

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1757H.02C
Bill No.: HCS for HB 829
Subject: Health Care; Department of Mental Health; Drugs and Controlled Substances
Type: Original
Date: March 12, 2025

Bill Summary: This proposal modifies provisions relating to alternative therapies and treatments, including psilocybin.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General	\$0 to (\$2,000,000)	(\$7,000,000 to \$10,000,000)	\$0
Total Estimated Net Effect on General Revenue	\$0 to (\$2,000,000)	(\$7,000,000 to \$10,000,000)	\$0

*Costs for DMH to provide grants for \$2,000,000, subject to appropriation, for research on the use and efficacy of psilocybin and costs for DMH to conduct a three to five year study.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- ☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- ☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government – School Districts *	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Local Government – School Districts	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

* Due to the conditions required for exemption from civil fines, penalties, or sanctions, **Oversight** assumes an Unknown negative fiscal impact of less than \$250,000 annually.

FISCAL ANALYSIS

ASSUMPTION

§§ 191.479 and 630.1170 - Alternative therapies and treatments, including psilocybin

Officials from the **Department of Mental Health (DMH)** state the proposed legislation modifies provisions relating to alternative therapies and treatments. § 191.479 establishes criteria for individuals who are enrolled in a study on the use of psilocybin. Individuals participating must inform the DMH of any plans to acquire or use any psilocybin and provide documentation from their physician patient status of care and facilitation of care, as defined in this section. Subject to appropriation, DMH shall provide grants totaling three million dollars for research on the use of psilocybin. DMH shall collect data on the implementation and outcomes on the use of psilocybin and submit annual reports to the governor, lieutenant governor, and general assembly.

Section 630.1170 states DMH, in collaboration with a hospital operated by an institution of higher education or contract research organizations conducting trials approved by the United States Food and Drug Administration (USFDA), will conduct a study on the efficacy of using alternative medicine and therapies. These therapies shall be studied on veterans who suffer from posttraumatic stress disorder, major depressive disorder, substance use disorders, or patients who require end-of life care. Subject to appropriations, DMH shall prepare and submit reports on any information collected by DMH on implementation and outcomes of the use of psilocybin. DMH would contract this service out to be conducted in collaboration with a hospital operated by an institution of higher education in Missouri. The cost for this study would include treatment costs, therapists, researcher time, indirect rate for the institution of higher education, cost of storage and tracking of medications, and other study related costs.

Overall costs for DMH to provide for grants to research psilocybin, subject to appropriation, and conduct a three to five year study would be \$0 for FY26, \$7 million to \$10 million for FY27, and \$0 for FY28 in General Revenue funding.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DMH.

Oversight notes the provisions of § 191.479.5 allows DMH to provide grants for \$2,000,000, subject to appropriation, for research on the use and efficacy of psilocybin. For fiscal note purposes, Oversight assumes costs of \$0 to (\$2,000,000) to general revenue for the research grants. **Oversight** notes that the proposal specifies a total of \$2,000,000 for grants.

Officials from the **Office of Administration, Budget and Planning (B&P)** state Section 191.479 provides that certain individuals who acquire, use, produce, possess, transfer, or administer psilocybin shall not be subject to civil fines, penalties, or sanctions if certain

conditions are met. To the extent that this provision will reduce the number of fines or penalties collected due to the acquisition, use, production, transfer, or administration of psilocybin, total state revenue may decrease by an unknown amount.

Oversight notes that §191.479 could result in certain individuals not being fined or penalized. Oversight also notes per Article IX Section 7 of the Missouri Constitution fines and penalties collected by counties are distributed to school districts. Fines vary widely from year to year and are distributed to the school district where the violation occurred. Oversight will reflect a negative fiscal impact of \$0 to Unknown to local school districts. For simplicity, Oversight will not reflect the possibility that fine revenue paid to school districts may act as a subtraction in the foundation formula.

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation from the current session (SB 90), officials from the **University of Missouri Health Care (MUHC)** stated they have reviewed the proposed legislation and determined that as written it should not create expenses in excess of \$100,000 annually.

Oversight assumes the costs incurred by the MUHC related to this proposal can be absorbed within current resource levels.

