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# Credit Card, Home Equity Bills Pass

In the waning hours of the session, two long sought consumer protection measures—a home equity reform bill and a credit card disclosure bill—were approved by Congress.

President Reagan signed the credit card bill November 3, but he had not yet been presented the home equity loan reform bill as this issue went to press.

Due in large part to the efforts of Sen. Howard Metzenbaum (D-OH), Sen. Christopher Dodd (D-CT), and Rep. David Price (D-NC), the home equity reform bill, H.R. 3011, was detached from the stalled bank deregulation legislation and passed, without a number of anti-consumer provisions banking interests tried to attach to the bill.


### Bill Passes Clean

"Sen. Metzenbaum absolutely refused to take his hold off of the interlocking directorate bill, which the banks wanted, unless the home equity loan bill was passed clean," said CFA Legislative Representative Peggy Miller. "That pressure, linked with the strong, constant push for passage by Sen. Dodd and Rep. Price freed up the bill in the last minutes of the Congressional session."

The bill, which was co-written by Rep. Fernand St Germain (D-RI), Rep. Price, and Sen. Dodd, makes home equity loans a safer product for all consumers by:

- eliminating lenders' right to unilaterally change the terms of loans, which had allowed banks to raise interest rates above the terms in the contract for any reason;
- prohibiting lenders from calling in loans before the due date except in cases of fraud or misrepresentation by the borrower in connection with the loan, failure to meet the payment obligations, or borrower behavior that jeopardizes the value of the home; and
- improving disclosures and ending misleading advertisements, so that consumers will have the information they need on the terms of the loan.

### Credit Card Bill Passes Easily

Conferees were appointed and agreement was quickly reached in early October on Rep. Charles Schumer's (D-NY) compromise credit card disclosure bill, H.R. 515, which then easily passed both houses.

The bill, which mandates detailed disclosure of interest rates, fees, and other costs associated with the use of credit cards, had originally passed the House in October 1987 and the Senate the following December. Conference on the bill was set aside for ten months while the two banking committees worked on the major banking deregulation bill. "The bill might have stayed in limbo but for a relentless push for passage by Rep. Schumer," Miller said.

Although they had originally hoped for a stronger bill—one that included a cap on interest rates and did not preempt stronger state laws—consumer groups were generally pleased with the final bill.

"This bill represents a net gain for consumers," Miller said. "It ensures that they will be provided up front with the information they need to make a wise choice in selecting a credit card."

# CFA Calls for DOT Investigation of TWA

CFA has petitioned the Department of Transportation to investigate the financial fitness of Trans World Airlines in light of TWA Chairman Carl Icahn's plans to take the company private.

CFA Research Director Mark Cooper said that, because almost $700 million in TWA's cash could be used in the transaction, such a move would "put TWA on the brink of bankruptcy" by saddling the airline with $2.3 billion in debt and declining assets.

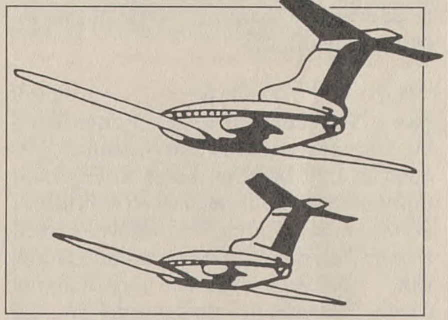
Consumers, who hold nearly $500 million in advance and unused tickets plus credits on TWA frequent flyer programs, are among the largest creditors of the airline. As a group, they rank just behind current obligations held by the "trade" and far ahead of labor.

Due to the fragmented nature of their claims, however, their ability to recover these obligations in case of bankruptcy "is nil, certainly less than most of the other large creditors," Cooper said.

Furthermore, some consumers are "virtual captives of TWA" because of its domination in several cities, such as St. Louis, where more than 80 percent of all flights are operated by TWA. "The failure of the airline or a significant reduction in service would have a devastating impact on these consumers, who have few alternatives for air travel," Cooper said.

