including mental health and substance abuse professionals” (MiCare Act, 2025).

Gogebic Community College, located in Ironwood (approximately 40 minutes from the Ojibway Correctional Facility), is an ideal partner. Its well-regarded nursing program will be instrumental in training the Registered Nurses (RNs) and Licensed Practical Nurses (LPNs) needed to staff the hospital. The college also offers a Certified Nursing Assistant (CNA) program, which can quickly train crucial support staff.

In addition to Gogebic Community College, other nearby institutions offer complementary programs that can provide a robust workforce:

- **Michigan Technological University** (Houghton, MI): Offers a Bachelor of Science in Nursing, and offers a Bachelor of Science in Human Biology, providing a strong foundation for students interested in healthcare.
- **Northern Michigan University** (Marquette, MI): Provides a comprehensive Psychological Science program, including a pre-clinical psychology track, an undergraduate and graduate program in Social Work, and a Nursing program, which can train future nurses and mental health professionals.
- **University of Wisconsin-Superior** (Superior, WI): Offers a Master's program in Clinical Mental Health Counseling and a certificate in Substance Abuse Counseling, both of which would be invaluable for a state hospital.

Through partnerships with these institutions, the hospital can cultivate its future workforce. This provides students with essential clinical rotations and job opportunities, encouraging them to start and build their careers locally.

3.4 Public Safety and Humanitarian Benefits

- **De-escalation of Mental Health-Related Incidents:** More than 433 calls in Michigan per day to 911 involve a person experiencing a mental illness or episode (Walsh, 2024). A dedicated mental health facility would provide a safe alternative to the use of jails or prisons for individuals with severe mental illnesses who have committed non-violent offenses. This would free up law enforcement resources and reduce the potential for tragic confrontations. People experiencing a mental health episode are 16 times more likely to be killed by police (Walsh, 2024).
- **Humane Treatment:** The current system of housing mentally ill individuals in jails or prisons is often counter-therapeutic and can worsen their condition. A state hospital would provide a humane and dignified environment for treatment and recovery.
- **Reduced Recidivism:** By addressing the underlying mental health issues of individuals involved in the justice system, a state hospital could help reduce repeat offenses and create a safer community. Graduates of Michigan Mental Health Courts were nearly 2 times less likely to commit another crime within 3 years of admission to the program,

unemployment among graduates dropped by 81%, and almost 100% reported improved mental health (Michigan Supreme Court, 2023).

- **Reduced Burden on Emergency Services:** The availability of a dedicated mental health facility would alleviate the strain on hospital emergency departments and law enforcement, which are currently ill-equipped to handle psychiatric crises. In rural areas, an individual who is distressed and violent must not only be accompanied by law enforcement but also monitored continuously by that officer until the individual is deemed safe. Rural hospitals, in particular, such as Baraga County Memorial Hospital purposely avoid admitting an individual to the hospital because that individual is automatically removed from the waitlist for a psychiatric bed. This has resulted in individuals spending 20-plus days in the emergency room while awaiting a psychiatric inpatient bed (Walsh, 2024). Furthermore, in the Upper Peninsula, an individual who is accepted for an inpatient bed often needs to be transported a distance as great as 8-15 hours from home due to lack of resources locally. The burden of this transport often falls on law enforcement, despite the legislation passed in 2022 which established the Mental Health Transportation Fund allowing private companies to provide mental health transportation (Schoenherr, 2025).

4. Financial Feasibility

The initial costs of converting the Ojibway Correctional Facility would be substantial, but they must be weighed against the long-term savings and benefits. The costs would include:

- **Renovation and Construction:** Modifying the existing prison infrastructure to meet the standards of a modern healthcare facility.
- **Staffing and Training:** Hiring and training a full complement of mental health professionals, administrative staff, and support staff.
- **Equipment and Supplies:** Purchasing medical equipment, furniture, and other necessary supplies.

These costs could be offset by a combination of state funding, federal grants such as Mental Health Block Grants (MHGB) administered by the Substance Abuse and Mental Health Services Administration (SAMHSA), and third-party billing for services as it exists in the current multi-payor model. Furthermore, the conversion would lead to long-term savings by reducing the costs associated with emergency room care, law enforcement involvement, and the incarceration of individuals with mental illness.

5. Conclusion and Recommendations

The conversion of the Ojibway Correctional Facility into a state hospital represents a unique and timely opportunity to address a critical need in Michigan's healthcare system. It would provide a secure, therapeutic environment for individuals with severe mental illnesses, create a significant number of jobs, and revitalize a valuable state asset.

