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Comments concerning the review of the "Funeral Rule":

1. Impact of the rule on consumers.

In my opinion, the rule has been quite beneficial to consumers. It has taken several years, but the public has become increasingly aware of the options available to them, and they are more inclined to "shop" around before making decisions concerning funeral arrangements. The advent of funeral merchandise retailers and the advertising/public education that they have brought with them has vastly increased the consumer's knowledge. They are more aware of their rights, the competition has opened an avenue whereby the consumer may save some money, and the uniform requirements as to price lists has made it possible for consumers to compare prices as "apples to apples".

Impact of the rule on providers.

The rule has impacted the funeral providers, but not necessarily in a bad way. The industry has held a monopoly for generations, and during that time they have developed business practices (marketing, pricing, merchandising) that have squeezed the consumer to the point that a decent funeral is outrageous. Before the rule's implementation, there was nowhere for the consumer to turn. They were forced to purchase all of the services and merchandise from one provider, and therefore forced to pay the provider's inflated price.

Since the rule's implementation, funeral providers have been forced to change the way they price funerals. Competition, both in the funeral provider industry and in the new retail industry, has forced providers to price their services and merchandise more realistically, knowing that they may lose the business if they can't compete price-wise. It has forced providers to look at their business practices, trim the fat when needed, and fairly price the services they offer.

On the negative side, the large corporate funeral providers have most likely been hurt more than the independents have been. In my opinion their corporate payrolls and high profit margins are two of the reasons for the tremendously high price structures that are found at these corporate funeral homes. Certainly the rule has impacted their bank balance in a negative way, but I don't see that as a bad thing at all. In reality, the rule has allowed independents and entrepreneurs to garner a corner of the huge market that was previously closed to them, at the same time offering consumers an alternative to the high cost of funerals. It has been a wake up call for the industry.

As for the independent funeral providers, the negative impact has been minimal. I think that in being forced to price their services in a realistic manner, small providers have been able to maintain and in some cases increase their profits by adjusting the service charges accordingly. Compliance is a non-issue, in my opinion. The paperwork involved is minor.

2. The non-declinable fee.

The non-declinable fee is needed, I believe. Any business must be allowed to recover operating costs, and the fact is that if a consumer chooses minimal arrangements, the provider still needs to be able to pay the ordinary costs of doing business. Overhead costs are high in the funeral industry. The public expects nice facilities and professional, efficient personnel to

deliver the services, and this costs money. One non-declinable fee charged by the provider is sufficient to achieve this recovery.

3. The casket handling fee prohibition.

The casket handling fee prohibition is vital to the consumer. Without it, the new retail industry will die a quick death. I see no valid reason for the funeral provider industry to be able to charge a fee for handling a casket purchased elsewhere, other than to eliminate competition. The non-declinable fee is in place, and that fee should, by all rights, include costs for pushing a casket around. Whether a consumer buys a traditional funeral with a casket, an immediate burial, or a cremation, the body will still have to be placed in a container and moved from place to place, and there is already a charge on the General Price List for placing a body in the casket. There are also charges on the GPL for facilities and staff services for the services, whether they be church, chapel or graveside, and that also should include the costs for moving a casket from place to place. There are charges on the GPL for a funeral coach to transport the casket. In short, there is no good reason to rescind the prohibition on casket handling fees, other than to quash the consumer's right to select only the arrangements and merchandise they desire from any one provider. The funeral industry will push hard to rescind this prohibition, but their motive is profits, not consumer interest.

4. Package pricing.

Package pricing is a tough issue, but one that definitely needs to be addressed. It seems that the growing trend in the industry is to artificially inflate the itemized prices to a ridiculous level, and then greatly discount the total price of the funeral if a package deal is selected, including the casket. This has the effect of not only forcing the consumer to purchase items they don't necessarily need, but also unfairly closing the door to competition. If a client chooses to purchase a casket elsewhere, they are penalized by having to pay the artificially inflated prices taken from the price list. In effect, the package price becomes the "de facto" price, and subverts the intent of the funeral rule.

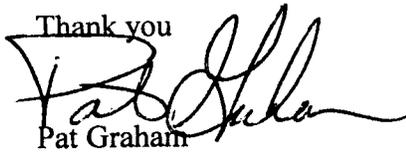
I suggest that the Commission consider strengthening the package pricing concept by requiring that the package price be no more than a percentage less than the total of all the items included in the package. For instance, providers would be allowed to reduce the price of the package by 10%, or whatever percentage the Commission decides, under the total of the prices as taken from the GPL. This would reduce the instances of "predatory pricing" that are becoming prevalent, and assure that the consumer's options and rights are left intact.

I am in a unique position. I own a small town funeral home and I am also a part owner in a casket retail business. In my opinion, the funeral rule has opened up the industry to competition, and in doing so has kept the rising costs of funerals as low as possible. I do strongly feel that casket retailers need to be regulated, and I have no problem at all with bringing caskets retailers under the FTC's oversight. There does need to be a level playing field, and retailers should have to abide by the same rules that providers do in selling their merchandise. Price lists, warranty statements and disclosure statements are positive consumer-oriented practices, and retailers should be bound by those same rules.

The Funeral Rule has been a very good thing, both for the consumer and for the funeral industry, in spite of what you will most certainly hear from the corporate leaders. The pressure you will undoubtedly feel from their strong power base comes purely from a profit point of view, not from a consumer interest point of view. I implore you to look keenly at their motives and the ramifications of revising the rule to their liking.

Though not perfect, the rule has done an excellent job in "unbundling" the service and merchandise aspects of the funeral industry, thereby opening the door to competition, which is always good for the consumer. Any proposed changes to the rule should be very closely examined, ensuring that the consumer is protected, and also ensuring that retailers are allowed to continue offering an alternative while complying with the portions of the rule that apply to the sale of funeral merchandise.

Thank you

A handwritten signature in black ink, appearing to read "Pat Graham", written over a horizontal line.

Pat Graham

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