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FISCAL IMPACT REPORT

SPONSOR <u>Sens. Steinborn, Brandt, and Hickey/Reps. Thomson and Romero</u>	LAST UPDATED	<u>02/13/2025</u>
SHORT TITLE <u>Medical Psilocybin Act</u>	ORIGINAL DATE	<u>02/06/2025</u>
	BILL NUMBER	<u>Senate Bill 219/aSTBTC</u>
	ANALYST	<u>Chilton</u>

APPROPRIATION* (dollars in thousands)

FY25	FY26	Recurring or Nonrecurring	Fund Affected
	\$2,000.0	Recurring	General Fund
	\$1,000.0	Recurring	General Fund
	\$1,000.0	Recurring	General Fund

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

REVENUE* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Gross receipts tax		(\$87.2)	(\$87.2)	(\$87.2)	(\$87.2)	Recurring	General fund
Gross receipts tax		(\$87.2)	(\$87.2)	(\$87.2)	(\$87.2)	Recurring	Local governments

Parentheses () indicate revenue decreases.
 *Amounts reflect most recent analysis of this legislation.

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA	No fiscal impact	\$48.7	\$48.7	\$97.4	Recurring	General Fund
HCA	No fiscal impact	\$48.7	\$48.7	\$97.4	Recurring	Federal Funds
DOH	No fiscal impact	\$2,000.0	\$2,000.0	\$4,000.0	Recurring	General Funds
Total	No fiscal impact	\$2,097.4	\$2,097.4	\$4,194.8	Recurring	

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

Sources of Information

LFC Files

Agency Analysis Received From

Department of Health (DOH)

Health Care Authority (HCA)

Administrative Office of the Courts (AOC)

SUMMARY

Synopsis of STBTC Amendment to Senate Bill 219

The Senate Tax, Business and Transportation Committee amendment strikes a sentence from Section 12(E) that would have required producers and clinicians to comply with the federal Comprehensive Drug Abuse Prevention and Control Act of 1970 and other laws.

Synopsis of Senate Bill 219

Senate Bill 219 (SB219) establishes a Medical Psilocybin Advisory Board, allowing for limited use of this Schedule 1 drug in limited circumstances and for patients whose clinicians believe have conditions that would allow them to benefit from use of the naturally occurring substance, derived from certain mushrooms. It would not allow the use of synthetic psilocybin or its analogues.

Section 4 states that federal Food and Drug Administration-approved psilocybin-containing products could be used in research studies funded through a newly created medical psilocybin research fund, and by patients qualified to be provided the drug through the newly-created medical psilocybin equity fund.

Section 5 makes production, prescription, or possession of medical psilocybin unpunishable legally.

Section 6 limits the protection from litigation or criminal prosecution; activities not covered by the Medical Psilocybin Act are not protected, nor is liability for operating a motor vehicle while driving or false representations to law enforcement about being part of the medical psilocybin program – the last of these would be a misdemeanor.

Section 7 tasks DOH to set the parameters of a medical psilocybin program, including deciding which patients would be allowed to take part, as well as treatment protocols, safety protocols for producing and handling the drug and administering it to patients, and determining data elements to allow DOH to evaluate the program. DOH's program would consult with tribes through the State-Tribal Collaboration Act.

Section 8 and 9 require the Department of Health (DOH) secretary to establish a nine-member psilocybin advisory board, including in its duties overseeing the collection and analysis of the program's results at least annually, maintain individual patient confidentiality.

Section 10 absolves a person on probation or parole from being penalized for participation in the

program.

Section 11 creates the “medical psilocybin equity fund” to fund treatment with psilocybin whose income falls below DOH guidelines, and the “medical psilocybin research fund” to make grants for researchers to study the effects of use of the drug.

Section 12 amends Section 7-9-73.2 NMSA 1978 to add psilocybin to prescription drugs, oxygen products and medical cannabis to sales that may be deducted from gross receipts.

Section 13 removes medical use of psilocybin and psilocin from the list of hallucinogens prohibited for use, but only when that use is in compliance with the federal Comprehensive Drug Abuse Prevention and Control Act.

House Bill 219, Medical Psilocybin appropriates \$2 million from the general fund to DOH for the purpose of setting up a medical psilocybin program. It further appropriates \$1 million to the medical psilocybin equity fund for the purpose of assuring that low-income patients could be afforded the drug, and \$1 million to the medical psilocybin research fund for the purpose of conducting medical research on the medication’s use.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

FISCAL IMPLICATIONS

The appropriations of a total of \$4 million contained in this bill are recurring expenses to the general fund. Any unexpended or unencumbered balance remaining in the \$2 million appropriation at the end of FY26 and subsequent years shall revert to the general fund; the other two are non-reverting.

This bill creates two new funds and provides for continuing appropriations. LFC has concerns with including continuing appropriation language in the statutory provisions for newly created funds because it reduces the ability of the Legislature to establish spending priorities.