"These clear threats to the public interest inherent in the financial devastation of TWA that would result from the merger make it incumbent upon the Department of Transportation to exercise the powers clearly reserved to it to protect the public interest," he said.

While the goal of airline deregulation was to increase efficiency in the industry through the infusion of competition, Congress recognized the continuing need for oversight of the industry to protect the consumer public and, therefore, included in the act a process for certification of carriers as "fit, willing and able" to serve the public.



This clearly gives DOT the authority to initiate a fitness investigation, Cooper said.

He said the DOT fitness investigation should consider mechanisms to ensure a commitment to provision of long-term, quality service. The certification enjoyed by TWA should be conditioned on a commitment to the preservation of cash and cash-equivalents in the company during the course of a property acquisition and debt reduction plan, he said.

*Notice to Readers: As this newsletter went to press, the DOT denied the petition.Though disappointed, Cooper said "the purpose was not simply to convince the DOT to act in this case, but also to put them on notice that there is strong public concern about the financial and mechanical health of the airline industry and that we believe the DOT possesses the power to address these situations, even though it has been reluctant to do so in the past."*

# CPSC, Congress Ban Lawn Darts

Following up on its July vote to initiate rulemaking—and one week after Congress passed legislation—the Consumer Product Safety Commission voted 2-0 in October to adopt a final rule banning lawn darts.

"The commission today finally did what it should have done a long time ago," said CPSC Commissioner Anne Graham.

Since 1972, at least three deaths and 67,000 injuries—often including brain damage or blinding—have occurred as a result of lawn darts. Existing regulations ban only those lawn darts intended for use by children and prohibit sales in toy stores or toy departments. Sale of lawn darts intended for adults is permitted in sporting goods stores or departments when the package carries a warning label.

Both the CPSC and CFA have found frequent violations of these regulations.

One week before the CPSC vote, Congress passed H.R. 5552, legislation to ban lawn darts sponsored by Energy and Commerce Chairman John Dingell (D-MI).

"We hope that this action by Congress and the CPSC will ensure that lawn darts are removed from the nation's shelves by the holiday shopping season," said CFA Product Safety Director Mary Ellen Fise. "Consumers who still own these deadly toys should be urged to dispose of them immediately."

# 1988 Congressional Review

## Financial Services $

Consumer advocates established beyond a doubt in the 100th Congress that, when legislation favorable to banks was considered, consumer concerns had to be addressed.

The biggest test this session came with the banking deregulation bill, which would have expanded banks' ability to engage in securities activities.

Consumer advocates insisted that, unless the bill contained such important low income provisions as basic banking, government check cashing, and improved community reinvestment, they would work for its defeat.

Banking lobbyists worked long and hard to get consumer provisions removed from the legislation, but the House Banking Committee remained adamant in favor of the protections.

Ultimately, the bill died because of a jurisdictional dispute between the Banking and Energy and Commerce committees, carrying these consumer provisions with it. But the defeat was not without its positive aspect: "By raising these issues and making them the focal point of debate, we established that consumer issues had to be addressed whenever banking legislation was on the table," said Miller.

The deregulation bill is projected to be back on the table sometime next session, along with a major bail-out of the Federal Savings and Loan Insurance Corporation, providing new opportunities to promote consumer protections.

"We won important victories on credit cards and home equity loan reform this session," said Miller. (See related article, page 1.) "We will be pushing hard next year to win passage of strong legislation to address the banking needs of low income consumers."

**Banking Deregulation**—S. 1886 passed the Senate in March. House Banking Committee passed one version of H.R. 5094 in July, but the House Energy and Commerce Committee passed a different version in September. The legislation died when Chairmen St Germain and Dingell were unable to resolve jurisdictional issues. Consumer protections in the original Senate bill include **truth in savings, home equity loan reform**, limited **community reinvestment reform**, and **financial consumer associations**. The final Proxmire version of the bill, which the Senate endeavored repeatedly to pass late in the session, included truth in savings, **government check cashing**, and home equity reform. Consumer protections in the House bill included truth in savings, **basic banking**, government check cashing, community investment reform, and home equity reform.

