

Retirement Weekly

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November 19, 2010 (Vol. 8, No. 47)

What you need to know about Medicare Advantage plans

By Neil Downing, CFP®

Medicare Advantage plans?

Are those things still around?

Yes. Despite all the fire and brimstone in debates surrounding the big federal health-care legislation enacted earlier this year, Medicare Advantage plans are still here. They're still popular. And they'll cost about the same. There are also a few changes you'll need to know about — now and in the future.

At issue is the federal Medicare health insurance program, which generally provides coverage to people 65 and older. (It also covers some younger people who are disabled.)

A time to choose

In general, you get to choose a Medicare plan once a year. And for most beneficiaries, that time is right now: the annual open enrollment period began Nov. 15 and ends Dec. 31.

It is at this time of year, too, when beneficiaries have a decision to make: Go with traditional Medicare (perhaps with a supplemental insurance plan, called a Medigap plan), or choose a one-stop shopping plan, called a Medicare Advantage plan.

President Barack H. Obama and some members of Congress clashed over funding and other aspects of Medicare Advantage plans when the health-care overhaul legislation was being considered. Some opponents of the overhaul still say that the new law will sharply curtail the plans in years to come.

But for now, Medicare Advantage plans continue and the program remains popular: About 11 million beneficiaries are enrolled in Medicare Advantage plans. That works out to nearly one out of every four beneficiaries, according to the most recent Medicare Board of Trustees report transmitted to Congress and the White House in August.

That represents the largest enrollment in the history of Medicare Advantage and its predecessor programs, according to the Medicare Payment Advisory Commission (MedPAC), an independent congressional agency that advises Congress on issues affecting Medicare.

And in a conference call to outline Medicare plans available for

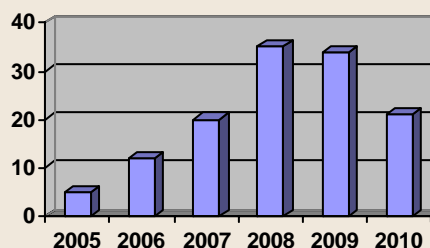


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Availability of Medicare Advantage plans

For the past five years, all beneficiaries of the federal Medicare health insurance program have had ready access to Medicare Advantage plans, according to the Medicare Payment Advisory Commission. For 2010, Medicare beneficiaries could choose from an average of 21 plans operating in their counties (down from 2008 and 2009, reflecting an effort by the federal Centers for Medicare & Medicaid Services to reduce the number of duplicative plans and plans with small enrollment).

■ Average number of Medicare Advantage plans



Source: Medicare Payment Advisory Commission

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2011, U.S. Health and Human Services Secretary Kathleen Sebelius said that the Medicare Advantage program is “stronger than ever before.” Average premiums will be 1% lower for 2011, she said.

How Medicare Advantage plans work

You know about Medicare Part A. It generally helps pay for hospital, home health and some other expenses.

You know about Medicare Part B. It generally helps pay for physician, outpatient hospital, home health, and other services.

Medicare Part A and Part B are sometimes referred to as traditional Medicare (or original Medicare). When you use the services of a health-care provider — such as a doctor, lab or hospital — the Medicare program reimburses the provider directly. (You may have to pay a portion of the cost. You may have a Medigap plan that kicks in too.)

Medicare Advantage plans are essentially managed-care plans, and they typically work like this: Once you sign up, the Medicare program typically pays a private insurer or similar organization a set amount of money, and the insurer uses that money to pay for your care throughout the year.