DOH itemizes the need for 11 FTE positions for the proposed medical psilocybin program. By comparison, there are 19 currently employed for the medical cannabis program. The hire and equipping of the eleven employees would use virtually the entire \$2 million allotted to DOH. The Administrative Office of the Courts indicates “a minimal administrative cost for statewide update, distribution and documentation of statutory changes.” The Health Care Authority asserts it requires one FTE to attend psilocybin board meetings and prepare Medicaid policy and related tasks, at a cost of \$97.3 thousand, equally divided between state and federal funds.

Section 12 of the bill exempts psilocybin treatments, both the drug itself and the treatment session, from gross receipts tax, reducing revenue to the state and to local governments. Based on the average cost per psilocybin treatment of \$1,250 and the number of patients per 100 thousand residents in 2024 in Oregon ([Oregon has had a medical psilocybin program since 2020](#)), if SB219 were to pass 1,748 New Mexicans might use the program each year. If each were to have one psilocybin treatment, the total cost would be \$2.18 million, and the gross receipts tax foregone, at an average rate of eight percent, would total \$174.4 thousand, roughly equally divided between state and local New Mexico governments.

SIGNIFICANT ISSUES

DOH makes note of the high incidence of mental health illness among New Mexico adults, noting especially high rates among veterans and first responders. Although there have been some hopeful data from the past two years, New Mexico continues to rate high in alcohol- and drug-related illness and death.

Studies suggest psilocybin has usefulness in treating a variety of conditions, including depression, anxiety, pain, and post-traumatic stress. A 2021 review article in *Molecule* notes:

Of all psychedelic drugs, psilocybin is reported to have the most favorable safety profile... Despite the lack of studies investigating the comparative efficacies of psilocybin and psychedelic drugs for the treatment of mood and anxiety disorders, the vast evidence-based data that exist for psilocybin alone suggest that psilocybin may be the most efficacious psychedelic drug for treating such disorders.

The review article lists 26 categories of disease for which there is evidence of psilocybin’s effectiveness:

Table 1.

The potential therapeutic window of psilocybin-assisted therapy, that is, diseased states in which psilocybin-assisted therapy is being explored.

Disease State/Condition	Reference
1. Alcohol dependence	[23,24,25]
2. Stimulant dependence	[25]
3. Cocaine addiction	[26,27]
4. Tobacco addiction	[25,28,29,30]
5. Nicotine addiction	[26,29]
6. Opioid addiction	[25]
7. Cannabis dependence	[25]
8. Anxiety disorders such as:	[26]
i. Post-traumatic stress disorder (PTSD),	[26]
ii. Generalized anxiety disorder (GAD),	[26]
iii. Obsessive–compulsive disorder (OCD)	[31,32]
iv. Advanced-stage cancer-related anxiety	[33,34,35,36,37]
v. Psychological distress associated with existential crisis of terminal disease	[26]
vi. Adjustment disorder with anxiety	[26,38]
9. Cancer-related depression	[33,34,35,36,37,39]
10. Treatment-resistant depression	[40,41,42,43,44]
11. Major Depressive Disorder	[45]

Disease State/Condition	Reference
12. Severe existential depression	[26,33,36]
13. Suicidality (ideation and actual attempts)	[13,46]
14. Cluster (“suicide”) headaches	[6,47]
15. Chronic pain	[48,49,50]
16. Intractable phantom pain	[51]
17. Demoralization	[52]
18. Demoralization in older, long-term AIDS survivor men (OLTAS)	[53]
19. Dysfunctional social cognition	[54]
20. Maladaptive narcissism	[55]
21. Borderline Personality Disorder (BPD)	[56,57]
22. Narcissistic Personality Disorder (NPD)	[58,59,60]
23. Epilepsy	[61]
24. Psychopathy	[54]
25. Emotional dysregulation and violence against one’s partner	[62,63,64]
26. Inflammation	[49]

The bracketed numbers in the third column of this table indicate references to studies showing effectiveness against the condition shown in the first column. Reference 23 is to a University of New Mexico study of use of psilocybin in the treatment of problematic drug and alcohol use; many other institutions, including Harvard, Johns Hopkins, and UCLA, have published studies of psilocybin for a number of the conditions shown in the table above.

Regarding safety, the article states, “In general, psilocybin is reported to have the most favourable safety profile of all psychedelic drugs. Thousands of years of anecdotal evidence in addition to modern-day scientific studies confirm that psilocybin has low physiological toxicity, low abuse/addictive liability, safe psychological responses, no associated persisting adverse physiological or psychological effects during or after use. Psilocybin overdose is very rare.”

DOH makes note of eligibility and payment issues, given that psilocybin remains in federal Schedule 1:

- Some medical providers may not be able to provide psilocybin-related medical care due to federal regulations. This includes patients who obtain their care through federal programs, such as those administered by the federal Veteran’s Administration and Indian Health Services.
- Until psilocybin is FDA approved, psilocybin therapy won’t be eligible for consideration by Medicaid, Medicare, or private insurance for coverage. Even with insurance coverage, there are likely to be issues with access in many parts of New Mexico given the level of resources needed for the current therapy model.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Related to 2023 House Bill 393, Study Use of Psilocybin for Mental Health, which did not pass, and 2024 Senate Memorial 12, Study Psilocybin for Therapeutic Purposes, which did pass

LC/hj/SL2