



FUNERAL HOMES HAVE THE LAW ON THEIR SIDE VIRGINIA STATUTES LIMIT CONSUMER CHOICES, DRIVE UP PRICES. (FRONT)



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Byline: JOANNE KIMBERLIN THE VIRGINIAN-PILOT

Her father's heart was growing weaker.

“We knew what was coming and I was trying to get ready,” said Sandi M. Murden. “It seemed smart to get prices from different funeral homes but I only made it to one before he got really sick. After that, I just couldn't bring myself to shop around any more.”

When the end came, she did what a lot of people do.

“We called the closest funeral home,” she said. “The hospital wanted him removed right away.”

A few hours later, she found herself battling over a \$6,000-plus bill.

“They wanted twice as much money for the exact same service as the other place I'd checked out,” said Murden, 42, a public works employee for Virginia Beach. “We're not poor people but money was tight and this was thousands of dollars. When we told the funeral director about the cheaper price elsewhere, he started bad-mouthing the other place and threatening to take us to court if we couldn't pay.”

Upset and offended, Murden had her father moved to the lower-priced funeral home.

“But the first place wouldn't release his body until we paid them \$195 for picking him up at the hospital. I just really didn't need that kind of coldness right then. I mean, it's not like I was in there buying a car or something. I'd just lost my daddy. And I was just trying to lay him to rest with a little dignity.”

The cheaper funeral home, Murden said, turned out to be "beyond wonderful," but it's precisely that odd mix of economics and emotions that makes the funeral business an industry like no other.

Around 2.5 million mourning American families shelled out an average of nearly \$10,000 apiece to bury someone last year. Those numbers have transformed death into a \$25 billion commodity that is purchased by stockholders and zealously protected by the 23,000 funeral homes that ply the trade.

Well-funded lobbyists and powerful alliances have built a death care monopoly that's tough to crack.

"Funeral directors will scrap for business among themselves, but they stick together against outsiders," said R. Ed Markin of the Virginia Beach-based Funeral Help Program. Markin's earlier work as director of Virginia's Alzheimer's Research Foundation transformed him into a funeral industry watchdog.

"I saw too many people at their mercy," he said.

Funeral directors say they fend off upstarts to protect the public.

"They consider their job to be a sacred trust," said Gary Laderman, a professor at Emory University in Atlanta and author of an upcoming book about the funeral industry.

Laderman thinks critics like Markin can foster an unrealistic resentment toward funeral homes.

"Some people think death shouldn't be a money-making affair, but they sure don't want to handle it themselves," Laderman said. "They want the funeral home to be there when they need it, and they want everything to be nice."

THE CASKET WARS

Only Virginia, South Carolina, Idaho, Louisiana, Oklahoma and Alabama still give funeral directors the exclusive right to sell funeral merchandise.

More than 500 discount casket stores and hundreds of Internet suppliers have cropped up in the 44 states where such laws either never existed or have been overturned.

The combat, however, continues everywhere. Funeral directors are appealing cases that let retailers into Tennessee and Mississippi - where a federal judge called caskets "nothing more than a glorified box" anyone is qualified to sell. Rumblings are afoot in other states, as well.

The casket has the biggest mark-up potential of all funeral-related expenses, according to Clark M. Neily of the Institute for Justice in Washington, D.C., a nonprofit law firm that led several of the court challenges.

“If they pay \$300 wholesale, they can sell it for \$3,000,” Neily said. “That’s a big chunk of the funeral bill. The industry doesn’t want to let go of this one.”

Initially, funeral homes fought back against the discount operations by refusing service to customers who bought their caskets elsewhere, or by charging a “casket handling fee” that ate up any savings.

When the Federal Trade Commission prohibited those practices in 1994, retailers say, funeral directors began choking off supply lines.

“They closed ranks and blackballed any manufacturer who sold to us,” said Kevin Gray, who owns seven discount casket stores in New York and California. Gray says his prices are 50 percent less than the average funeral home’s.

None of the country’s top three casket companies - Batesville, York and Aurora - will sell to the retailers. Batesville spokesman Joe G. Weigel says his company is merely sticking with its 117-year-old business plan.