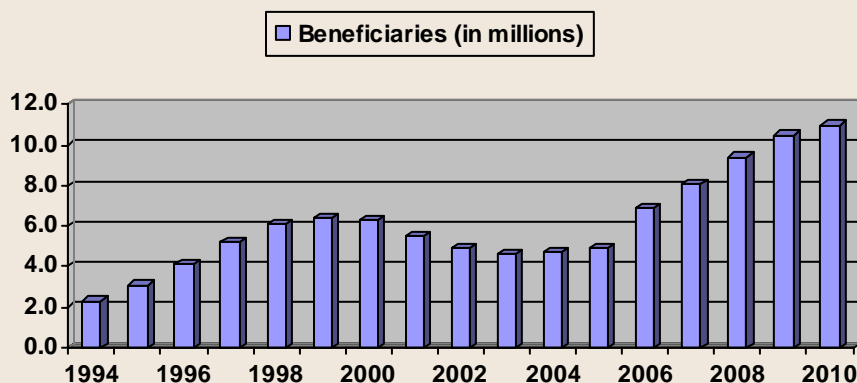
The idea behind managed care is to save money. The plans generally emphasize prevention, and keeping fit and healthy, while also limiting the use of services.

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In a surprising move, the Obama administration will extend special bonus payments meant to reward top-performing Medicare Advantage insurers to those that score only average ratings. (Kaiser Daily Health News, <http://www.kaiserhealthnews.org/Stories/2010/November/16/Medicare-Advantage-bonuses.aspx>.)

Medicare Advantage plan enrollment

About 11 million beneficiaries of the federal Medicare health insurance program are enrolled in Medicare Advantage plans, the highest number in the history of Medicare Advantage (and predecessor plans). About 24% of all Medicare beneficiaries were enrolled in Medicare Advantage plans at the end of 2009.



Source: "Healthcare Spending and the Medicare Program," Medicare Payment Advisory Commission (MedPAC), June 2010, and the "2010 Annual Report of the Boards of Trustees of the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund."

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History of Medicare Advantage plans

Medicare was established in 1965. Over the following 45 years, it has had an on-again, off-again relationship with managed-care plans.

A corruption and fraud scandal, involving a big managed-care operator in Florida in the 1980's, dampened enthusiasm for the plans for a time.

One of the most significant developments in the program's history came in 1997, when the Balanced Budget Act officially created Medicare Part C. In essence, it established, in federal law, the availability of Medicare managed-care plans under the banner "Medicare+Choice."

Thus, if you were entitled to Medicare Part A and enrolled under Medicare Part B, you could get your benefits through traditional Medicare or through a private insurance provider (a Medicare+Choice plan).

The government's support for such plans has gone up and down over the years, and plans have been expanded and withdrawn. As a result, enrollment has been volatile.

In 2003, Congress approved legislation, signed by President George W. Bush, that changed the picture significantly. It scrapped the name "Medicare+Choice," replaced it with the name "Medicare Advantage," and provided for additional funds to help stabilize the program.

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The private Medicare Advantage plans were generally paid a higher average amount, and the additional payments were used, at least in part, to reduce enrollee cost-sharing requirements and provide extra benefits, according to the recent Medicare Board of Trustees report.

Those benefit enhancements helped boost Medicare Advantage enrollment. “The number of Medicare beneficiaries enrolled in private health plans under Part C has increased substantially in recent years, reflecting the higher Medicare payments to Medicare Advantage plans . . . and the additional benefit coverage that such plans could offer as a result,” the report said.

Another big change

The benefit enhancements, while valuable to enrollees, also resulted in higher Medicare costs overall (about 14% higher in 2009) — and higher premiums for all Part B beneficiaries, not just those who were enrolled in Medicare Advantage plans, the trustees said.

So along came another federal law that changed the picture yet again. Under the gigantic federal health legislation approved by Congress earlier this year and signed into law by President Obama, Medicare will pay some of the managed care plans more money and others less.

Overall, the law reduces Medicare payments to private plans, which will result in less-generous plan benefit packages and/or higher premiums. As the changes are phased, mainly from 2012 to 2017, the trustees expect enrollment in Medicare Advantage plans to decline.

When the changes are fully phased in (in 2017), about 15% of Medicare beneficiaries will remain in private Part C health plans, compared with about 25% now. “Ultimately, the proportion of beneficiaries in such plans is estimated to stabilize at just under 13%,” the trustees said.

Where things stand

That’s what the future may look like. Here’s how things stand now:

Virtually all Medicare beneficiaries will have Medicare Advantage plans from which to choose this open enrollment season, Sebelius said. She expects that total enrollment in Medicare Advantage plans will grow by about 5% for 2011.