**Home Equity Loan Reform** —At the last minute, home equity reform, H.R. 3011, was detached from the larger banking deregulation bill and passed separately by both houses of Congress. (See related article, page 1.)

**Credit Card Disclosure**—A conference compromise bill, H.R. 515, was passed by both Houses in October. President Reagan signed the bill (P.L. 100-583) November 3. (See related article, page 1.)

**Fairness in Insurance**—H.R. 2727, a bill to repeal much of the antitrust immunity provided to the insurance industry by the McCarran-Ferguson Act, was approved by the Monopolies Subcommittee of the House Judiciary Committee in July. The bill never moved to full committee for a markup, however, due to time constraints and limited likelihood of passage late in the session.

**Securities Dispute Resolution**—H.R. 4960, the Securities Arbitration Reform Act of 1988, was introduced in June. Designed to reform the arbitration system in the securities industry and to restore consumers' rights to trial, it was never marked up. Supporters of the legislation have said they will renew their efforts for passage next session.

## Product/Food Safety

Consumer advocates' hopes for a major overhaul of the Consumer Product Safety Commission this session were dashed when CPSC reauthorization legislation failed to reach the floor in either the House or the Senate.

Despite the failure of the reauthorization legislation, consumer advocates did succeed in working with Congress to pressure the agency into acting on a variety of specific product hazards.

As a result of that pressure, the CPSC, whose rulemaking machinery virtually ground to a halt during the Reagan Administration:

- voted to ban lawn darts;
- declared certain household products containing methylene chloride hazardous substances and thus subject to warning label requirements;
- initiated rulemaking on cigarette lighters and small parts in children's toys; and
- finalized a consent decree with all-terrain vehicle manufacturers, which, though far weaker than consumer advocates had hoped, called for a ban of three-wheeled ATVs, among other provisions.

"It is clear that we will have to continue our watchdog role over the CPSC to ensure that consumer safety concerns are not ignored," said CFA Product Safety Director Mary Ellen Fise. "If they are ignored, we will again utilize legislative remedies, including reauthorization legislation, to continue to pressure the commission into doing its job."

On another front, consumer advocates fought a successful defensive battle to defeat a product liability reform law that would have seriously weakened victims' rights to sue manufacturers of harmful products.

"We certainly anticipate that manufacturers will continue their efforts to weaken the nation's product liability system in the next session, and we will continue to fight them however we can," said CFA Legislative Director Gene Kimmelman.

**CPSC Reauthorization**—H.R. 3343 and a similar measure, S. 1882, to reauthorize and reform the Consumer Product Safety Commission, both received committee approval but failed to make it to the floor of their respective houses.

**All-Terrain Vehicles**—Provisions to provide refunds to past purchasers of three-wheeled ATVs and adult-sized ATVs for use by children died with the failure of CPSC reauthorization bills, H.R. 3343 and S. 1882.

**Product Liability**—H.R. 1115, a bill that would have seriously limited victims' rights to redress in product liability cases, was approved by the House Energy and Commerce Committee in June but died in the House Judiciary Committee. There was no Senate action.

**Fishing Vessel Safety**—A fishing vessel safety bill was signed into law in September (P.L. 100-424), placing long needed safety standards on this industry. The bill does not, as originally proposed, include a harmful provision to cap awards to fishermen injured or killed in fishing vessel accidents.

**Lead in Drinking Water**—Congress passed H.R. 4939, the Lead Contamination Control Act of 1988, which bans the manufacture or sale of water coolers that are not lead-free and requires the Consumer Product Safety Commission to recall water coolers containing lead or lead-lined tanks; establishes a program to help schools evaluate and respond to lead contamination in school drinking water; and establishes a lead screening program for children to be coordinated by the U.S. Centers for Disease Control. Provisions that would have required the Environmental Protection Agency to establish a stringent new tap water standard for lead were removed from the bill to ensure swift passage of the measure by both houses.

