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FISCAL IMPACT REPORT

SPONSOR Trujillo/Ortez/Garratt/Madrid
LAST UPDATED _____
ORIGINAL DATE 2/27/23
SHORT TITLE Study Use of Psilocybin for Mental Health
BILL NUMBER House Bill 393
ANALYST Klundt

APPROPRIATION* (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY23	FY24		
	\$150.0	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
		\$94.2	\$88.7	\$182.9	Recurring	General Fund

Parentheses () indicate expenditure decreases.
 *Amounts reflect most recent version of this legislation.

Sources of Information

LFC Files

Responses Received From
 Department of Health (DOH)
 Medical Board (NMMB)
 Office of the Superintendent of Insurance (OSI)
 Human Services Department (HSD)

SUMMARY

Synopsis of House Bill

House Bill 393 (HB393) proposes to create the psilocybin advisory group and attach it administratively to the Department of Health (DOH). HB393 would appropriate \$150 thousand from the general fund to be spent in FY24 and FY25 to study the feasibility of using psilocybin-derived products for the treatment of certain mental health conditions.

The psilocybin advisory group would include eight voting members appointed by the governor with expertise in medicinal plants and psilocybin products, mental health and substance use disorder treatment, and knowledge of health insurance coverage. The purpose of the group is to study the feasibility of creating a program that would use psilocybin-derived products to treat individuals with certain mental health conditions or substance use disorders in a clinical setting. The study would include topics on the cultivation, manufacture, and dispensing of psilocybin-derived products, treatment guidelines and research findings, and monitoring developments in other states pursuing similar programs. The advisory group would be required to submit interim reports on their work in November 2023 and November 2024 with a final report in December 2025.

FISCAL IMPLICATIONS

The appropriation of \$150 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY24 shall revert to the general fund.

DOH reported an additional operating budget impact for the administrative oversight contained in this bill.

SIGNIFICANT ISSUES

DOH stated:

Psilocybin is a naturally occurring psychedelic found in over 200 species of mushrooms. Psilocybin is currently a Schedule I drug in the Federal Controlled Substances Act (<https://sharedsystems.dhsoha.state.or.us/DHSForms/Served/le4226.pdf>). According to a literature review conducted by the Oregon Health Authority's Psilocybin Advisory Board (<https://www.oregon.gov/oha/PH/PREVENTIONWELLNESS/Documents/Oregon%20Psilocybin%20Advisory%20Board%20Rapid%20Evidence%20Review.pdf>), psilocybin therapy has been shown in clinical trials to be efficacious for the treatment of depression and anxiety. The FDA has designated psilocybin a breakthrough therapy which means they believe it could be a substantial development in current treatment therapies. Some studies have also shown that psilocybin may be effective in reducing problematic alcohol and tobacco use (<https://www.hopkinsmedicine.org/psychiatry/research/psychedelics-research.html>).

According to the 2022 State of Mental Health in New Mexico report (<https://www.nmhealth.org/data/view/report/2650/>), New Mexico had the 4th highest suicide death rate among all US states in 2020 with a rate of 24.2 deaths per 100,000 population which is a 19 percent increase in the age-adjusted suicide death rate since 2011. In addition, survey data from the Behavioral Risk Factor Surveillance System (BRFSS) in 2020 shows 18 percent of adults reported having a history of a depression diagnosis, and 13 percent of adults experienced frequent mental distress defined as having 14 or more days where they felt their mental health was not good. According to data from the New Mexico Department of Health's Bureau of Vital Records and Health statistics, 2,273 New Mexicans died from alcohol-related causes in 2021. The age-adjusted death rate per 100,000 New Mexican residents for alcohol-related causes

increased from 65.7 deaths in 2017 to 102.8 deaths in 2021 (<https://ibis.doh.nm.gov/query/builder/mort/MortCnty/Count.html>; select “alcohol-related causes by county”). Improvements in treatment options for both mental health conditions and substance use disorders could lead to significant improvements in the quality of life for New Mexicans suffering from these issues.

Oregon approved a ballot measure in 2020 to establish a psilocybin therapy program beginning in 2023. Several states and jurisdictions have followed suit in filing legislation to study the efficacy of psilocybin therapy and in decriminalizing psilocybin (<https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/07/15/more-states-may-legalize-psychedelic-mushrooms>).

HSD noted:

Per a 2021 study conducted by Henry Lowe, et al., published in *Molecules*, psilocybin is the psychedelic drug with the safest track record for therapeutic use. It has potential benefits for treatment for the following mental health conditions:

- Alcohol Use Disorder
- Stimulant Dependence
- Cocaine Dependence
- Tobacco Use
- Nicotine Use
- Opioid Use Disorder
- Cannabis Use Disorder
- Post-Traumatic Stress Disorder
- Generalized Anxiety Disorder
- Obsessive Compulsive Disorder
- Cancer Related Anxiety
- Psychological Distress associated with a terminal disease
- Adjustment Disorder
- Major Depressive Disorder
- Demoralization Disorder related to long-term AIDS survivors
- Borderline Personality Disorder
- Narcissistic Personality Disorder
- Violence against one’s partner

An article written by Jeremy Daniel and Margaret Haberman, published in 2017 in *The Mental Health Clinician*, noted that psilocybin has been found to be helpful in some studies conducted on individuals suffering from mood and anxiety disorders.

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