

MARCH 05, 2024

FACT SHEET: President Biden Announces New Actions to Lower Costs for Americans by Fighting Corporate Rip-Offs

Launch of Strike Force on Unfair and Illegal Pricing; New Actions to Slash Credit Card Late Fees, Combat High Internet Costs, and Support Small Farmers; And New Report Showing That Administration Efforts to Eliminate Junk Fees Will Save Over \$20 Billion Annually

President Biden is laser focused on lowering costs for hardworking Americans by taking action to end corporate rip-offs and other unfair practices that keep prices high. Under the President's leadership, agencies across the Administration are working to promote competition, protect consumers, and lower prices by implementing the President's Executive Order on Promoting Competition in the American Economy.

Today, President Biden will launch a new Strike Force to crack down on unfair and illegal pricing. President Biden is committed to making sure corporations are held accountable when they try to rip off Americans, including when they break the law while keeping prices high. To that end, the President is establishing a new Strike Force on Unfair and Illegal Pricing co-chaired by the Department of Justice (DOJ) and the Federal Trade Commission (FTC). This Strike Force will strengthen interagency efforts to root out and stop illegal corporate behavior that hikes prices on American families through anti-competitive, unfair, deceptive, or fraudulent business practices. DOJ and FTC, along with other agencies on the Strike Force, will focus their collaborative efforts on key sectors where corporations may be violating the law and keeping prices high, including prescription drugs and health care, food and grocery, housing, financial services, and more.

At its sixth meeting, President Biden's Competition Council will announce three new actions to promote competition and lower costs and

release a new report showing that the Administration's work to eliminate junk fees will save Americans more than \$20 billion each year:

- **Ending excessive credit card late fees.** Today, The Consumer Financial Protection Bureau (CFPB) finalized a rule to slash credit card late fees from the current average of \$32 down to \$8, saving consumers \$10 billion a year, or an average savings of \$220 per year for the more than 45 million people who are charged these late fees annually. For too long, surprise and hidden late fees have burdened consumers. By closing the loophole that has allowed companies to charge these excessive late fees, today's action will not only save consumers billions of dollars but promote fair and competitive markets. It builds off of steps the CFPB has already taken to crack down on junk fees in the banking sector, including fees for basic customer services and moving to curb overdraft fees and bounced check fees. In addition, the CFPB has found that credit card interest rate margins have climbed to an all-time high and big banks are charging more in interest than smaller banks.
- **Saving consumers more than \$20 billion in junk fees.** A new blog published today by the Council of Economic Advisers (CEA) finds that actions from the Biden-Harris Administration will help eliminate more than \$20 billion in junk fees annually going forward. Analysis of a number of major sectors across the economy show that consumers pay \$90 billion in junk fees every year, including on live event tickets, internet and cable fees, apartment rentals, banking fees, auto dealer fees, and more. The CEA analysis cites extensive literature that indicates fees dripped in throughout the purchasing process after the consumer has already made decisions about what to buy make it difficult to comparison shop, disadvantage businesses that don't want to employ junk fees, and lead to consumers paying more.
- **Cracking down on bulk billing junk fees to lower costs and promote competition.** The Federal Communications Commission (FCC) is circulating a proposed rule that would lower costs and increase choice for consumers by banning "bulk billing" arrangements, a practice by which landlords or providers charge everyone living or working in a building for a particular internet, cable, or satellite service, even if they don't want it or haven't opted in. These arrangements limit consumer choice by preventing tenants from choosing the services at the price

point and level that are best for their needs, and can impose fees for unnecessary services and deter competition. In addition, the proposed rule seeks to address other exclusive arrangements between service providers and landlords that impede competition and drive-up prices, such as exclusive wiring arrangements, exclusive marketing arrangements, and certain revenue sharing agreements.

- **Promoting competitive agricultural markets and ensuring fairness for farmers and ranchers.** Fair competition is key to making sure America's food markets operate effectively and producers and consumers have robust choices and opportunity. Today, the Department of Agriculture (USDA) finalized a rule to protect the farmers and ranchers who produce meat and poultry by cracking down on processing companies' deceptive contracts, banning retaliatory practices that prevent small producers from raising concerns or coming together in associations, and protecting certain producers from discrimination. USDA's work across the agricultural supply chain helps support more competition, which can lower food prices.