**Toxic Art Supplies**—A measure to require precautionary labeling of toxic art supplies and to give responsibility for enforcement to the CPSC was detached from the CPSC reauthorization bill and passed by Congress as H.R. 4847. At press time, the President had not been presented the bill to sign.

**Pesticides**—Congress enacted a pesticide control bill (S. 629, P.L. 100-532), reauthorizing the Federal Insecticide, Fungicide and Rodenticide Act. The law, which President Reagan signed in October, calls for accelerated health effects testing of pesticides that lack full health and safety data, elimination of the government's obligation to indemnify chemical companies for stocks of pesticides EPA bans, and transfer of responsibilities for storage and disposal of banned pesticides from EPA to registrants.

**Alcoholic Beverage Labels**—Included in the omnibus anti-drug bill, H.R. 5210, was a measure to require manufacturers of alcoholic beverages to place labels on their products warning of the dangers of drinking while pregnant and drinking and driving. The final version, which passed both houses in October, was far weaker than original proposals, changing preemption provisions that may affect liability suits concerning failure to warn. Rep. Conyers, an original sponsor, did not support the compromise bill for this reason and pledged to offer a strengthening bill in the next Congress.

**Food Safety**—A variety of bills introduced in 1987 that were aimed at improving the quality of and increasing the amount of information available to consumers on food labels died in committee in the 1988 session. These bills included measures on tropical oils (H.R. 2148, S. 1109), on "lite" labeling and advertising (H.R. 4042), fast food ingredient labeling (H.R. 915, S. 1325), and nutrition labeling (H.R. 1902). S. 1813, the Safe Foods Standards Act, aimed at improving food inspections, also died in committee.

## Energy and Utilities

Although there were "no hot energy issues on the table" in this session of Congress, several issues were introduced which could heat up considerably next year, according to CFA Research Director Mark Cooper.

With the clear intention of paving the way for the next Congress, two major bills to address the greenhouse effect were introduced at the end of this session. Backers of these bills are expected to make this an important issue next year.

Also, Congress has begun to examine the need for reform of the Public Utilities Holding Company Act, with debate expected to intensify next year.

After failing to move a measure to reform implementation of the Staggers Act, the bill's chief sponsor in the Senate, John D. Rockefeller IV (D-WV), pledged to resume the battle next year. Artificially high rail rates charged to coal producers who are captive shippers have a direct impact on electric utility costs.

**Staggers Act**—H.R. 1392 to reform the Interstate Commerce Commission's implementation of the Staggers Act and protect captive shippers against price gouging by monopoly railroads won an early victory in the House Transportation, Tourism, and Hazardous Materials Subcommittee. When the Senate Commerce Committee rejected a similar measure 9-10 in September, however, supporters ceased efforts to get a full committee mark up in the House.

**Alternative Fuels**—A law to promote the use of methanol and other alternative fuels in automobiles was cleared by Congress in September and signed into law (S.1518, P.L. 100-494). The law gives car manufacturers incentives to manufacture cars that can run on alternative fuels.

**PUHCA Reform**—The Senate Committee on Energy and Natural Resources held hearings in February and the Subcommittee held hearings in September on the need to reform the Public Utility Holding Company Act to increase competition in the electric utilities industry. More attention to this issue is expected in the next Congress.

**Natural Gas Bypass**—The Subcommittee on Energy Regulation and Conservation of the Senate Committee on Energy and Natural Resources held hearings in September on the proper roles for state public utility commissions and the Federal Energy Regulatory Commission in evaluating the bypass of natural gas local distribution companies. Captive consumers, such as residential and small commercial ratepayers, are forced to bear increased costs when major users bypass the local system, which FERC has shown a willingness to permit.

