

Lisa Carlson

March 15, 2008

Lois Greisman
Associate Director of Marketing Practices
Federal Trade Commission, Room 288
Washington, DC 20580

Dear Ms. Greisman and Commissioners:

I am troubled that, in spite of the extensive documentation submitted by Funeral Consumers Alliance (FAMSA) for the review of the Funeral Rule back in 1999, the Commission has now decided to leave the non-declinable basic service fee intact because “there are a number of fixed costs related to funeral arrangements for which funeral providers are entitled to seek payment when their services and facilities are used.”¹

The funeral business is the only occupation with a federally sanctioned non-declinable fee, a fee that is totally unrelated to the goods and services a consumer selects. Almost all businesses have fixed costs and would like to stay in business regardless of supply and demand. Why is the funeral industry deserving of special treatment by the Federal Trade Commission?

Because there are far more funeral homes in business than are needed by the death rate, the industry’s abuse of this nondeclinable fee has undermined the normal pressures of free market economics². Years ago, there was a funeral home in every other small town, but the funeral business was acknowledged as a part-time job in most places. When I was growing up, the sign in a small Vermont town read “Upholstery—Hardware—Undertaking.” Other funeral homes were part of a furniture store, ambulance service, or drug store, perhaps. Little by little, morticians raised their prices and gave up the side-line work.

If we were to die Monday through Friday — with one funeral a day — and two weeks off for the funeral director's vacation, the following chart shows the number of funeral homes that would be needed in each state, compared to the actual number. There are undoubtedly some funeral homes that can handle more than one funeral or cremation a day, which reduces the "needed" number accordingly and probably explains the figures for Arizona, California, Hawaii, and Nevada—high cremation states.

Certainly in rural states like Wyoming with sparse population, a funeral home does not expect

¹ But the Commission determined not to permit other non-declinable fees: “. . . where all consumers would pay for the use of all facilities irrespective of the degree to which consumers use them.” 59 Fed Reg. 1592, t 1608.

² “. . . the long run effect of itemization is expected to drive all prices down to the competitive level.” 47 Fed. Reg. 42260, at 42298. But funeral prices continue to rise faster than general inflation.

the dying business to be a full-time one, and more establishments will be necessary to cover the geographic area than the number generated by a simple death-rate formula. In most other states, however, the number of funeral homes far exceeds that which can be reasonably supported by the death rate, with **70% of the funeral homes doing only two funerals a week or fewer.**

State	Needed	Existing			
Alabama	186	404	No. Carolina	294	720
Alaska	13	19	North Dakota	24	100
Arizona	173	146	Ohio	439	1,132
Arkansas	112	287	Oklahoma	141	379
California	878	771	Oregon	124	171
Colorado	118	170	Pennsylvania	506	1,801
Connecticut	117	297	Rhode Island	40	102
Delaware	28	66	So. Carolina	152	405
DC	22	30	South Dakota	29	107
Florida	674	755	Tennessee	228	456
Georgia	266	651	Texas	616	1,201
Hawaii	36	21	Utah	54	85
Idaho	42	73	Vermont	20	59
Illinois	422	1,213	Virginia	233	465
Indiana	224	649	Washington	179	199
Iowa	113	476	West Virginia	84	279
Kansas	99	326	Wisconsin	185	544
Kentucky	160	494	Wyoming	17	32
Louisiana	171	299			
Maine	50	125			
Maryland	179	245			
Massachusetts	223	628			
Michigan	347	731			
Minnesota	150	430			
Mississippi	116	293			
Missouri	221	595			
Montana	33	77			
Nebraska	62	232			
Nevada	71	43			
New Hampshire	39	91			
New Jersey	294	729			
New Mexico	59	75			
New York	629	1,850			

Source: National Vital Statistics Report, Vol. 52, No. 22, June 10, 2004 - National Center for Health statistics, and a report of established funeral homes taken from 2003 figures quoted in "Funeral Service Insider," a trade publication. FSI cites the 2003 "Red Book," a national directory of morticians, as its source for the number of funeral homes by state. It is likely that the figures for the number of existing funeral homes are approximate only. When quoting from this chart, please credit FCA. Copyright information©

In the states where there is a close match between supply and demand, consumers are able to purchase relatively low-cost funeral arrangements while prices stay high in the states where there is a glut of funeral homes. Yes, there are some high prices in the competitive areas on the west coast and in Florida, but at least there are options for consumers willing to shop around. Such low-cost options rarely exist in the other states, with an inflated non-declinable fee an easily identified culprit.

