

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4914H.03P
 Bill No.: Perfected HCS for HB Nos. 1717 & 1643
 Subject: Health Care; Department of Mental Health; Drugs and Controlled Substances
 Type: Original
 Date: March 26, 2026

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 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
General Revenue*/**	(Could exceed \$8,923,756)	(Could exceed \$23,458,678)	(Could exceed \$37,378,218)	(Could significantly exceed \$63,099,782)
Total Estimated Net Effect on General Revenue	(Could exceed \$8,923,756)	(Could exceed \$23,458,678)	(Could exceed \$37,378,218)	(Could significantly exceed \$63,099,782)

*Subject to appropriations, grant costs are estimated at \$6,000,000 to \$8,000,000 in FY 2027; \$15,000,000 to \$25,000,000 in FY 2028 & 2029; and \$60,000,000 to \$180,000,000 in FY 2030. Costs include 5 FTE for DHSS.

**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.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
Ibogaine Study Fund*	\$0	\$0	\$0	\$0
Ibogaine Intellectual Property Fund**	\$0	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

*Revenue Gain, transfer in and grant cost are estimated at \$6,000,000 to \$8,000,000 in FY 2027; \$15,000,000 to \$25,000,000 in FY 2028 & 2029; and \$60,000,000 to \$180,000,000 in FY 2030 and net to zero.

**Revenue attributable to intellectual property rights and costs for programs that assist veterans or other at-risk populations are estimated at \$0 or Unknown for all fiscal years and net to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
General Revenue	5 FTE	5 FTE	5 FTE	5 FTE
Total Estimated Net Effect on FTE	5 FTE	5 FTE	5 FTE	5 FTE

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 2027	FY 2028	FY 2029	Fully Implemented (FY 2030)
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§§191.479, 191.480 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. Section 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.

In section 630.1170, 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), is to 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.

Research grants will range from \$0 to \$2M General Revenue, subject to appropriation, beginning Fiscal Year 2027 and each year thereafter.

Based on costs reported in a U.S. Department of Health and Human Services report from 2014 (adjusted forward for inflation), clinical trials on the efficacy of alternative medicine and therapies would be \$0 for FY 2027, \$5.4M GR for FY 2028, and \$19.3M GR for FY 2029 in General Revenue funding. This assumes trials would not begin until Fiscal Year 2028 due to the requirement of identifying and contracting with an external entity.

In total, DMH estimates \$0 to \$2M for FY27; \$0 to \$7.4M for FY28; and \$0 to \$21.3M for FY29 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.

In response to a previous version, HCS for HBs 1717 & 1643 (2026), officials from the **Office of Administration, Budget and Planning (B&P)** stated this proposal provides that certain veterans who acquire, use, produce, possess, transfer, or administer psilocybin for therapeutic use, and individuals or laboratories assisting them, shall not be subject to state or local law violations, civil fines, penalties, or sanctions. To the extent that this provision reduces the number of civil fines or penalties collected by the state that would otherwise be deposited into the state treasury, TSR may decrease by an unknown amount

The legislation prohibits state agencies and regulatory boards from revoking or taking action against a physician's license based solely on providing documentation for psilocybin use or referring a veteran to the clinical study. If these protections prevent the collection of licensing fees or fines that would have resulted from disciplinary actions, TSR may decrease by an unknown amount.

Oversight notes that violations of §191.479 could result in fines or penalties. 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 reflect an unknown loss to local school districts. For simplicity, Oversight will not reflect the possibility that reduced fine revenue paid to school districts may impact the foundation formula.

In response to a previous version, HCS for HBs 1717 & 1643 (2026), officials from the **Office of Attorney General (AGO)** assumed 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 a previous version, HCS for HBs 1717 & 1643 (2026), officials from the **Department of Public Safety-Missouri Veterans Commission (MVC)** stated, aside from

Psilocybin (hallucinogenic mushrooms) being a Schedule I substance under the Controlled Substances Act, a drug which is not available through a pharmacy (federally illegal), and the potential for MVC to lose their federal grants for allowing the use of the substance in a Missouri Veterans Home, there is the issue of "no state agency or employee of a state agency shall disclose to the federal government, any federal government employee...individual information of persons who meet the requirements of this section." MVC must disclose care plans of residents to the Veterans Administration (VA) and VA surveyors upon request. If MVC does not or if MVC purposefully omits information, MVC will risk losing their federal grants (\$79M in FY25).

