



Health Services

LOS ANGELES COUNTY

Los Angeles County
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June 16, 2026

The Honorable Board of Supervisors
County of Los Angeles
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Los Angeles, California 90012

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*"To advance the health of our patients
and our communities by providing
extraordinary care"*



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Dear Supervisors:

APPROVE ACCEPTANCE OF AN AWARD FROM THE CALIFORNIA DEPARTMENT OF STATE HOSPITALS AND APPROVE RELATED ACTIONS TO FURTHER IMPLEMENT THE FELONY INCOMPETENT TO STAND TRIAL COMMUNITY-BASED RESTORATION PROGRAM AND THE PRE-TRIAL FELONY MENTAL HEALTH DIVERSION PROGRAM (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

SUBJECT

Approve acceptance of an award from the California Department of State Hospitals (DSH) in the amount of \$698,380,961 and approve related actions to further implement the Felony Incompetent to Stand Trial Community-Based Restoration (FIST CBR) Program and the Pre-Trial Felony Mental Health Diversion (Diversion) Program.

IT IS RECOMMENDED THAT THE BOARD:

1. Delegate authority to the Director of Health Services (Director), or designee, to accept an anticipated award from the DSH in the amount of \$698,380,961 effective July 1, 2026 through June 30, 2031, and sign a new agreement with DSH and all other related documents, to further implement the County of Los Angeles (LA County) Department of Health Services' (DHS) Office of Diversion and Reentry (ODR) FIST CBR Program and Diversion Program, subject to prior review and approval as to form by County Counsel.
2. Delegate authority to the Director, or designee, to execute future amendments to the DSH agreement, to: (a) accept additional funding and modify the scope of work and adjust the budget as needed, to address

changes in program requirements; or (b) add, delete or modify agreement term in ways that do not materially alter the legal obligations of LA County, with all amendments subject to prior review and approval as to form by County Counsel, and written notification to the Board of Supervisors (Board) and Chief Executive Office (CEO) regarding amendments executed pursuant to (a).

3. Delegate authority to the Director, or designee, to negotiate and execute new agreements and/or amendments to agreements with qualified Mental Health providers to provide acute and Institute of Mental Disease (IMD) hospital transitional beds that are necessary to provide care to eligible ODR clients, including revisions to statements of work, extension to agreement terms and/or increase contract sums, provided such actions do not exceed Board approved funding to deliver such services, subject to review and approval as to form by County Counsel with notification to the Board and CEO. The foregoing delegated authority includes negotiating on a case-by-case basis appropriate changes to the standard County insurance and indemnification provisions, and other standard County contract terms, subject to review and approval of CEO Risk Management and County Counsel with notification to the Board.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

On June 19, 2018, the Board delegated authority to the Director to execute DSH Agreement No. 18-78002-000 to accept the initial award of \$44,213,875 from DSH to implement the FIST CBR Program to provide community-based competency restoration for individuals charged with felony offenses and found by the courts Incompetent to Stand Trial (IST) under Penal Code section 1370. On November 2, 2021, the Board approved Amendment No. 4 to DSH Agreement 18-78002-000 to increase the award to a total of \$110,941,497 and expand the program to a total of 515 beds.

On February 5, 2019, the Board delegated authority to the Director to execute DSH Agreement No. 18-79901-000 to accept the initial award of \$25,864,100 from DSH to implement the Diversion Program for the provision of housing and services for up to 200 clients with serious mental health needs who have been diverted from the criminal justice system by the court pursuant to Penal Code Section 1001.36 et seq. On August 9, 2022, the Board approved Amendment No. 2 to DSH Agreement 18-79901-000 to increase the award to a total of \$59,576,100 and provide services for up to 336 total clients.

On June 6, 2023, the Board delegated authority to the Director to execute Agreement No. 22-79016-000 to accept the initial award of \$629,677,190 from DSH to expand the FIST CBR and Diversion Programs to up to 1,344 beds and admit up to 840 IST clients per year.

To streamline the management of the agreements and delivery of services, DSH is proposing to improve upon Agreement No. 22-79016-000. The new DSH agreement will extend the term to maintain the FIST CBR and Diversion Programs to a minimum of 1,005 beds and admit a minimum of 670 IST clients per year. This will align the delivery of FIST community-based services in accordance with the legislative authority pending final approval as part of the 2026-27 State budget.