When the Funeral Rule was passed in 1982, the FTC was monitoring prices. The non-declinable fee jumped 71% in six years by the time the Rule was up for review in 1988, it reported, but the

Commission failed to see the implication and wondered why prices were going up. The basic fee again escalated after “overhead” was added in 1994, but by that time the staff apparently was no longer monitoring prices. If the FTC was depending on consumer groups to do so, it would seem that staff failed to look at the five cartons of documentation and price surveys Funeral Consumers Alliance submitted for review. But that information can readily be updated. How many thousands of new price lists (GPLs) would you like to see, from how many funeral homes, in how many states?

The enclosed 2006 price list survey from Princeton, NJ is typical of what consumers find in almost all states. Please note that the average “basic” fee of \$1,609 is almost half of all service fees and about 30% of what the total funeral will cost for a one-of-everything funeral with a \$2,000 casket.

If funeral homes were no longer allowed to charge the “basic” non-declinable fee, then clearly those overhead and business costs would need to be distributed among the various goods and services being offered. What might we expect if William Murphy, Inc. didn’t have a nondeclinable “basic” fee? Transfer of remains might be increased from \$185 to \$700, because the staff will have to get permits and the death certificate as well. Instead of embalming at \$695, the cost might rise to \$900, given the special skills needed. Visitation could be increased from \$295 to \$800 including the time to plan for it, with another \$800 charge for planning, coordinating, and attending the funeral or memorial service instead of the current \$495.

Current system for service fees:

Suggested alternative pricing:

“Basic” fee	\$1695
Transfer	185
Embalming	695
Other prep	275
Visitation	295
Funeral	495
Hearse	250
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	\$3690

Transfer	\$700
Embalming	900
Other prep	300
Visitation	800
Funeral	800
Hearse	300
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	\$3,800

So will the cost of funerals go up if there is no “basic” fee permitted? For some it may. The industry has definitely decided that the Funeral Rule has been a benefit, as it’s forced funeral directors to pay more attention to the pricing process and the realistic costs for each service.

What would be the implication for consumers? There would be little or no change for consumers who still plan to use the maximum of funeral services offered, a one-of-everything funeral. But for consumers who need or want to control costs, the alternative pricing gives the consumer *much* more control over the funeral purchase. By eliminating the embalming and the visitation, one could save \$1,700, for example, not just \$990. Or maybe the visitation is important but the funeral isn’t. That would save \$800, considerably more than \$495. When there is only one funeral home in a 25-mile radius, then consumers have little opportunity to shop *between* funeral homes, and, instead, must shop among the options available at hand. Only when the non-

declinable fee is eliminated will consumers actually have a substantial choice.

In light of the above, I am asking the Commission to amend the Funeral Rule, to eliminate the non-declinable basic service fee.

I will look forward to working with you to increase the information you need for an intelligent but modest revision of the Funeral Rule.

