

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4375S.04C
 Bill No.: SCS for SB 768
 Subject: Drugs and Controlled Substances; Medical Procedures and Personnel; Mental Health; Physicians; Hospitals; Veterans; Higher Education; Health Care; Department of Mental Health
 Type: Original
 Date: March 26, 2024

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 2025	FY 2026	FY 2027
General Revenue	\$0	(\$7,000,000 to \$10,000,000)	\$0
Total Estimated Net Effect on General Revenue	\$0	(\$7,000,000 to \$10,000,000)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Opioid Addiction Treatment and Recovery Fund (0705)	\$0 to (\$3,000,000)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to (\$3,000,000)	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
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)

FISCAL ANALYSIS

ASSUMPTION

§§191.479, 191.480, 196.1050, and 630.1170 – Alternate therapies

Officials from the **Department of Mental Health (DMH)** state the proposed legislation modifies provisions relating to alternative therapies and treatments. This version of the bill adds §§196.1050 and 630.1170. DMH, in collaboration with a hospital operated by an institute of higher learning or contract research organizations conducting trials approved by the U.S. Food and Drug Administration (USFDA), will conduct a study on the efficacy of using alternative medicine and therapies. These therapies shall be studied on individuals who suffer from posttraumatic stress disorder, major depressive disorder, substance abuse 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 institute of higher education in Missouri. The costs for this study would include treatment costs, therapists, research time, indirect rate for the institution of higher education, storage and tracking of medications, and other study related costs. **Costs for DMH to conduct a three to five year study for would be \$0 for FY25, \$7 million to \$10 million dollars for FY26, and \$0 for FY27 in General Revenue funding.** The language in §196.1050 authorizes the use of the Opioid Recovery and Treatment Fund for these purposes; however, it is problematic to use this funding source for the proposed trial as this is not an appropriate use of the funds because the trial is not covered under the approved uses laid out in the national settlement agreements.

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

Oversight notes the provisions of §191.479.5 allows DMH to provide grants for \$3,000,000, subject to appropriation, which **shall** be made from the Opioid Addiction Treatment and Recovery Fund (0705). For fiscal note purposes, Oversight assumes costs of \$0 to (\$3,000,000) to the Opioid Addiction Treatment and Recovery Fund (0705) for the research grants. **Oversight** notes that the proposal specifies a total of \$3,000,000 for grants.

Officials from the **Office of Administration, Budget and Planning (B&P)** state §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.

In response to a previous version, officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

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.

Officials from the **Department of Public Safety (DPS), Missouri Veterans Commission (MVC)** state that their care plans and records are inspected by the U.S. Department of Veterans Affairs annually and upon request. While there may not be a fiscal impact, there is a conflict. MVC officials do not believe MVC would be able to house a Veteran taking part in these studies.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Commerce and Insurance, the Department of Health and Senior Services, Missouri State University** and the **Office of the State Treasurer** 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 **Office of the State Courts Administrator** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Costs</u> – DMH (§630.1170) – Study on the efficacy of using alternative medicine p. 3	<u>\$0</u>	<u>(\$7,000,000 to \$10,000,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$7,000,000 to \$10,000,000)</u>	<u>\$0</u>
OPIOID ADDICTION TREATMENT AND RECOVERY FUND (0705)			
<u>Costs</u> – DMH (§191.479.5) grants for research on use/efficacy of psilocybin p.3	<u>\$0 to (\$3,000,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE OPIOID ADDICTION TREATMENT AND RECOVERY FUND	<u>\$0 to (\$3,000,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL GOVERNMENT – SCHOOL DISTRICTS			
<u>Losses</u> – School Districts (§191.479) Reduction of fines or penalties collected p. 4	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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

Under this act, any person who acquires, uses, produces, possesses, transfers, or administers psilocybin for the person's own therapeutic use shall not be subject to state or local criminal or civil penalties if the person: (1) is a Missouri veteran, (2) is 21 years of age or older, (3) suffers from a condition listed in the act, (4) has enrolled or sought to be enrolled in a study regarding the use of psilocybin to treat such conditions, (5) informs the Department of Mental Health that such person plans to acquire, use, produce, possess, transfer, or administer psilocybin under this act, (6) provides the Department with specified documentation and information, (7) ensures the psilocybin is tested in a licensed laboratory, and (8) limits the use of psilocybin to no more than 150 milligrams of psilocybin analyte during any 12-month period. A person who assists another in any of the acts permitted under this act and any laboratory testing psilocybin under this act shall not be subject to state or local criminal or civil penalties.

Subject to appropriation, the Department shall provide grants totaling \$3 million dollars for research on the use and efficacy of psilocybin for the treatment of conditions listed in the act, with such appropriation being made from the Opioid Addiction Treatment and Recovery Fund. (§191.479)

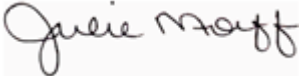
Currently, investigational drugs shall not include Schedule I controlled substances. This act repeals that prohibition. (§191.479)

Finally, this act requires the Department, in collaboration with a Missouri university hospital or contract research organizations conducting FDA-approved trials, to conduct a study on the efficacy of using alternative medicine and therapies, including, but not limited to, the use of psilocybin, for the treatment of patients suffering post-traumatic stress disorder, major depressive disorder, substance use disorders, or who require end-of-life care, as described in the act. Such study shall include a study of the use of psilocybin to treat such conditions, as well as a literature review and the submission of various reports. No person participating in the study shall be subject to criminal or civil liability or sanction for participating, except in cases of gross negligence or willful misconduct. (§630.1170)

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 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 Treasurer
Missouri State University



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March 26, 2024



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