## Telecommunications

In an environment in which Congress was not inclined to legislate, consumer advocates were nonetheless able to work with Congress to pressure the Federal Communications Commission on two key telephone issues.

The telephone companies, with the backing of the FCC, sought an increase in the **Subscriber Line Charge** (the monthly fee for access to long distance services) to $4 by June 1988. As a result of pressure from Congress, the FCC limited the rate increase to $3.20 by December 1 and $3.50 by April 1, 1989, and promised not to increase the SLC further.

Also as a result of pressure from members of Congress, the FCC has slowed its plans to replace rate of return regulation with **price cap regulation**, which opponents say would result in massive overcharging of ratepayers.

"The local phone companies are now aggressively coming back with a whole new agenda aimed at getting the next Congress to modify the AT&T breakup and allow the Bell Companies into manufacturing and computer and information services. This agenda presents many ratepayer concerns we will have to address in the next Congress," said CFA Legislative Director Gene Kimmelman.

**Children's Television**—Congress cleared a law to limit the time broadcasters can devote to commercials during programming aimed at children, but President Reagan vetoed the bill in November on the grounds it violates broadcasters' rights to free speech. The bill, H.R. 3966, also would have required federal regulators to consider, when reviewing applications for license renewals, whether the station "has served the education and information needs of children in its overall programming." Outraged supporters vowed to resubmit the legislation next session.

**Telemarketing Fraud Prevention Act**—In June, the House passed H.R. 4101, which is designed to strengthen regulation against telemarketing fraud. Similar legislation, S. 2213, was introduced in the Senate but never reached a floor vote.

**FCC Tariff Review**—Included in the FCC reauthorization bill is a provision to limit the time the FCC can take for legal review of tariff filings, a modest effort to end the FCC's practice of letting such reviews proceed indefinitely while rate hikes go into effect.

## Health Care

In the health care field, one major victory, the enactment of a catastrophic care law, was scored and several new campaigns were initiated.

The catastrophic care bill, which consumer advocates supported, represents the largest expansion of Medicare since the program's inception in 1965 and the program's first coverage of out-patient prescription drug costs. It helps alleviate the financial burdens of acute illness and injury to Medicare recipients.

Consumer advocates also joined coalitions seeking to require employers to provide health benefits for employees and to pass legislation providing long-term health care. A minor initial victory in this area occurred with the inclusion in the catastrophic care bill of a provision to establish a commission to report back to Congress next year on the issues of insurance for the uninsured and long-term care.

"This may focus attention on the need to get something done in these areas," said Gene Kimmelman, CFA Legislative Director. "Efforts will be continued next year to mount political pressure to address these problems."

"CFA will also continue to join efforts to address the failure of Medicaid to provide adequate coverage to all people below the poverty line and will be getting more involved in issues of marketplace abuses within the health care arena," Kimmelman said.

Initial efforts in the area of marketplace abuses failed when a clinical lab reform bill was passed without limiting physicians' ability to profit from the tests they prescribe. Congress did, however, set minimum quality standards for clinical laboratories. (See related article, page 4.)

"We intend to expand our efforts to prevent medical marketplace abuses next session," Kimmelman said.

**Catastrophic Care**—In August, President Reagan signed into law a bill (H.R. 2470, P.L. 100-360) designed to help alleviate Medicare recipients' financial burden in the event of catastrophic illness or injury. Funded through cost sharing, the law caps the amount beneficiaries must pay in a given year for hospital and doctor services, including prescription drugs.

**Long-Term Care**—H.R. 3436 died in the House in June, when House members voted 169-243 against suspending rules to allow consideration of the bill, which had not been submitted for approval to House Ways and Means or the Energy and Commerce Committee. Even many members who voted against consideration of the bill this session promised that the issue would be raised again in the next session.

**Mandatory Health Insurance**—S. 1265, which would have required large companies to make health insurance available to their workers, failed to advance beyond the Senate Labor Committee, where it was approved in February.