Overall, there will be 2,011 Medicare Advantage plans available in 2011, down from 2,314 plans for 2010, said Gretchen Jacobson, principal policy analyst for the Medicare policy project at the Henry J. Kaiser Family Foundation, a nonprofit group based in Menlo Park, Calif., that focuses on major health-care issues.

(The decline is due mainly to a law passed in 2008 that imposed some new rules on certain Medicare Part C plans. Some plans chose to opt out rather than adopt them. Another reason is an effort by the federal Centers for Medicare & Medicaid Services (CMS) to consolidate or eliminate some plans — mainly because of limited enrollment or duplica-

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Virtually all Medicare beneficiaries will have Medicare Advantage plans from which to choose this open enrollment season.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: "Open Enrollment for 2011 Medicare prescription drug and health plans begins Nov. 15th," <http://www.hhs.gov/news/press/2010pres/11/20101115a.html>

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tion, she said.)

Overall, about 2,300 beneficiaries who are in plans this year will not be able to enroll for 2011 because no plans will be offered in their areas, she said.

Nevertheless, most markets still have many plans from which to choose. For example, in Broward County, Florida, there are 92 Medicare Advantage plans available this season (for coverage in 2011), and the weighted average monthly premium for 2011 will be less than or equal to the 2010 level, CMS figures show.

More than half of all Medicare Advantage plans are health maintenance organizations (HMOs). The other biggest category is made up of preferred provider organizations (PPOs). Big names in the market include Humana, UnitedHealthcare, affiliates of Blue Cross and Blue Shield, and Kaiser Permanente, according to the Kaiser Family Foundation.

Dr. Kathryn McCabe Votava, president and founder of GOODCARE.com, a consulting service based in Pittsford, N.Y., and Washington, D.C., that helps financial advisors and clients save on health care, including health insurance, said that, overall, Medicare Advantage plans have been "quite popular," and remain so, at least partly because they can offer financial advantages. "For many people, they can be some of the best plans out there," said Dr. Votava, who is also known as "Dr. Katy."

Lita Epstein, author of "The Complete Idiot's Guide to Social Security and Medicare," agrees. "They can be a better deal . . . for a lot of people" when compared with traditional Medicare supplemented by a Medigap plan, Epstein said. Although plan costs and features vary, overall "I think Medicare Advantage [plans] can save you money," she said.

In general, the Medicare program will freeze payments to Medicare Advantage plans in 2011 at 2010 levels, Dr. Katy said. In response, some plans will implement "a limited change" in their benefit structures. But the changes won't affect core benefits, she said; they will largely involve other items, such as discount memberships to the gym or discounts for eyewear.

"Some people have been concerned, but more than they need to be" about the changes for 2011, she said. Keep in mind that the plans are not allowed to limit any items that would normally be covered under Medicare, she said.

Benefits and drawbacks

Medicare Advantage plans have benefits and drawbacks. Among the benefits: "It's one-stop shopping," Dr. Katy said. As a general rule, you must use the plan's network of doctors, hospitals and pharmacies.

Among the disadvantages: There are many types of plans, some with severe restrictions on their networks; coverage for out-of-network services is either limited or non-existent, Dr. Katy said.

How much will you pay? As a general rule, you must keep paying your Medicare Part

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B premium. Beyond that, costs vary by plan. For example, some plans charge no premiums, others do. Some Medicare Advantage plans offer a prescription drug benefit, others don't.

It generally depends on where you live and what sort of plans are available. For 2011, if you stick with the Medicare Advantage plan you're in now, monthly premiums will average \$43, up from \$41 for this year, Jacobson said.

Keep in mind, though, that premiums are not the only cost. In Providence, R.I., for example, an AARP MedicareComplete Plus managed-care plan charges no monthly premium for 2011, but a beneficiary might wind up paying about \$4,000 over the year for health and drug coverage through the plan, including items that might not be covered by insurance (such as co-payments, deductibles and co-insurance), CMS figures show.