Today's announcements build on far-reaching work the Competition Council has undertaken during the seven months since its last meeting, including:

- **Cracking down on junk fees that cost consumers \$90 billion each year.** The FTC has proposed a rule that, if finalized as proposed, would ban companies from charging hidden and surprise junk fees and require that prices are listed upfront when consumers make purchases. In addition, the FTC finalized a rule to ban auto dealers from using bait-and-switch tactics to deceive consumers and to stop auto dealers from charging hidden junk fees for services that provide no additional value. The Department of Labor also proposed a rule that would reduce junk fees in retirement products and help ensure that the financial advice that Americans get about their retirement is in their best interest. Finally, the FCC proposed a rule to ban early termination fees for cable and satellite operators, and later this month will vote to finalize a rule to mandate all-in pricing for cable and satellite services.
- **Prohibiting financial product comparison shopping tools from steering consumers to products based on kickbacks.** The CFPB issued

a circular stating that companies that provide consumers with comparison shopping tools—say for a credit card, loan, or bank account—are prohibited from steering consumers to products or lenders because they are receiving a kickback. Individuals often use these sites thinking they are receiving unbiased comparisons; manipulated results makes it difficult for consumers to honestly evaluate products, and may result in choosing a less advantageous product.

- **Promoting competition in food and grocery markets.** USDA continues to support new entrants in food markets, protect farmers and ranchers, and lower prices for consumers. This includes supporting domestic fertilizer production with over \$50 million in grants awarded in October as part of up to \$900 million in funding for the program. USDA also finalized a rule to improve poultry markets by making sure poultry growers receive the information they need about costs and payments from the large corporations they work with.
- **Making health care markets more affordable and competitive.** In December, the Department of Commerce released a proposed framework providing guidance that agencies can consider price as a factor when determining whether to exercise march-in rights for federally funded inventions connected to prescription drugs. In addition, HHS rejected more than 1,000 Medicare Advantage TV marketing ads in one year that were misleading to consumers and proposed a rule that if finalized will prohibit insurance companies from paying brokers to steer patients towards certain plans based on compensation, rather than options that meet best patient health needs. Additionally, HHS proposed to protect Medicare consumers from third parties selling their information without their consent. HHS also took historic steps to break up the Organ Procurement and Transplantation Network vendor monopoly. Finally, FTC and HHS launched a probe into anti-competitive behavior by group purchasing organizations (GPOs) and drug wholesalers that may contribute to generic drug shortages and HHS is seeking input on how the agency can increase transparency and promote competition in Medicare Advantage markets.
- **Improving transportation systems.** The Surface Transportation Board has proposed a new reciprocal switching rule to improve efficiency and increase competition for moving goods across the country, by creating an

opportunity for competitors to share the tracks with railroads that fail to provide reliable service. The Federal Maritime Commission is also implementing the bipartisan Ocean Shipping Reform Act signed by President Biden, including issuing a final rule that provides new clarity and timelines on when shippers like farmers and retailers can be billed by ocean carriers. Finally, the Department of Transportation levied a record \$140 million penalty on Southwest Airlines for their 2022 holiday meltdown—\$90 million of the penalty will go towards compensating future Southwest passengers affected by cancellations or significant delays caused by the airline.

- **Institutionalizing competition.** The FTC and DOJ recently finalized updated merger guidelines to reflect the realities of the modern economy and help promote fair, open, and competitive markets as the two agencies review mergers that come before them. Further, the Office of Information and Regulatory Affairs released new guidance to ensure that competition continues to be at the center of future federal rulemaking.
- **Lowering costs and improving access in the communications sector.** The FCC is working to restore net neutrality, which will prohibit Internet Service Providers from blocking legal content, throttling speeds, and creating fast lanes that favor those who can pay for access. The FCC also adopted rules that prohibit digital discrimination in high-speed Internet access based on income, race, ethnicity, religion, and national origin, which will protect civil rights, lower costs, and increase internet access for Americans across the country.

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