**Clinical Laboratory Regulation**—In November, President Reagan signed into law H.R. 5471, a bill that sets quality standards for medical laboratories and requires almost all of the nation's laboratories, including those in doctors' offices, to be federally certified.

**Trauma Care**—H.R. 3133, the Trauma Care Systems Planning and Development Act, a bill to establish guidelines and provide federal financial assistance for states to develop the trauma care component of their emergency medical services plans, was passed by the House in September but did not come up for consideration in the Senate. S. 10, the Emergency Medical Services and Trauma Care Improvement Act, was reported out of the Senate Labor and Human Resources Committee, but was stopped in the Senate Commerce Committee.

## Transportation

As a result of major legislative efforts to improve consumer protections in the airline industry, the Department of Transportation and the Federal Aviation Administration have become "tremendously sensitized to public concerns about airline service," said CFA Research Director Mark Cooper.

Although the consumer protection legislation failed, it did prompt increased DOT and FAA attention to these problems, Cooper said.

Furthermore, a study, ordered by Congress, to assess airport pricing practices with regard to off-premises rental services is already underway. Completion is expected before Congress returns next year, thus laying the foundation for possible legislative action. CFA is prepared to work vigorously next year for reform of these pricing practices, Cooper said.

**Airline Consumer Protection**—House and Senate conferees failed to agree on legislation (H.R. 3051, S. 1485) to protect passengers from poor airline service. Disagreement centered around a provision in the Senate bill to require random drug and alcohol testing in major transportation industries. Both bills contained similar provisions requiring disclosure of service and performance records, including data on flight delays.

**Staggers Reform**—See Energy.

## Indoor Air Quality

Although comprehensive indoor air quality legislation failed to pass in either house of Congress this session, progress was made in the 100th Congress on several indoor air quality issues.

A bill to ban smoking on airline flights of two hours or less was passed at the end of 1987. At the end of the 1988 session, Congress passed legislation to assess and mitigate risks associated with radon contamination in homes, schools, and federal buildings. (See related article, this page.)

Although the failure of comprehensive indoor air legislation to pass was a disappointment, extensive hearings on indoor air issues served to raise awareness of the problems associated with indoor air contamination, as did the health advisory on radon issued by EPA and the Surgeon General.

"Now that a hearing record exists in both houses and general agreement has been reached on the form legislation should take, we are optimistic that comprehensive legislation will be a priority next year," said CFA Legislative Representative Sandra Eskin.

**Radon**—President Reagan has signed S. 744, which requires the Environmental Protection Agency to help states establish radon abatement programs and authorizes $45 million over the next three years to fund a comprehensive program to help reduce the risks to human health posed by radon. President Reagan also signed H.R. 4352, the Omnibus McKinney Homeless Assistance Act, which includes a provision calling on the Department of Housing and Urban Development to develop a policy for dealing with radon contamination in multi-family housing.

**Comprehensive Indoor Air Quality Legislation**—S. 1629, a bill to authorize a comprehensive national program to reduce the health threat posed by indoor air pollution, was reported out of the Senate Environment and Public Works Committee in August but never came up for a floor vote in the Senate. H.R. 3809 was introduced in December 1987 and hearings were held, but no votes were taken.

# Radon Legislation Enacted

One month after the EPA and the U.S. Surgeon General issued a joint health advisory in which they urged that all houses be tested for radon, President Reagan signed into law a bill that sets a new goal for indoor radon levels and requires the Environmental Protection Agency to help states establish radon abatement programs.

The bill, S. 744, which was amended by the House to incorporate numerous provisions from H.R. 2837, authorizes $45 million over the next three years to fund a comprehensive program to help reduce the risks to human health posed by radon.

The bill sets as a long-term, national goal the reduction of radon levels in buildings to the level of radon found in the outside air (approximately 0.2 picocuries per liter).