Sincerely,

Lisa Carlson

Price Survey of Princeton Area Funeral Homes

Funeral Home	Basic Services	Embalming	Dressing, Casketing, Cosmetology	Viewing (2hrs - full day)	Funeral Ceremony	Body Removal	Hearse	Limousine	Service Vehicle	Graveside Service	Total Full Service Funeral (without casket)	Lowest Price Casket	Lowest Price Vault	Immediate Burial (no casket)	Direct Cremation (alternative container)	Memorial Service	Forwarding Remains	Receiving Remains
Alloway Funeral Home	\$1,200	\$400	\$150	\$600	\$300	\$150	\$250	\$250	\$100	\$100	\$3,500	\$275	\$600	\$800	\$700	\$300	\$600	\$1,200
Anderson Funeral Service	1,125	400	85	365	315	150	260	267	260	130	3,357	500	545	670	945	315	710	580
Blackwell Memorial Home	1,550	775	275	200	400	240	275	275	200	200	4,390	690	950	2,265	2,560	400	2,665	1,925
Brenna Funeral Home	1,800	775	305	600	450	225	295	295	295	125	5,165	645	605	2,100	2,195	450	2,350	1,500
Buklad Memorial Home	2,090	835	295	305	345	295	300	225	225	580	5,495	1,350	680	3,235	3,585	345	3,220	2,685
Cambell Funeral Chapel, Inc.	1,295	650	175	495	595	190	260	260	250	595	4,765	695	695	1,395	1,390	595	995	1,180
Chambers, D'Errico & Correnti	1,550	700	425	350	500	245	245	245	175	375	4,810	608	595	1,895	2,170	550	2,125	1,560
Chiacchio Southview Funeral Home	1,000	875	550	500	550	275	275	275	275	900	5,475	905	695	2,200	2,700	700	2,600	2,500
Crabel Funeral Home	980	790	275	800	500	275	275	275	275	750	5,195	872	1,148	2,135	2,484	500	1,805	1,805
Cromwell Immordino Memorial Home	2,095	695	350	395	395	275	360	300	195	295	5,355	1,515	1,095	2,995	2,520	425	2,590	2,250
<i>Guerio Funeral Home</i>	<i>Refused to mail GPL. Refused to meet with FCAP representative.</i>																	
Hartmann Memorial Home	2,000	800	400	1,300	1,300	275	275	275	200	300	7,125	800	450	2,650	2,775	1,300	3,075	2,550
Horan Funeral Home	2,350	725	325	650	400	275	217	217	179	650	5,988	951	950	2,350	2,650	1,000	3,000	2,350
Hughes Funeral Home	1,185	515	225	300	300	160	245	215	150	250	3,545	595	635	995	1,485	225	1,075	850
Kimble Funeral Home	1,395	795	175	595	575	325	325	295	175	395	5,050	175	1,140	2,320	2,695	475	1,850	1,295
Kingston & Kemp Funeral Home, Inc.	1,800	825	400	1,150	350	325	275	275	275	350	6,025	690	1,010	3,250	3,625	350	3,335	3,075
<i>Knott's Colonial Funeral Home</i>	<i>Refused to mail GPL. Refused to meet with FCAP representative.</i>																	
Kutch Funeral Home	1,800	750	400	275	425	250	250	250	275	4,925	475	695	2,765	2,790	425	3,090	2,075	
Kyle P. Ledford, Sr.	1,050	450	175	400	500	175	230	230	230	500	3,940	795	495	850	1,200	500	850	850
<i>Lisiecki Memorial Home</i>	<i>Didn't respond to mail or phone requests for GPL.</i>																	
Mather-Hodge Funeral Home	1,450	750	365	695	495	260	265	265	200	325	5,070	1,209	937	2,520	2,495	495	2,955	2,015
Mullen Funeral Home	995	595	100	150	150	150	225	160	150	200	2,875	1,295	625	1,270	1,570	300	1,715	1,145
M. William Murphy, Inc.	1,695	695	275	295	495	185	250	250	175	215	4,530	699	595	2,420	2,745	495	2,100	1,835
<i>Orland's Ewing Memorial Chapel, Inc.</i>	<i>Refused to give GPL during in person visit (violation of FTC funeral rule).</i>																	
Parkside-Brenna Cellini Funeral Home	2,200	850	325	750	750	275	250	250	250	350	6,250	680	420	2,725	2,500	600	300	300
Poulsen & Van Hise Funeral Directors	2,350	795	315	460	595	225	295	295	125	250	5,705	735	795	2,035	2,390	595	2,255	1,435
Riverside Memorial Chapel	1,095	495	275	395	495	290	295	295			3,635	695	745	1,395	695	495	1,300	1,395
Saul Funeral Homes	2,520	790	300	500	550	245	250	250	150	310	5,865	469	605	3,385	3,420	325	3,570	2,770
Wilson-Apple Funeral Home	2,450	850	450	500	500	450	450	350	250	500	6,750	1,290	1,090	2,690	3,040	500	2,690	2,690
Winowicz Funeral Service	825	410	125	465	175	110	135	135	65	115	2,560	395	595	1,300	1,285	240	1,635	1,025
Average	\$1,609	\$692	\$289	\$519	\$477	\$242	\$270	\$257	\$203	\$361	\$4,898	\$769	\$746	\$2,100	\$2,254	\$496	\$2,094	\$1,725

These prices were taken from General Price Lists obtained in 2006. Although some were difficult to interpret, we have made a good faith attempt to report the information as accurately as possible. The primary purposes of this survey are to educate the public about their options and the variation in price among area funeral homes (and check FTC compliance). To determine actual current prices, contact the individual.