“The funeral homes are stable customers,” Weigel said. “The casket stores are not.”

Gray wonders how he poses a financial risk to suppliers: “I pay when I order. Most casket stores do.”

Gray says he skirts the system by paying funeral directors in nearby towns 10 percent to order for him.

“It works,” Gray said, “but it’s an extra cost I have to pass on to my customers.”

Members of the state board that regulates Virginia’s funeral industry do not want casket stores in the Old Dominion. Appointed by the governor and charged with safeguarding consumers, seven of the board’s nine members are funeral directors - a ratio common among professional regulatory boards.

Casket quality is the issue, said Lynchburg funeral director Paul C. Whitten, a member of the Virginia Board of Funeral Directors and Embalmers.

“What if the casket arrives and it's a piece of junk?” Whitten said. “It's the centerpiece of the funeral. Who's the client going to be mad at? The funeral director, that's who.”

But while as many as 300 distributors sell caskets wholesale, 90 percent of the supply comes from the same dozen or so manufacturing plants. Such concentrated production curbs wide swings in quality.

The Web site of the industry's own Casket & Funeral Supply Association of America even says: “Most caskets tend to be standard products.”

“And they're all backed by the exact same manufacturer's warranty,” said casket merchant William A. Lawrence.

For 10 years, Lawrence has been selling caskets to funeral homes from a warehouse in Franklin. Less than 30 miles away, from his shop in Sunbury, N.C., he's allowed to sell them to the public. He says the decision to do so has cost him dearly.

“Ninety percent of our funeral homes stopped doing business with us,” he said.

He has a warning for Virginians: “If you ever get casket stores there, you'd better use them - even if the funeral homes lower their prices to meet ours, like they're doing in some places. It's just their latest strategy to drive us out. And when we're gone, it'll go right back to the way it was.”

Adjusting prices is perfectly legal, said Myra Howard of the Federal Trade Commission. So is an individual manufacturer's decision to restrict sales to a specific set of customers.

Making that decision as a group, however, is not legal.

“That's an antitrust violation,” Howard said. “We get complaints from the retailers all the time, but unfortunately, things like this are hard to prove. They take place in whispers. In back rooms.”

The FTC's job, Howard said, is to encourage fair competition that cuts prices and increases selection.

“The agency is not in favor of laws like the one in Virginia,” she said. “I cannot imagine what the benefits to consumers could be there.”

NOT AN EASY JOB

They prefer the more modern title of “funeral director,” but they were long known as

``undertakers" for good reason.

``We under took a job no one else wanted," explained Michael J. Leonard, manager of the local H. D. Oliver Funeral Apartments.

Their profession was born out of necessity during the Civil War, when dead soldiers required embalming before being shipped back home.

The craft blossomed into family businesses that have been handed down ever since. Third- and fourth-generation funeral directors are not uncommon.

``Maybe it's a business you almost have to grow up around," Leonard said. ``It's not like you just decide one day that you want to do this."

Like most states, Virginia requires its funeral directors to pass two years of mortuary school, an 18-month apprenticeship, and national and state board exams.

What emerges is part minister, part medic and part merchant. It is not an easy job. They grow accustomed to handling the corpses, but the unrelenting sadness of the survivors is hard on the spirit. So is the required sales pitch.

``You're trying to sell stuff to people who are trembling and crying," said D. Brent Jones, a funeral director at Norfolk's Woodlawn Funeral Home.

Corporate infiltration and expansion has increased competition in an industry with a finite supply of customers. Divvying up the current death rate by the number of funeral homes equals about two funerals per week for each home.

That might have been enough in the old days, when the undertaker lived over the funeral parlor. But today's typical funeral home has a million-dollar building, a trained and licensed staff and expensive equipment. A hearse can cost more than \$60,000.

All that has hiked pressure to bring in more money. Mark-ups of 600 to 1,000 percent on merchandise have spawned publicity that has hurt the industry's image. So have well-publicized scandals - like the 80-year-old Florida widow hoodwinked into a \$125,000 funeral, or the millions of dollars in pre-paid funeral money embezzled in various states.

