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A buried problem at country's top funeral home chain?

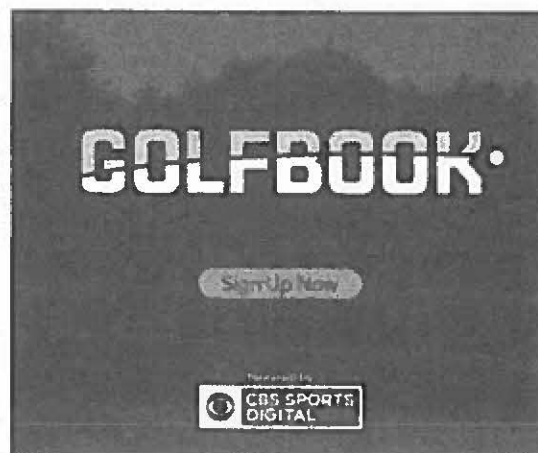
BY AIMEE PICCHI
MARCH 6, 2017 / 2:23 PM / MONEYWATCH



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Families dealing with the death of a loved one are often struggling with a range of bereavement issues. The pain of getting overcharged by a funeral home may only add to their grief.



Rates and price disclosures from Service Corporation International, the country's largest funeral home chain, is coming under fire from a new report from the Funeral Consumers Alliance and Consumer Federation of America. Their survey found that median prices for basic funeral services are as much as 72 percent higher at SCI funeral homes, which often use the Dignity Memorial brand name, than at independent rivals.

The pricing disparities may not be obvious to consumers, however. The report says SCI's funeral homes fail to post product prices on their websites, which may make it more difficult for consumers to comparison shop for the best prices on cremations, burials and funerals. By law, funeral homes must disclose prices either over the telephone or in writing when customers visit their businesses, but they aren't required to post prices online, which the consumer advocacy groups say creates problems for consumers.



“One of the most critical ways families can control their costs is by shopping around, just as they would for any other product, but it’s difficult to do that for funerals,” said Josh Slocum, executive director of the Funeral Consumers Alliance. The federal rule “really needs to be updated to [make it] be possible for consumers using the internet” to shop and compare prices.

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The survey found SCI funeral homes charge a median of \$2,700 for a simple cremation, compared with \$1,562 for independent funeral homes. Burial services at SCI properties carry a median price of \$2,845, compared with \$1,893

for independent competitors. Full service funerals cost a median of \$7,705 at SCI funeral homes, compared with \$5,241 at independent rivals.

“We continuously look for ways to improve the customer experience and online resources are one way to do that,” the company said in a statement. “However, we strongly believe having a personal conversation to understand how families envision honoring their loved ones goes far beyond simply using an online resource and is the best way to help families during a very difficult time.”

It added, “We take the rights of client families, the Funeral Rule, and other industry regulations and requirements seriously.”

The findings are based on a survey of 35 SCI funeral homes and 103 independent funeral homes.

The company’s share priced dipped slightly Monday afternoon to about \$31 upon release of the consumer pricing study but shares still are trading near their 52-week high of \$32.21.

Funeral pricing often isn’t clear despite federal regulations on providing costs either over the telephone or in writing in person, according to a recent report from NPR. In one case, a widow said she relied on friends’ recommendations to use an SCI-owned funeral home called Hardage-Giddens Funeral Home. She paid almost \$3,300 for a cremation, or almost twice as much as the rates charged by competing funeral homes, NPR said.

A 2015 investigation by the Federal Trade Commission, which oversees the rule about price disclosures, found about one-quarter of funeral homes in six states failed to disclose pricing information to consumers.

The problems are heightened by the grief and distress that many families are suffering while also handling funeral services for their loved one who has died. Because of the stress, only about one in five consumers shop around for funeral services, even though the cost of a funeral or cremation can prove a significant expense for families.

Despite the disclosure rule, funeral prices haven't seen much pressure to remain low. Funeral expenses have outpaced inflation since the mid-1980s, according to NPR, which cited Labor Department data.

SCI shares have increased about 25 percent during the past year, compared with 19 percent for the S&P 500. In a March investor presentation, the company said it expects average annual growth in adjusted per-share earnings of as much as 12 percent. The company controls about 16 percent of the funeral home market in North America, while about 79 percent is represented by independent homes. The remaining 5 percent is controlled by other funeral home conglomerates.

Critics say SCI's share of the funeral home market place hasn't delivered benefits to consumers, at least on pricing.

"Its market share has grown significantly in the last decade" through acquisitions, said Stephen Brobeck, executive director of the Consumer Federation of America, on the conference call. "That would not be troubling if it utilized any economies of scale."

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