This white paper recommends that the State of Michigan:

1. Conduct a comprehensive feasibility study to assess the full scope of the conversion, including detailed cost estimates and a timeline for implementation.
2. Form a multi-agency task force composed of representatives from the Department of Health and Human Services, the Department of Corrections and local law enforcement, leaders from area hospitals and clinics (e.g. Aspirus, Baraga County Memorial Hospital), and local community leaders in the Marenisco area to oversee the project.
3. Secure dedicated funding for the conversion and ongoing operation of the facility.

By taking these steps, Michigan can demonstrate its commitment to improving the lives of its most vulnerable citizens and building a more humane and effective mental healthcare system for the future.

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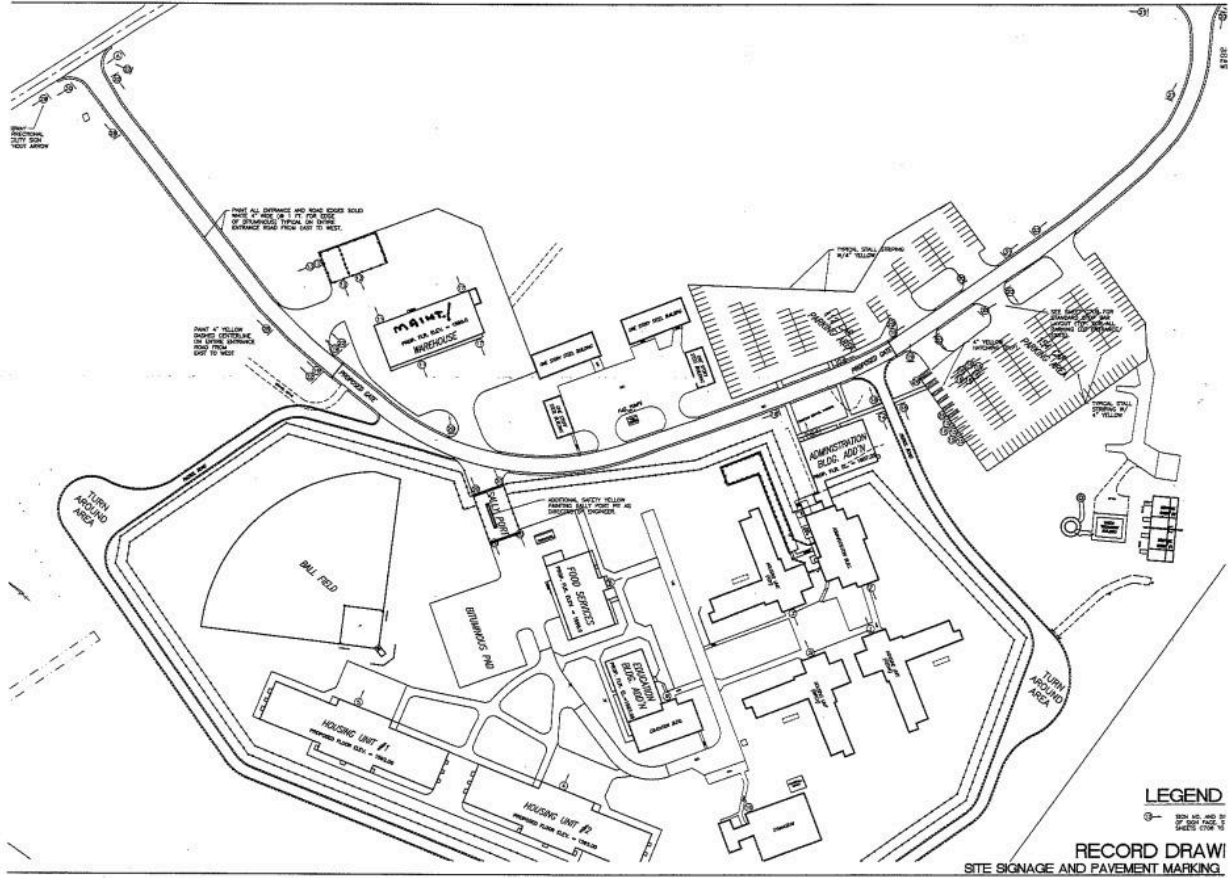
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Appendix A

Campus Layout



(As provided by the Michigan Department of Technology, Management & Budget)