Oversight assumes, given the restrictions on residents of Missouri Veterans Homes, that the program will not include this population and, therefore, no federal funds will be lost under the provisions of this proposal.

In response to a previous version, HCS for HBs 1717 & 1643 (2026), officials from the **Department of Commerce and Insurance, Department of Health and Senior Services, Office of the State Public Defender, Office of the State Courts Administrator, St. Louis County Police Department, Kearney Fire & Rescue Protection District, Eastern Clay Ambulance District, Northwest Missouri State University and University of Central Missouri** each assumed the proposal would 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.

House Amendment 1

§§191.1610, 191.1613, 191.1616, 191.1619, 191.1622, 191.1625, & 191.1628 - Ibogaine Treatment

In response to similar legislation, HCS for HBs 2817 & 2961 (2026), officials from the **Department of Health and Senior Services (DHSS)** stated section 191.1616 of the proposed legislation would require the DHSS to award grants for clinical trials on the use of ibogaine for the treatment of opioid use disorder, co-occurring substance use disorders, and other mental health conditions.

Section 191.1616 of the proposed legislation creates the Ibogaine Study Fund.

Section 191.1622 of the proposed legislation creates the Ibogaine Intellectual Property Fund.

The proposed legislation would require the DHSS to award grants to conduct certified clinical drug development trials overseen by the United States Food and Drug Administration on the use of ibogaine and its analogs for the treatment of opioid use disorder, co-occurring substance use disorders, and other mental health conditions.

To administer the ibogaine clinical trial grant program established under this proposal, the DHSS would require additional personnel to manage application intake, grant review, award processing,

quarterly monitoring, fiscal oversight, and required reporting to the General Assembly. Based on the anticipated volume and complexity of FDA-supervised clinical trials, DHSS estimates the need for 5 FTE, consisting of one Public Health Program Manager to oversee the program, two Senior Accountants to provide fiscal management and oversight of the funds and grants, one Procurement Specialist to create, post, evaluate bids and execute the grant contracts, and one Physician as clinical advisor.

Funding needed for the clinical drug development grants are estimated at \$6,000,000 to \$8,000,000 for Phase I in FY27, and \$15,000,000 to \$25,000,000 for Phase II in FY28 and 29. The cost depends on appropriations and the number of eligible clinical trial applications received. Table 1 shows additional costs for the grant awards themselves, which will depend on appropriations and the number of eligible clinical trial applications received. The Phase III trials would not start until FY 2030 or FY 2031 and is therefore not shown in the fund summary although the estimated cost is in the table.

Table 1: Cost estimate table for running each phase of a clinical trial involving a Schedule I drug in the U.S. in 2026.

Phase	Avg Total Cost (Typical Drug)	Per-Patient Cost	Adjusted for Schedule I
Phase I	~\$5.3M	~\$137K	\$6–8M
Phase II	\$7–20M (typical avg ~\$13.5M)	~\$130K (from Prorelix)	\$15–25M
Phase III	~\$52.8M avg; range \$12–150M	\$113K avg [1]; \$25–120K range	\$60–180M

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

Oversight notes the provisions of section 191.1616 establish the Ibogaine Study Fund, which consists of moneys appropriated by the General Assembly and any gifts, donations, grants, and bequests. Moneys in this fund shall be used solely to award grants under this section.

Oversight will reflect the possibility that the General Assembly could appropriate moneys to this new fund from the General Revenue Fund. For fiscal note purposes, Oversight assumes services provided under this proposal will equal revenue gain/appropriations of over \$250,000 annually and net to zero.

Oversight notes the provisions of section 191.1622 establish the Ibogaine Intellectual Property Fund, which shall consist of all revenue attributable to all intellectual property rights and other commercial rights that may arise from drug development clinical trials conducted by a multistate consortium during the period for which the trials are funded and any following period of commercialization. Moneys in this fund shall be used solely for programs that assist veterans or other at-risk populations in this state.

Oversight will reflect that the revenue attributable to all intellectual property rights and other commercial rights will be used for programs that assist veterans or other at-risk populations. For fiscal note purposes, Oversight assumes services provided under this proposal will equal revenue gain of over \$250,000 annually and net to zero.

