

**Testimony of Michael Schoedinger on behalf of the
Ohio Funeral Directors Association
in Support of Sub. H.B. 49**

BEFORE THE SENATE FINANCE COMMITTEE
HEALTH AND MEDICAID SUBCOMMITTEE

May 17, 2017

Chairman Hackett, Vice-Chair Tavares, and members of the Senate Finance Health and Medicaid Subcommittee, I am Michael Schoedinger, President of Schoedinger Funeral and Cremation Services located in Columbus and throughout Central Ohio. I am appearing today in my capacity as Chair of the Ohio Funeral Directors Association (OFDA) Legislative Committee. OFDA is a statewide association of 910 funeral homes and approximately 2,300 funeral professionals throughout the State of Ohio.

I am appearing today in support of the State Board of Embalmers and Funeral Directors (hereinafter "State Board") budget and related language included in the House-passed version of H.B. 49. In his subcommittee testimony in the House Finance Subcommittee on State Government and Agency Review, former State Board Executive Director Tim Derickson, expressed the need to add additional staff to investigate and audit preneed funeral contracts sold in this state.

OFDA estimates that approximately \$100 million in preneed funeral contracts are sold each year in Ohio. 99+% of the time this process works very well. But through the years there has been cases of preneed funeral contract fraud that have occurred at a funeral home where losses have been in the range of \$200,000 to \$300,000 or even more. This can be very devastating for the community involved.

The language included in Sub. H.B. 49 would do what numerous other states have done which is to establish a Preneed Funeral Contract Recovery Fund. This fund would be financed through funeral homes submitting \$10 per preneed funeral contract sold to the Board of Embalmers & Funeral Directors. It is estimated the fund would produce about \$200,000 each year to aid the State Board in administering the fund with the vast majority of the dollars being used to pay claims of victims of preneed fraud. The management of the fund would work as follows:

If the balance in the fund exceeds \$2 million at the end of a fiscal year the fee would be reduced to \$5. If the balance exceeds \$3 million at the end of a fiscal year the fee would be suspended for the next fiscal year.

The fund would be authorized to spend moneys as follows:

- To make reimbursements on approved applications.
- To purchase insurance to cover losses.
- To invest a portion of the funds as permitted by fiduciaries under Ohio law.
- To pay expenses of administering the fund.

Another consumer protection is to require direct payment from the purchaser of the preneed funeral contract to the financial institution or insurer, not to the funeral home as is done today.

With this as a background, the Ohio Funeral Directors Association is in full support of including the provisions relating to reducing preneed fraud and to protect families that our victims of such fraud.

Thank you and I am happy to answer any questions you may have.