Officials from the **Department of Commerce and Insurance**, the **Department of Corrections**, the **Department of Health and Senior Services**, the **Department of Public Safety - Missouri Veterans Commission**, the **Office of the State Public Defender**, the **Office of the State Courts Administrator**, **Northwest Missouri State University** and the **University of Central Missouri** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a previous version, officials from the each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other hospitals and college were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE FUND			
<u>Costs</u> – DMH (§191.479.5) grants for research on use/efficacy of psilocybin p. 3	\$0 to (\$2,000,000)	\$0	\$0
<u>Costs</u> – DMH (§ 630.1170) – Study on the efficacy of using alternative medicine p. 3	\$0	(\$7,000,000 to \$10,000,000)	\$0
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0 to (\$2,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL GOVERNMENT – SCHOOL DISTRICTS			
<u>Losses</u> – School Districts (§ 191.479) Reduction of fines or penalties collected p. 4	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT – SCHOOL DISTRICTS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

As specified in this bill, any person who acquires, uses, produces, possesses, transfers, or administers psilocybin for the person's own therapeutic use will not be in violation of State or local law and will not be subject to a civil fine, penalty, or sanction so long as the person meets the following conditions:

- (1) Is a veteran;
- (2) Is 21 years of age or older;
- (3) Suffers from posttraumatic stress disorder, major depressive disorder, or a substance use disorder or requires end-of-life care;
- (4) Has enrolled in a study to study the use of psilocybin to treat posttraumatic stress disorder, major depressive disorder, or substance use disorders or for end-of-life care;
- (5) Informs the Department of Mental Health that the person plans to acquire, use, produce, possess, transfer, or administer psilocybin in accordance with this section;
- (6) Provides the Department with documents specified in the bill. The Department must maintain the confidentiality of any personally identifiable protected information collected from anyone who provides information to the Department;
- (7) Use of psilocybin occurs only in the presence of a facilitator who meets requirements outlined in the bill;
- (8) Ensures that a laboratory licensed by the State to test controlled substances tests the psilocybin the person intends to ingest; and
- (9) The person limits the use of psilocybin to no more than 150 milligrams of psilocybin analyte (4-phosphoryloxy-N, Ndimethyltryptamine) during any 12 month period.

The Department must prepare and submit to the Governor, Lieutenant Governor, and the General Assembly annual reports on any information collected by the Department on the implementation and outcomes of the use of psilocybin.

This bill specifies that, a physician will not be subject to criminal or civil liability or sanction under the laws of this State for providing documentation that a person suffers from posttraumatic stress disorder, major depressive disorder, or a substance use disorder or requires end-of-life care, and no State agency or regulatory board shall revoke, fail to renew, or take any other action against a physician's license issued under Chapter 334, RSMo, based solely on the physician's provision of documentation that a person suffers from posttraumatic stress disorder, major depressive disorder, or a substance use disorder or requires end-of-life care.

This bill also requires the Department, in collaboration with a hospital operated by the an institution of higher education in this state or contract research organizations conducting trials approved by the United States Food and Drug Administration in Missouri, to conduct a study on the efficacy of using alternative medicines and therapies, including, but not limited to, the use of psilocybin for the treatment of patients suffering from post-traumatic stress disorder, major depressive disorder, substance use disorders, or who require end-of-life care.

The bill specifies that the study must include the therapeutic efficacy of using psilocybin in the treatment of veterans who suffer from posttraumatic stress disorder, major depressive disorder, or substance use disorders or who require end-of-life care, as well as a literature review and the submission of various reports. The Department, any health care providers, and any person participating in the study will not be subjected to criminal or civil liability or sanction for the participation in the study, except in cases of gross negligence or willful misconduct. The Department must prepare and submit to the Governor, Lieutenant Governor and the General Assembly:

- (1) Quarterly reports on the progress of the study; and
- (2) A written report, submitted one year following the commencement of the study, which must:
 - (a) Contain the results of the study and any recommendations for legislative or regulatory action; and
 - (b) Highlight those clinical practices that appear to be most successful as well as any safety or health concerns. The Department must maintain the confidentiality of any personally identifiable protected information collected during the study.

The Department, any health care providers, and any other person involved in the study under this section must not be subject to criminal or civil liability or sanction under the laws of this state for participating in the study, except in cases of gross negligence or willful misconduct. No health care provider will be subject to discipline against his or her professional license for participation in the study.

A physician will not be subject to criminal or civil liability or sanction under the laws of this state for referring a patient to the study under this section, and no state agency or regulatory board can revoke, fail to renew, or take any other action against a physician's license based solely on the physician's referral of a patient to the study under this section.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

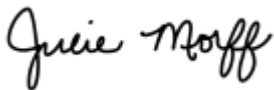
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Department of Commerce and Insurance
Department of Corrections
Department of Health and Senior Services

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Department of Mental Health
Department of Public Safety - Missouri Veterans Commission
Office of Administration - Budget and Planning
Office of the State Courts Administrator
Office of the State Public Defender
Northwest Missouri State University
University of Missouri Health Care
University of Central Missouri



Julie Morff
Director
March 12, 2025



Jessica Harris
Assistant Director
March 12, 2025