The EPA has been using 4.0 pc/l as the "action level" or "guidance level" for corrective action, which has led the public to view levels below 4.0 pc/l as safe. On the contrary, the EPA estimates that exposure to 4.0 pc/l is equivalent to smoking half a pack of cigarettes a day or receiving 300 chest x-rays per year. Furthermore, a recent National Academy of Sciences report confirms that 4.0 pc/l poses a very high lung cancer risk.

This legislation also directs the EPA to: set up training programs for state and local officials; administer grants to the states; survey schools and federal buildings to determine radon contamination levels; establish a national clearinghouse of radon-related information; certify measurement devices and mitigation technologies; develop model construction standards and techniques for radon reduction; administer grants to universities to establish regional training centers; and update its "Citizen's Guide to Radon" to provide the public with more information about the degree of risk associated with various levels of radon in the home and about available methods to measure and reduce radon levels.

Congress also addressed the issue in H.R. 4352, the Omnibus McKinney Homeless Assistance Act, which was passed by the Congress in the final days of this session. Included in that bill was a provision requiring the Department of Housing and Urban Development to develop a departmental policy for dealing with radon contamination in multifamily housing.

"With these two bills, the 100th Congress took a big step forward in the fight to control radon contamination," said CFA Legislative Representative Sandra Eskin. "We hope the next Congress will take the essential step of adopting a federal strategy to address the general problem of indoor air pollution."

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# Survey Reveals Food Price Hikes, Little Gouging

The first results from monthly food price surveys are in, and they represent both good and bad news for consumers.

"The good news is that, between July and August, most surveyed prices stayed the same or declined," said CFA Executive Director Stephen Brobeck. "The bad news is that 29 percent of surveyed prices rose, and typically these increases were quite large."

"These first price checks give us reason to be concerned that some food prices may be rising contrary to economic experts' opinions," said Ellen Haas, Executive Director of Public Voice for Food and Health Policy.

In mid-July, CFA and Public Voice announced their intention to monitor food prices for several months as part of a plan aimed at heading off drought-related price gouging. Fourteen CFA state or local member groups surveyed prices at major supermarket chains in 16 areas on food staples.

Having established baseline pricing data in July, the groups repeated the surveys in August. A comparison of the two sets of prices revealed the following trends:

- More beef prices (sirloin, ground chuck, ground round) rose than fell, and the price rises were typically larger than the declines. For example, at 35 percent of the supermarkets surveyed, the price of sirloin rose, but at only 25 percent did it decline. Also, the median increase was 14.1 cents, while the median decrease was only 9.0 cents. Agricultural economists agree that beef prices should have been falling in this period because so many cattle were being sent to market.
- The prices of dairy products are not rising as rapidly as many experts had feared they would. More stores raised than lowered prices for milk and butter, but these increases were fairly modest, three to five percent typically. Eighty percent of the stores in the sample did not change their price of ice cream.
- The prices of some wheat products rose more rapidly than expected. In particular, at half the sampled stores the price of Wheat Chex went up, with a median increase of 10.4 cents.
- The prices of fresh fruits and vegetables rose somewhat more rapidly than predicted, especially for plums. Yet, even though more stores hiked corn and broccoli prices than reduced them, median price decreases were typically larger than increases.
- Within the sample, price hikes were most likely to occur in Boise, Idaho; Mercer County, Pennsylvania; and San Francisco. They were least likely to take place in Washington, D.C.; Manhattan, Kansas; Cleveland, Ohio; and Los Angeles.

"Our survey suggests that in late July and early August there was no extensive price gouging," said CFA's Brobeck. "Of course, June food price hikes were substantial."