Other points:

- Technically, Medicare Part C includes a variety of private health plans, but as a practical matter, nearly all beneficiaries enrolled under Part C are in Medicare Advantage plans.
- When you search for information about Medicare Advantage plans, keep in mind that the Medicare program sometimes lumps them together with other Part C plans and calls them all "Medicare Health plans."
- See sidebar next page. **RW**

About the author: Neil Downing, CFP®, is an Enrolled Agent with a master's degree in taxation who has written three books on personal finance.

Resources

- Medicare Rights Center interactive list of questions to ask before joining a Medicare private plan: http://www.medicareinteractive.org/page2.php?topic=counselor&page=script&script_id=322
- U.S. Centers for Medicare & Medicaid Services "Medicare & You" handbook for 2011: <http://www.medicare.gov/Publications/Pubs/pdf/10050.pdf>
- Official Medicare web site's section on Medicare Part C (Medicare Advantage plans): <http://www.medicare.gov/navigation/medicare-basics/medicare-benefits/part-c.aspx>
- Medicare Rights Center publication on why consumers drop their Medicare private health plans: <http://www.medicarerights.org/pdf/Why-Consumers-Disenroll-from-MA.pdf>
- History (through 2000) of Medicare managed care plans: <https://www.cms.gov/HealthCareFinancingReview/Downloads/00fallpg61.pdf>
- CMS announcement with details about Medicare open enrollment period: <http://www.hhs.gov/news/press/2010pres/11/20101115a.html>
- Fact sheets that include some details about Medicare plans by state: <http://www.cms.hhs.gov/center/openenrollment.asp>
- GOODCARE.com offers, on its web site, free, downloadable checklists, worksheets, organizers and other documents and publications related to healthcare, health insurance and Medicare: <http://www.goodcare.com/toolkit/>
- For information on Lita Epstein's book on Medicare and Social Security (the third edition has just been published): <http://www.litaepstein.com>

Time for a Medicare check-up

If you're a Medicare beneficiary, now's a good time to get a Medicare plan check-up – not just to see which plans might best suit you, but also to learn about new Medicare features that kick in Jan. 1, 2011.

New features include free annual wellness visits, plus free recommended preventive services — such as mammograms and colonoscopies, according to the federal Centers for Medicare & Medicaid Services.

In addition, if you spend a lot on prescription drugs in 2011 and fall into the coverage gap known as the “donut hole,” you'll be eligible for a 50% discount on brand-name prescription drugs.

“These new benefits make this year's Medicare open enrollment period especially important,” U.S. Health and Human Services Secretary Kathleen Sebelius said.

If you're comparing Medicare Advantage plans, find out how your prescription drugs will be covered, said Dr. Kathryn McCabe Votava, president and founder of GOOD-CARE.com, a consulting service based in Pittsford, N.Y., and Washington, D.C., that helps financial advisers and clients sort through health options, including Medicare. “You need to see, drug by drug, what the plan will cost you,” said Dr. Votava, also known as Dr. Katy.

With Medicare Advantage plans, you typically must keep paying your Medicare Part B monthly premium — but you may also have to pay a monthly premium for the plan itself (though some don't charge monthly premiums), said Gretchen Jacobson, principal policy analyst for the Medicare policy project at the Henry J. Kaiser Family Foundation, a non-profit group based in Menlo Park, Calif., that focuses on major health-care issues. Also check to see whether your doctor is part of the plan, she said.

Overall, figure out how much each plan will cost you, out of pocket, for the year. For example, even though a plan may charge little if any in monthly premiums, it may require a beneficiary to spend a lot in co-payments, Dr. Katy said. It all depends on the plan.

“People really have to do their homework,” she said. Look closely at the plan you have, look at the options available, think about your health status, and find what coverage works best for you. And don't delay; open enrollment ends Dec. 31. “It's too important a decision to leave till the last minute,” she said.

Following are some resources:

- Use the Medicare web site, at www.medicare.gov, to obtain a personalized comparison of costs and coverage of the plans available in your area. Or call the Medicare program toll-free at 1-800-MEDICARE (1-800-633-4227).
- The Medicare program recently began mailing the 2011 version of its “Medicare & You” handbook. It contains lots of details about Medicare, how it works, and what plans are available. It's also on the Medicare web site.
- To help pick the right plan, you may obtain free one-on-one counseling from your local State Health Insurance Assistance Program (SHIP). Local SHIP contact information is available at the Medicare web site and through the toll-free Medicare phone line mentioned above.
- If you can't afford the cost of prescription drugs, you may be eligible for financial aid, called “extra help.” For more information, call the Social Security Administration toll-free at 1-800-772-1213, or use this web site:
<http://www.socialsecurity.gov/prescriptionhelp>. **RW**

-- Neil Downing

News in Brief

Raising the retirement ages would have implications for older workers and SSA disability rolls: GAO

The Government Accountability Office this week threw a wrench into the Obama administration's bipartisan commission plan to reduce the nation's debt by raising the full retirement age to 69.

The GAO, in a report released this week, said raising the retirement age for Social Security would disproportionately hurt low-income workers and minorities, and increase disability claims. The GAO said the following: While general improvements in longevity, health, and workplace conditions over recent decades suggest that most workers would be capable of working to a later retirement age, many older workers would face health or physical challenges that could prevent them from working longer. And raising the early eligibility age (EEA) or full retirement age (FRA) could increase the number of applications to and beneficiaries of disability insurance (DI) and other assistance programs, as well as change retirement benefits.



"Changes in the retirement age could conceivably improve retirement security for able-bodied workers if they cause them to work longer and save more for retirement, but it could worsen security for those unable to do so," the GAO said. "While policy options exist to mitigate the impact on affected workers, doing so will likely require expanding programs and increase benefit costs. Finding the balance between worker protections and costs will likely be challenging."

Read the report <http://www.gao.gov/products/GAO-11-125>.

Duly noted...

- Life insurers are testing an intensely personal new use for the vast dossiers of data being amassed about Americans: predicting people's longevity, according to a Wall Street Journal report.
- Republican leaders in the U.S. House are preparing their caucus for a vote in a few months on increasing the national debt limit. Tea party groups supported about half of the 85 Republican freshmen in the House. Many of them ran against Democratic incumbents, criticizing them for voting to increase the debt limit. (SmartBrief)
- The Republican leadership in the Senate is opposing a Democratic plan to hold separate votes on extending the Bush-era tax cuts for the middle class. Senate Majority Leader Harry Reid, D-Nev., is calling for holding at least one vote on extending the cuts for taxpayers making \$250,000 and below and a separate vote on a bill written by Senate Minority Leader Mitch McConnell, R-Ky., to extend all the cuts, including those for the wealthy as well as the middle class. (SmartBrief)

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Your Money

Should you consider a fixed immediate annuity?

By Gail Liberman and Alan Lavine

Some say a single premium fixed immediate annuity can be a great way to guarantee yourself lifetime income.

With this contract, signed with an insurance company, you invest a lump sum in return for insurance company-guaranteed income, generally monthly, for as long as you live.

We've seen rates greater than 6% promoted on these investments!

But don't compare those 6% rates on single premium fixed annuities with those on bank CDs, which yield less than 3%. Reason: Unlike with a bank CD, a fixed immediate annuity doesn't return your principal at maturity. Rather, you can expect payments to continue until your death—after which, unless you make special arrangements, the insurance company pockets any leftover cash.

A fixed annuity also is backed by the insurance company — not the U.S. government. So stick with companies that have the highest ratings— A+ and A++ by A.M. Best.

Payouts on this type of annuity are based on a number of factors, including your life expectancy and the interest rates insurers earn. So the longer you hold off buying a single premium fixed immediate annuity and the higher the interest rate environment, the bigger your periodic payouts are apt to be.

With this type of annuity, there are a number of attractive options you can buy. However, your periodic payouts will drop accordingly.

For example, you can arrange to pass the benefits to loved ones if you die within a certain period. Take the most common "10 year certain and life." With it, you get periodic checks for life. But say you kick the bucket three years after you sign the contract. Your checks may continue to your designated beneficiary for the remaining seven years. Or, your beneficiary can opt, instead, to take a lump sum in equivalent cash.