The terms and conditions of Agreement 22-79016-000 will remain in full force and effect until such time as the new DSH agreement is fully executed and contingent upon enactment of the 2026-27

State budget. A Notice of Cancellation will be issued for Agreement 22-790016-000 upon execution of the new DSH agreement. The terms and conditions of Agreement 22-790016-000 will remain in full force and effect until all contracted clients have been served at which point a Notice of Cancellation will be issued, if necessary, and the ongoing program funding will be paid through the new DSH agreement.

Recommendations

Approval of the first recommendation will allow the Director, or designee, to accept an award of \$698,380,961 for the FIST CBR and Diversion Programs, and sign the new DSH Agreement anticipated to effective July 1, 2026 and expiring on June 30, 2031. This award will authorize the maintenance of the FIST CBR and Diversion Programs to a minimum of 1,005 beds.

Approval of the second recommendation will allow the Director, or designee, to execute future amendments to the new DSH agreement without interruption to the provision of services in a timely manner.

Approval of the third recommendation will allow the Director, or designee, to execute new agreements and/or amendments to agreements with qualified Mental Health providers to provide acute and IMD hospital transitional beds that are necessary to provide care to eligible ODR clients.

Implementation of Strategic Plan Goals

The recommended actions support County's Strategic Plan North Star 1, Make investments that transform lives specifically Focus Area Goal A. Healthy Family Individuals and Families, Focus Area Goal C. Housing and Homelessness, and Focus Area D. Support Vulnerable Populations; North Star 2, Foster vibrant and resilient communities specifically Focus Area Goal A. Public Health and Focus Area B. Care First, Jails Last; and North Star 3 specifically Focus Area Goal E. Data-Driven Decision Making.

FISCAL IMPACT/FINANCING

The total FIST CBR and Diversion Program maintenance costs are estimated to be \$698,380,961 for the period of July 1, 2026 through June 30, 2031, and the DSH award will fully fund the entire program.

Upon Board approval, DHS will incorporate the funding needs into each respective fiscal year's annual budget process. There is no impact to net County cost associated with the recommended actions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Despite the decrease in the number of people in the general population of LA County jails, the number of people with mental health needs in jail has increased to 6,367 individuals, comprising over 40% of the total jail population. Of those, approximately 1,719 have acute mental health needs (approximately 13% of the total jail population). As of January 10, 2026, there are 275 people awaiting transfer to a State hospital who are deemed IST, many of whom have been waiting for

several months. Many people with serious mental health needs, including those who are deemed IST, remain in jail because they do not have access to other facilities for their care. The new DSH agreement will continue and maintain community treatment services pursuant to Penal Code section 1001.36 (Diversion), Welfare & Institutions Code section 4361 (Diversion), and Penal Code section 1370 (CBR) for IST individuals charged with felonies who would otherwise remain in jail or receive care in other State hospital facilities. This contract furthers LA County's efforts to come into compliance with provisions of the federal settlement agreement with the United States Department of Justice and its Care First, Jails Last priorities by ramping up additional community treatment capacity for those who would otherwise remain longer in Los Angeles County Jails.

The new DSH agreement and/or related documents, will be reviewed and approved as to form by County Counsel before execution.

CONTRACTING PROCESS

ODR was selected by DSH to administer the FIST CBR and Diversion Programs based on programmatic need in Los Angeles County.

To identify qualified providers, DHS/ODR relied on Department of Mental Health's (DMH) existing solicitation for Acute and Sub-Acute services. DMH provided a list of respondents demonstrating both the interest and capacity to serve DHS clients. ODR subsequently engaged these providers and conducted evaluations based on factors including relevant experience, service capacity, readiness to implement services within required timelines, and willingness to partner with DHS. Pursuant to emergency authority granted by the Board, DHS selected providers to ensure timely and uninterrupted access to services.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will enable ODR to maintain the FIST CBR and Diversion Programs to a minimum of 1,005 beds.

The Honorable Board of Supervisors

6/16/2026

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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Christina R. Ghaly".

Christina R. Ghaly, M.D.

Director

CRG:adm

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors