

# OREGON MORTUARY & CEMETERY BOARD

2/18/2013

SB5526 Testimony: FY13-15 Budget  
Request

Joint Ways & Means: Education Sub Committee  
Oregon 2013 Legislature

# Oregon Mortuary & Cemetery Board

## SB5526 TESTIMONY: FY13-15 BUDGET REQUEST

### Mission, Goals & Historical Perspective

#### Mission

The mission of the Board is to protect public health, safety and welfare by fairly and efficiently performing its licensing, inspection and enforcement duties; by promoting professional behavior and standards in all facets of the Oregon death care industry; and, by maintaining constructive relationships with licensees, those they serve and others with an interest in the Board's activities. The Board protects the public and the industry by promoting and enforcing compliance with statutes and rules established for that purpose, which are predominantly administrative law. Engaging in certain death care activities without a license is the only violation of criminal law within the Board's jurisdiction, which is referred to law enforcement.

As a health professional regulatory board, the Board falls under the Safety Outcome of the Governor's Balanced Budget with the primary objective of ensuring fair and safe delivery of services to Oregon citizens.

#### Goals

Specific board biennium goals tied to the 10-Year Safety Outcome Strategies include:

#### I. **Strategy 3: (1) Foster a culture of disaster preparedness and resiliency to actively support Oregon's diverse citizens.**

**How:** Funeral Service Practitioners are essential to an effective response to a disaster, as they play a role in handling, caring for and processing human remains. The Board actively promotes practitioner participation in disaster preparedness training and exercises, while also coordinating with other state, county and federal agencies to incorporate consideration of—and provide access to—practitioners in this area. Additionally, ensuring sufficient death care facilities are available in different communities is also critical as many of these facilities may be needed for storage of remains. While the Board does not directly own or establish facilities, the Board can identify facility availability to other agencies and can work with communities to identify gaps in coverage.

#### II. **Strategy 5:**

- a. **(3) Citizens are knowledgeable about the consumer protection services that are offered by the state and are able to efficiently access and utilize these services to their benefit.**
- b. **(6) Oversight of financial services, utilities, telecommunications providers and the insurance industry develops to provide affordable products and services where penalties and fees are limited and transparent.**
- c. **(7) Improved effectiveness of adult abuse protection and response.**
- d. **(8) Regulation is focused on prevention and remediation.**
- e. **(9) Reduced number of unfair practices, violation of rights and standards and dishonest activities.**

**How:** Specifically, the Board regulates the death care industry to ensure the safety, soundness and availability of products, services and facilities. As a taboo subject, many families do not pre-plan or prepare

for the financial or decision-making required with the death of a family member, and there is strong potential for misuse or misrepresentation of financial instruments or services. Specifically:

- The Board is focused on improving the public visibility and understanding of the death care industry, and the current and emerging trends and issues for consumers and licensees.
  - The Board supports efforts to ensure the availability of skilled practitioners in the death care industry who can meet the needs of a changing population.
  - The Board provides sufficient regulation to ensure consumer protection and safety while honoring cultural or personal preferences or practices.
  - The Board provides leadership in ensuring consumer choice and protection with regard to the pre-arrangements of death care goods and services (pre-need arrangements).
  - The Board will ensure the proper regulation and utilization of new disposition technologies and practices.
  - The Board will provide expertise and policy relating to the disposition of indigent remains.
- The Board will effectively partner with other State agencies in order to meet the mission of the Board, as well as to improve consumer protection and to streamline regulations where possible both under the Board's direct oversight and when there is overlap with other agencies.

**Additional FY13-15 Goal:** Develop operational and revenue model that provides long-term stability for the provision of Board statutory mission.

### Historical Perspective

The Board began as the board of licensed embalmers in 1921, and has grown over time to include licensing for other individual practitioners in death care, as well as the inspection and regulation of death care facilities.

Little more than a generation ago, funeral service was virtually the exclusive province of small, locally-owned businesses. At the time, funeral homes offered what have since become known as "traditional" goods and services often sold in a package tied to the cost of the casket. Earth burial or entombment was the norm. Although it was not uncommon to buy a cemetery plot in advance or put something aside for funeral expenses, funeral arrangements were, more often than not, made at or near the time of death.

Since then, five somewhat simultaneous developments have altered the character of what is now called the death care industry over the last 30 years.

1. Consolidation—Influx of corporate ownership and multi-facility business models; often incorporating all aspects of death care rather than only one silo (funeral side and cemetery side, for example)
2. Preneed Sales—Aggressive promotion of "pre-need" arrangements with inconsistent consumer understanding and disclosure.
3. Cremation Rate—The cremation rate in Oregon has more than quadrupled since 1975 when it was 15.4%. In 1997, cremation exceeded 50% for the first time. According to the Oregon Center for Health Statistics, the cremation rate was 62% in 2004, the most recent year for which actual data are available. Oregon's cremation rate is expected to be about 65% or higher by the end of the current biennium.
4. Alternative Providers—One of the hallmarks of the consolidation era was higher prices. Along with higher prices seemed to come the increasing preference for cremation and growing demand for a low-cost alternative to the cremation services offered by traditional funeral establishments. With lower overhead, alternative providers can profitably offer much lower prices than full service funeral homes. Now, consumers

are not just looking for alternatives to the traditional funeral home, but also alternative providers that offer a variety of home-based, “green” or environmentally sensitive, or culturally diverse services. This shift in consumer demand will continue to shape the industry.

5. Government Regulation—based on egregious events, Oregon implemented uniform regulation of death care in 1985, approximately the same time the FTC introduced the Funeral Rule, providing federal standards to the sale of funeral goods and services. Similar improvements to consumer protection were implemented in Oregon in the early 2000 to better provide protections for financial arrangements in pre-need trusts. This oversight is currently under the Department of Consumer & Business Services.

### Summary of Programs & Target Groups

The Board's programs affect those who have suffered a loss, those who make final arrangements and those who provide death care goods and services. Specifically, it is the Board's responsibility to license and regulate the practice of individuals and facilities engaged in the care, preparation, processing, transportation and final disposition of human remains. The Board's licensees include funeral service practitioners, embalmers, apprentices, interns, preneed sales people, death care consultants, funeral establishments, immediate disposition companies, cemeteries and crematories.

Approximately 63,000 deaths will occur in Oregon during the 2013-2015 biennium. Death care services are provided by approximately 2400 practitioners and facilities throughout the state.

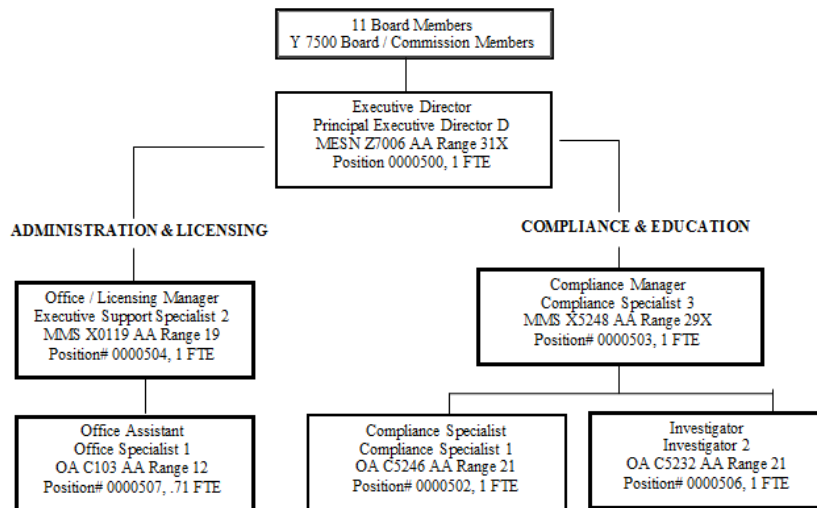
For budget purposes, the Board is considered a single program unit. For practical purposes, the Board's principal activities are organized in three sections: 1) licensing and examination; 2) compliance; and, 3) administration. Each of these components has some responsibility for education.

### Agency Organization

The Board is composed of eleven members appointed by the Governor: two funeral service practitioners, one embalmer, three cemetery representatives, one crematory operator and **four** public members.

There are six Board staff comprised of an executive director, compliance & education manager, an investigator, an inspector, an office & licensing manager, and a part-time office assistant.

Oregon Mortuary and Cemetery Board Organizational Chart 2013 - 2015

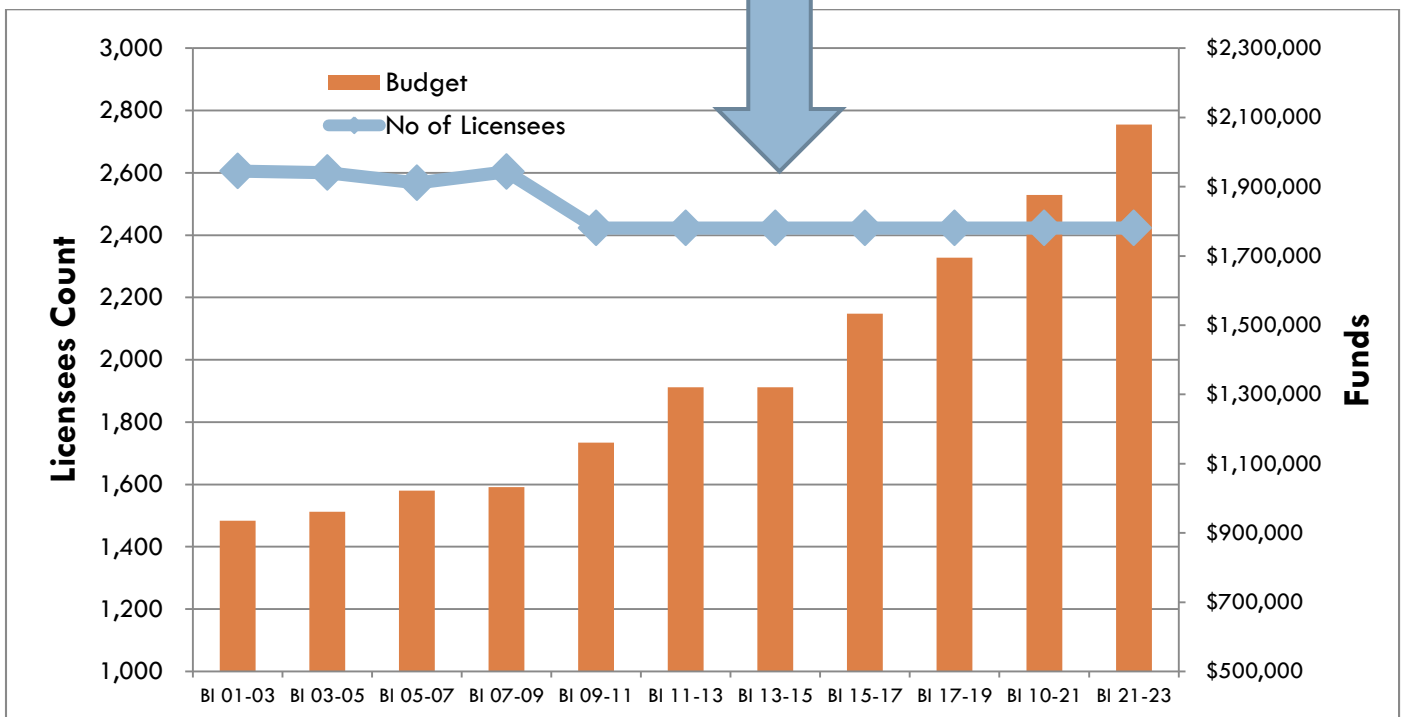


## Agency Performance

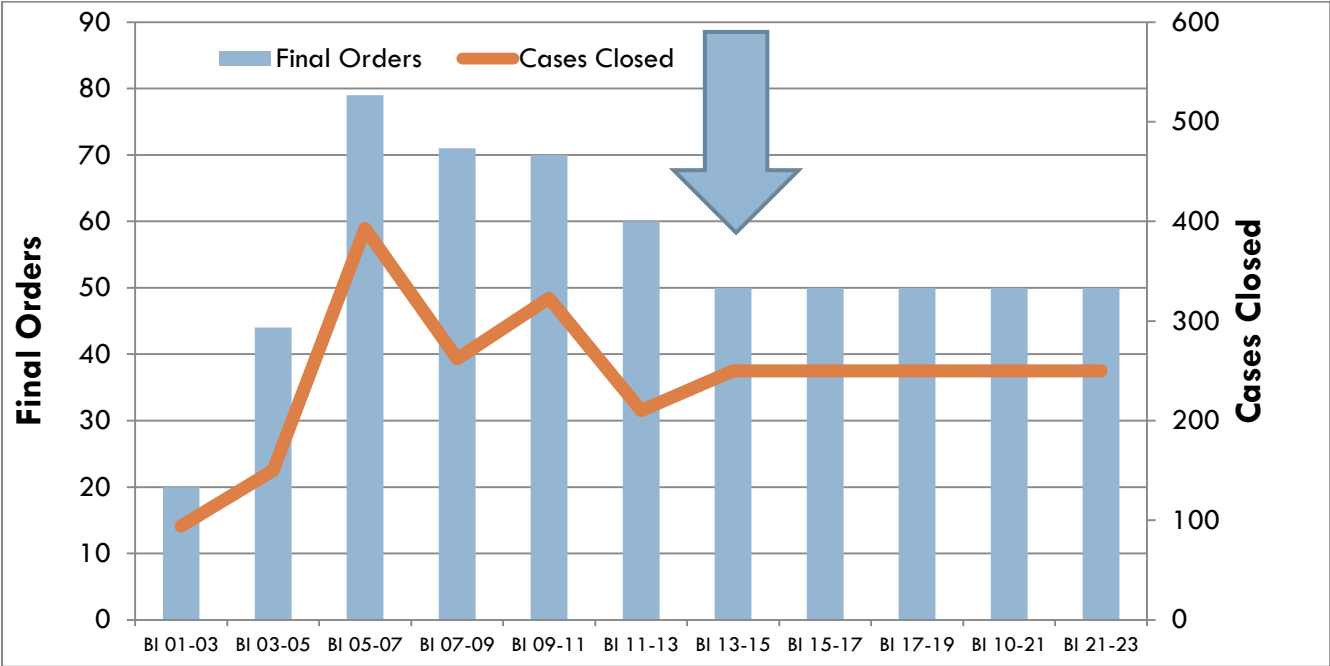
### Legislatively Approved Annual Key Performance Measures -- Targets and Summary Performance KPM

KPM	Title	Actual '11	Actual '12	% Change	Target 2012
1	Facility Inspections - percent of licensed facilities inspected not less than once per biennium.	39%	<b>53%</b>	<b>+14%</b>	<b>80%</b>
2	Investigations - percent of investigative reports completed within six months of a complaint from any person against a licensee.	41%	<b>55%</b>	<b>+14%</b>	<b>70%</b>
3	Customer Service - percent of persons rating their satisfaction with the agency's customer service as "good" or "excellent": Overall, timeliness, accuracy, helpfulness, expertise, availability of information.	79%	<b>90%</b>	<b>+11%</b>	<b>96%</b>
4	Percent of total best practices met by the Board.	100%	100%	-	<b>100%</b>

### Other Performance Data



The Governor's budget for the board is \$1.4 million total funds, which is derived principally from license fees and a portion of the Oregon death registration filing fee. The budget supports the Board's work in licensing approximately 2,400 practitioners and facilities. The budget supports six positions allowing the Board to keep pace with investigations into complaints.



	Cases Opened	Cases Closed	Final Orders	Conversion Rate	Violation Rate
BI 01-03	197	94	20	21%	1%
BI 03-05	229	150	44	29%	2%
BI 05-07	227	393	79	20%	3%
BI 07-09	345	262	71	27%	3%
BI 09-11	237	323	70	22%	3%
BI 11-13	226	210	60	29%	2%
BI 13-15	235	250	50	20%	2%
BI 15-17	235	250	50	20%	2%
BI 17-19	235	250	50	20%	2%
BI 10-21	235	250	50	20%	2%
BI 21-23	235	250	50	20%	2%

**Budget Drivers, Changes in Last Ten Years, Looking Forward**

The board received revenue from two sources; licensing fees as well as a portion of the initial death certificate filing fee. In the past ten years, the only fee change has been in the initial death certificate filing fee-the board’s portion increased from \$5 to \$14. This was the first increase in this portion in approximately 20 years. This fee is established in statute. The board has built up a larger ending balance after such an increase that will sustain the board through approximately 2018 before any additional increase is required.

In the last ten years the board has seen a stabilization of licensee base, which is not expected to increase in the near future as the industry itself does not anticipate net growth. However, operational costs, tied predominantly to personnel, have increased steadily. In addition, there is a growing need to increase outreach to the general public informing them of their options. The Board recognizes the need to identify alternative operational models that afford greater fiscal sustainability.

Appendix: Key Performance Results for FY2012

**OMCB Annual Performance Progress Report for FY 2012**  
(July 1 2011 through June 30 2012)

**Legislatively Approved Annual Key Performance Measures – Targets and Summary Performance**

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3	Customer Service - percent of persons rating their satisfaction with the agency's customer service as "good" or "excellent": Overall, timeliness, accuracy, helpfulness, expertise, availability of information.	79%	90%	+11%	96%
4	Percent of total best practices met by the Board.	100%			100%

**KPM #1 DETAIL: ACTUAL PERCENTAGE of INSPECTIONS COMPLETED**

FY 2012 Total Inspections	TOTAL
Funeral Establishments	58
Immediate Disposition Companies	8
Cemeteries	112
Crematories	13
<b>TOTAL Inspections for Fiscal Year 2012</b>	<b>191</b>
<i>Total x 2 (Biennium figure estimate)</i>	<i>382</i>
Number of Facility Licenses, July 2011	722
<b>Percent of relevant licensed facilities completed</b>	<b>53%</b>

**Data Notes (Inspections):**  
 • Number of inspections are based on manual tabulation of BIRs (Board Inspection Reports). Total number of inspections includes statutory inspections as well as inspections for other cause (for change of ownership, new facility, etc).  
 • Number of facilities does not include registered cemeteries (which are not inspected) or removal registrations.

**KPM #2 DETAIL: ACTUAL PERCENTAGE of COMPLAINTS INVESTIGATED (180)**

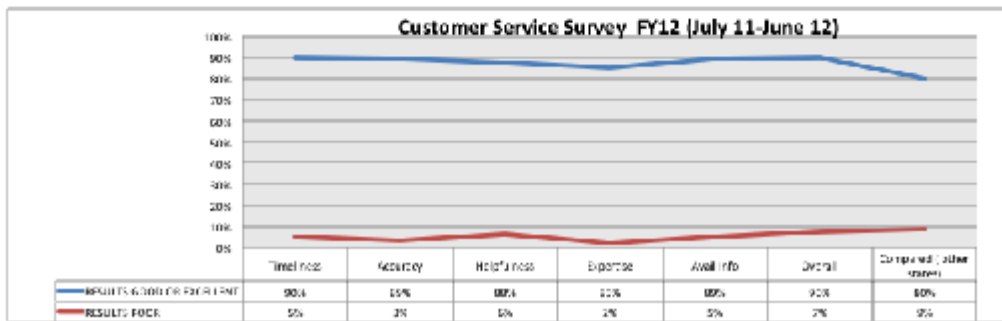
Total Closed	84	Total under 180 days	46
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"OMCB" as Complainant removed from data

% complete in 180	55%
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Cases closed in FY 2012 only  
 First date used for report, if multiple reports filed. (This was based on approach in FY09 to date tab in FY2008 report)

**KPM #3 DETAIL: CUSTOMER SERVICE EMAIL SURVEY DETAIL RESULTS**



total kpm report for fiscal year 2012 20120824 draft.docx