``People used to respect the funeral director," Leonard said. ``Now they walk in here with a chip on their shoulder, expecting to be taken advantage of."

Many local funeral directors say they've been watching the new cable TV series ``Six Feet Under'' with interest. Set in Los Angeles, the weekly HBO show portrays life inside a fictional and dysfunctional family of funeral directors.

``Everything is over-dramatized, of course, but a lot of what they show about the business is pretty accurate," Leonard said. ``At least people who watch it are beginning to see us as human beings."

What's not accurate, funeral directors say, is the public's perception of industry profits.

``There are plenty of funerals where I'm lucky if I make \$1,000," said Richard G. Pretlow of Pretlow & Sons Funeral Home in Chesapeake.

Regulations imposed by an alphabet soup of agencies are so detailed that many funeral homes say they hire consultants to help them avoid fines. Complaints are filed by customers and inspectors, but most come from competing funeral homes.

``They tell on each other a lot," said Elizabeth Tisdale, executive director of the state regulatory board.

Folks who don't pay their bills and funerals for indigents can be costly. One local funeral director said he had to write off nearly \$250,000 in such losses last year.

In the end, the average funeral home makes a 10 percent profit on sales before taxes, according to the National Funeral Directors Association.

``That's not much money for staying open around the clock, every day of the year," said James E. Altmeyer Jr., owner of Altmeyer Funeral Home in Virginia Beach.

The NFDA says the average salary of a funeral home owner/manager ranges from \$53,000 to \$72,000, but critic Markin doesn't buy it.

``Maybe if you add in every rinky-dink funeral home in every small town in the country," he said. ``Most of the big guys are in the six figures easy."

Top jobs at the big chains can be extremely lucrative. Corporate compensation expert Graef S. Crystal says 1997 salary, stocks and bonuses added up to \$20.3 million for Robert L. Waltrip, the CEO of death care titan Service Corporation International.

Altmeyer said he tried cutting overhead and offering discount, low-frills funerals when he first opened in Tidewater in 1994.

``But that wasn't what the public really wanted," he said. ``They told me so every time they picked up the phone and called one of the more expensive places."

Like many of his colleagues, Altmeyer warns that casket-store competition would force Virginia funeral directors to raise prices on other services.

``We've got to make our money somewhere," he said.

Funeral directors in other states made the same prediction, said Neily of the Institute for Justice, but there's no evidence prices rose after casket competition.

As for Virginia, Neily said, ``We're just waiting for some merchant to step forward and challenge the law."

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CAPTION(S):

Color photos

L. TODD SPENCER/THE VIRGINIAN-PILOT

Sandi Murden, holding a photo of her father ...

William A. Lawrence ... in Sunbury casket shop ...

Troy Duke ... Norfolk State University's new mortuary program ...

In the embalming room, above, skill combines with tools of the trade. The fee for embalming - a service rarely required by state law - range from \$285 to \$675 in South Hampton Roads.

Graphics

MORE SOURCES

ONLINE

Funeral Help Program: www.funeral-help.com

Institute for Justice: www.ij.org

Casket and Funeral Supply Association of America: www.cfsaa.org

Arrangeonline: arrangeonline.com

ON THE PHONE

Lawrence Casket Company: (866) 469-6735

Direct Casket: (800) 732-2753

IN BOOKS

``The Affordable Funeral: Going in Style, Not in Debt," by R.E. (Ed) Markin; F. Hooker Press

``The Sacred Remains: American Attitudes Toward Death," by Gary Laderman; Yale University Press

THE REGULATORS

Consumers can use the Web page of the Virginia Board of Funeral Directors and Embalmers to find out if a funeral home has been disciplined by the board in the past 15 years. Go to www.dhp.state.va.us/fun and click Online License Lookup, or call (804) 662-9907.

SHOPPING FOR CASKETS

See microfilm

OPTIONS FOR BODY DISPOSAL

See microfilm

Chart

COMPARISON SHOPPING IN HAMPTON ROADS

See microfilm

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