LFC Requester:	Kelly Klundt

AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO
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(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: *1/31/25*

Bill Number: *SB219*

Check all that apply:

Original _x Correction __

Amendment __ Substitute __

Sponsor: Sen Steinborn Sen Thomson

Short Title: Medical Psilocybin Act

Agency Name and Code Number: HCA-630

Person Writing Keenan Ryan

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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
$0.0	$2,000	Nonrecurring	DOH General Fund
$0.0	$2,000	Recurring	DOH General Fund

(Parenthesis ( ) indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
$0.0	$0.0	$0.0	N/A	N/A
$0.0	$0.0	$0.0	N/A	N/A

(Parenthesis ( ) indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected

HCA FTE	$0.0	$48.7	$48.7	$97.4	Recurring	GF to HCA
HCA FTE	$0.0	$48.7	$48.7	$97.4	Recurring	FF to HCA
Total	$0.0	$97.4	$97.4	$194.8		

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: This bill looks to create a comprehensive program to implement a medical psilocybin program.

1. Creates the "medical use of psilocybin program" under the Department of Health. This program will create training, protocols for the use of psylocibin, data reporting requirements and restrictions of use.
2. Allow the use of naturally occurring psilocybin to be used in research and treat medically qualified patients.
3. Decriminalize possession of psilocybin by producers and facilities that use the agent for treating patients. Individuals on parole are also not penalized for participating in this program.
4. Establish a nine member "medical psilocybin advisory board". HCA will have a representative on the board. The board will determine what patients and conditions can safely be treated with medical psylocibin.
5. Creations of the "medical psilocybin treatment equity fund" A non-reverting fund that will be used to pay for qualified patients' treatments.
6. Creation of the "medical psilocybin research fund" A non-reverting fund that will be used to provider research grants studying psilocybin
7. Removal of psylocibin or psilocin from the states schedule I criteria when used within the "medical use of psilocybin program".
8. To implement the programs an appropriation of $2,000,000 for general provision of psilocybin program and $1,000,000 for the medical psilocybin treatment equity fund and the medical psilocybin research fund to the Department of Health.

SB 219 defines "department" as the department of health.

The Department of Health will have

- Regulation and Oversight: The NMDOH would be responsible for regulating the medical psilocybin program, ensuring compliance with established protocols and safety standards.
- Advisory Board: The department would work with the Medical Psilocybin Advisory Board to develop and update treatment protocols.
- Permitting: The NMDOH would issue permits to clinicians who wish to provide medical psilocybin therapy.
- Funding Allocation: The department would manage funds allocated for the program,

including the treatment equity fund and the research fund.
- Data Collection and Evaluation: The NMDOH would oversee data collection and program evaluation to monitor the effectiveness and safety of psilocybin therapy.

FISCAL IMPLICATIONS
The new medical use of psilocybin program will be housed under the Department of Health. There are no operating costs expected for the HCA.

Medicaid
Psylocibin is not FDA approved and is not covered by Medicaid. Thus, there is no expected increase in cost to Medicaid.

State Health Benefits (SHB)
This bill does not mandate coverage and would currently not meet medical necessity standards for SHB's Administrative Service Organizations. Therefore, no fiscal impact is expected.

SIGNIFICANT ISSUES
Psylocibin is a psychedelic compound found naturally in certain species of mushrooms. Psylocibin is currently listed as schedule I substance by both the Food and Drug Administration as well as the state of New Mexico. There is a growing body of evidence about the use of psylocibin in highly controlled settings to treat conditions like major treatment-resistant depression, and posttraumatic stress disorder. There is the possibility of developing side –effects while on psilocybin but these generally can be mitigated with clinical oversight and proper patient selection. There are ongoing trials for synthetic psylocibin with potential FDA approval in the coming years. Until the agent is FDA approved Medicaid will be unable to pay for psylocibin treatment with federal matching funds.

This medical use of psilocybin program looks to use psylocibin that can be obtained from mushrooms. While this can be obtained at a lower cost there is less control over the purity and consistency between individual mushrooms. If the synthetic psylocibin does obtain FDA approval it is unclear what the role of natural occurring psylocibin will play in therapy, including if the Medicaid can cover natural occurring psilocybin.

This bill would declassify psylocibin at the state level while still maintaining the highest-level restriction at the federal level. There exists the potential for incompatibility between state and federal guidance.

PERFORMANCE IMPLICATIONS
None

ADMINISTRATIVE IMPLICATIONS
Medical psilocybin is not a Medicaid covered benefit. If SB 219 were enacted, HCA staff may be required to participate on the Advisory Board, and MAD would require one full time FTE for development of Medicaid policy, Medicaid reimbursement, and claims processing, system edits, implementation, monitoring and enforcement. One (1) FTE at pay-band 70 would cost $97.3 thousands: this includes $48.7 thousands in state funds and $48.7 thousands in federal funds.

IT Systems edits are anticipated to be done under contract at no additional cost.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP
None

TECHNICAL ISSUES
None

OTHER SUBSTANTIVE ISSUES
The American Medical Association (AMA) introduced new Category III CPT codes for psychedelic-assisted therapy, which include codes for continuous in-person monitoring and intervention during session. The temporary procedure codes (0820T, 0821T, and 0822T) that were added in the CPT 2024 code set. It is important to note that the AMA can introduce CPT codes that are not covered by CMS, as is the case in this instance.

The are several qualified clinical trials for psilocybin therapy. Here are a few examples:

- Psilocybin-Assisted Therapy for Improving Pain in Patients with Advanced Cancer: This phase II trial at Dana-Farber Cancer Institute in Boston evaluates how well psilocybin-assisted psychotherapy alleviates pain in patients with advanced cancer.
- Psilocybin Therapy for Depression in Parkinson's Disease: Conducted at UCSF, this study aims to understand whether psilocybin therapy improves symptoms of depression in people with Parkinson's Disease.
- Psilocybin Therapy for Chronic Low Back Pain: This study, also at UCSF, evaluates whether psilocybin therapy helps patients cope with chronic low back pain more effectively.
- Psilocybin for Anorexia in Young Adults: A single-site trial investigating the use of psilocybin therapy for refractory Anorexia Nervosa in young adults.
- Psilocybin-assisted Therapy for Phantom Limb Pain: A double-blind placebo-controlled pilot study at UCSD investigating the effects of psilocybin on chronic phantom limb pain.

These trials are exploring the potential benefits of psilocybin therapy for various conditions, and they are open to eligible participants.

HCA currently covers study-related routine costs that are not included in the qualified clinical trial.

ALTERNATIVES
None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL
Status Quo

AMENDMENTS
None