The 14 groups that collected the price data are: Alaska PIRG (Anchorage), Association of Massachusetts Consumers (Boston), Consumers League of Ohio (Cleveland), Idaho Consumer Affairs (Boise), Consumer Education and Protection Association for Kansas (Manhattan), California PIRG (Los Angeles and San Diego), Mercer County Community Action Agency (Pennsylvania), Concerned Consumers League (Milwaukee, Wisconsin), Arizona Consumers Council (Phoenix and Tucson), Empire State Consumer Association (Rochester, New York), Consumer Action (San Francisco, California), Consumer Affairs Committee of Americans for Democratic Action (Washington, D.C.), American Council on Consumer Awareness (St. Paul, Minnesota), and Virginia Citizens Consumer Council.

### Food Price Changes at 46 Supermarkets July-August, 1988

| ITEM | INCREASE | DECREASE | NO CHANGE | MEDIAN INCREASE (cents) | MEDIAN DECREASE (cents) |
|---|---|---|---|---|---|
| Sirloin | 35% | 25% | 40% | 14.1 | 9.0 |
| Ground chuck | 31% | 23% | 46% | 12.5 | 6.7 |
| Ground round | 28% | 28% | 44% | 15.5 | 9.6 |
| Chicken | 20% | 37% | 43% | 21.5 | 11.2 |
| Milk | 30% | 7% | 63% | 3.1 | 9.2 |
| Butter | 29% | 7% | 64% | 4.6 | 3.9 |
| Ice cream | 9% | 11% | 80% | 26.5 | 12.8 |
| Margarine | 29% | 11% | 60% | 17.5 | 22.7 |
| Vegetable oil | 33% | 9% | 59% | 7.7 | 3.8 |
| Wheaties | 26% | 19% | 56% | 9.9 | 7.7 |
| Wheat Chex | 50% | 16% | 34% | 10.4 | 8.2 |
| Broccoli | 31% | 10% | 60% | 9.2 | 10.2 |
| Corn | 39% | 14% | 48% | 9.2 | 17.9 |
| Raisins | 13% | 13% | 74% | 6.7 | 12.6 |
| Plums | 40% | 19% | 42% | 34.0 | 11.3 |
| Canned tomatoes | 16% | 21% | 63% | 17.5 | 12.7 |
| Spaghetti | 23% | 23% | 53% | 13.7 | 10.2 |

# Law Enacted to Strengthen Medical Lab Regulation

President Reagan signed into law November 1 a bill to require virtually all clinical laboratories in the nation, including those in doctor's offices, to obtain federal certification.

The legislation, H.R. 5421, which was passed by the House October 6 and by the Senate October 11, was a compromise version of earlier bills approved by the House (H.R. 5150) and by the Senate Labor and Human Resources Committee (S. 2477).

In addition to making federal certification a condition of doing business for labs that perform medical tests on human tissue, H.R. 5471 requires that these labs:

- meet federal quality-control and quality-assurance standards;
- undergo periodic inspection and proficiency testing; and
- conform to regulations aimed at reducing the error rate for the Pap smear, a test used to detect cervical cancer and other ailments in women.

Labs that perform only very simple tests judged to have a low probability of errors could receive "certificates of waiver," exempting them from inspection provisions and other standards.

"This is a major step forward in reforming the health care industry by subjecting all labs to quality regulation," said CFA Research Director Mark Cooper. "But it only addresses one part of the problem. CFA will be working vigorously next year to reform the economic regulation of the billing for laboratory and other medical services."

Two controversial provisions of the Senate bill aimed at reducing physician self-dealing were dropped from the final bill in order to ensure passage. One measure would have required laboratories to bill patients directly, instead of the current common practice of billing through doctors. The second would have banned physicians from sending samples to laboratories in which they have a direct financial interest.

In praising the passage of H.R. 5421, Senators Brock Adams (D-WA) and Barbara Mikulski (D-MD), who co-sponsored the Senate bill, both stressed the need to address the issue of economic regulation next year.

Recognition of the need to replace the existing patchwork of regulations was in large part the result of a spate of media reports, including a Pulitzer Prize winning series in the *Wall Street Journal* on high inaccuracy rates as a result of overworked lab technicians, lax enforcement, and fraud.

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