In response to similar legislation, HCS for HBs 2817 & 2961 (2026), officials from the **Department of Commerce and Insurance, Department of Mental Health and Department of Public Safety - Missouri Veterans Commission** 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.

House Amendment 2

§191.480 – Language Change to the Underlying Bill

House Amendment 2 makes a language change to match the other language used in other portions of the proposal. **Oversight** assumes this change will have no fiscal impact.

Responses Regarding the Proposed Legislation as a Whole as Amended

Officials from the **Department of Corrections (DOC)** assume the proposal will have no fiscal impact on their organization. DOC states that no requirements are placed on DOC facilities, programs, or staff.

Officials from the **Department of Commerce and Insurance, Office of the State Treasurer, Phelps County Sheriff's Department, Branson Police Department, Kansas City Police Department and 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other law enforcement agencies, fire protection districts, EMS, hospitals and colleges were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2030)
GENERAL REVENUE				
<u>Cost – DMH (\$191.479.5) Research grants on use/efficacy of psilocybin p.3-4</u>	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)
<u>Cost – DHSS (§§191.1610 to 191.1628) p.4</u>				
Personal service	(\$530,010)	(\$648,732)	(\$661,707)	(\$674,941)
Fringe benefits	(\$281,237)	(\$342,600)	(\$347,819)	(\$354,775)
Equip. & exp.	(\$112,509)	(\$67,346)	(\$68,692)	(\$70,066)
<u>Total Costs - DHSS</u>	<u>(\$923,756)</u>	<u>(\$1,058,678)</u>	<u>(\$1,078,218)</u>	<u>(\$1,099,782)</u>
FTE Change - DHSS	5 FTE	5 FTE	5 FTE	5 FTE
<u>Transfer out – DHSS (\$191.1616) Into “Ibogaine Study Fund” by appropriation p.4-5</u>	\$0 to Could exceed (\$6,000,000)	\$0 to Could exceed (\$15,000,000)	\$0 to Could exceed (\$15,000,000)	\$0 to Could exceed (\$60,000,000)
<u>Cost – DMH (\$630.1170) – Study on the efficacy of using alternative medicine p.3</u>	\$0	\$0 to (\$5,400,000)	\$0 to (\$19,300,000)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Could exceed \$8,923,756)	(Could exceed \$23,458,678)	(Could exceed \$37,378,218)	(Could significantly exceed \$63,099,782)
Estimated Net FTE Change on General Revenue	5 FTE	5 FTE	5 FTE	5 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2030)
IBOGAINE STUDY FUND				
<u>Revenue Gain – DHSS (§191.1616) Gifts, grants, donations p.4-5</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Transfer In – DHSS (§191.1616) From General Revenue p.4-5</u>	\$0 to Could exceed \$6,000,000	\$0 to Could exceed \$15,000,000	\$0 to Could exceed \$15,000,000	\$0 to Could exceed \$60,000,000
<u>Cost - DHSS (§191.1616) Grants for clinical trials p.4-5</u>	\$0 to Could exceed (\$6,000,000)	\$0 to Could exceed (\$15,000,000)	\$0 to Could exceed (\$15,000,000)	\$0 to Could exceed (\$60,000,000)
ESTIMATED NET EFFECT ON IBOGAINE STUDY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
IBOGAINE INTELLECTUAL PROPERTY FUND				
<u>Revenue – DHSS (§191.1622) Revenue attributable to all intellectual property rights and other commercial rights p.4-5</u>	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Cost - DHSS (§191.1622) Programs that assist veterans or other at-risk populations p.4-5</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2030)
ESTIMATED NET EFFECT ON IBOGAINE INTELLECTUAL PROPERTY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2030)
LOCAL POLITICAL SUBDIVISIONS				
<u>Revenue Loss – School Districts</u> (\$191.479) Reduction of fines or penalties collected p.4	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This legislation modifies provisions relating to alternative therapies and treatments, including psilocybin.

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
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
Office of the State Treasurer
Phelps County Sheriff's Department
Branson Police Department
Kansas City Police Department
St. Louis County Police Department
Kearney Fire & Rescue Protection District
Eastern Clay Ambulance District
Northwest Missouri State University
University of Central Missouri



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