With another payout option, "joint and survivor," the insurance company pays you income for life, but your surviving spouse continues to receive payments after you die.

You'll generally owe taxes on about 40% to 60% of the immediate annuity income, since part of it is return of your principal.

Independent research shows that adding a fixed immediate annuity to your other holdings of stocks, bonds and mutual funds decreases your probability of running out of money.

Newer contracts offer cost-of-living adjustments so that your income will rise with inflation. Again, expect lower payouts than you'd get without this option.

Once the insurance contract is signed, you can't change your mind. Most of today's fixed immediate annuities, though, will let you withdraw some of the cash in exchange

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Your Money

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for lower periodic payouts.

Another drawback: Inflation, or rising prices, erodes the buying power of the income you get from your annuity.

And avoid keeping more than \$100,000 with any one insurance company. That's the limit most state insurance guarantee associations will guarantee if your insurance company goes belly-up.

About the authors: Spouses Gail Liberman and Alan Lavine are syndicated columnists. Their latest book is "Quick Steps to Financial Stability" (Que/Penguin). You can contact them at www.moneycouple.com.



Duly noted...

- U.S. core inflation is at its lowest level since the government started collecting consumer-price data in 1957, the Bureau of Labor Statistics said. October was the third consecutive month that core inflation, a benchmark for the price of a basket of consumer goods that excludes energy and food, was zero. (SmartBrief)
- Demographic changes and other trends in society have only served to dramatically increase the funding pressure on multiemployer pension plans, according to a new Government Accountability Office (GAO) report. Those pressures only make it more likely that the Pension Benefit Guaranty Corporation will have to step in with financial assistance for severely ailing plans, the GAO said. (PlanSponsor). Learn more at <http://edlabor.house.gov/documents/111/pdf/publications/GAO-PrivatePensions-201010.pdf>.
- MetLife has issued a new white paper that examines the user and value of critical illness insurance, and the financial impact that a critical illness can have on a typical U.S. household. Learn more at <http://www.metlife.com/business/benefit-products/voluntary-benefits/critical-illness-insurance/critical-illness-white-paper.html?media=print>. **RW**

Year-end IRA checklist

The following are some of the most overlooked year-end items.

RMDs — Required minimum distributions (RMDs) were suspended in 2009 but are back for 2010. Most retirement account owners and beneficiaries subject to RMDs must take them before year end or they'll be subject to a 50% penalty on any missed distributions.

Year of Death RMDs — RMDs must also be taken for those subject to them who died in 2010. Any remaining RMD must be taken and reported as income by the beneficiary. It is not taken by the estate of the deceased IRA owner (unless the estate was the IRA beneficiary). **RW**

Reprinted courtesy of Ed Slott's IRA Advisor Newsletter -- December 2010.

HealthWatch

CMS establishes Center for Medicare and Medicaid Innovation

The Centers for Medicare & Medicaid Services has formally established the new Center for Medicare and Medicaid Innovation (CMMI).

The Affordable Care Act (ACA) of 2010 authorizes the CMMI to spend \$10 billion over the next 10 years to fund innovative delivery models designed to improve the quality of patient care, improve public health, and reduce costs. CMMI will be part of the Centers for Medicare and Medicaid Services (CMS). CMMI this week launched its website, <http://www.innovations.cms.gov>, which includes a CMMI fact sheet.



Duly noted...

- Potentially avoidable medical errors account for about 1.5% of Medicare spending on inpatient hospital care, according to the Office of the Inspector General at the U.S. Department of Health and Human Services. Learn more at <http://www.oig.hhs.gov/oei/reports/oei-06-09-00090.pdf>.
- The federal HealthCare.gov Insurance Finder system now shows each health insurer's individual health applicant denial rate.
- A new treatment for prostate cancer called Provenge won a vote of confidence from a Medicare coverage advisory committee this week. (The Wall Street Journal) **RW**

Know the signs and stages of Alzheimer's

The Alzheimer's Association identifies the seven stages of Alzheimer's as such:

Stage 1: No impairment: The person does not experience any memory problems. An interview with a medical professional does not show any evidence of symptoms.

Stage 2: Very mild decline: The person may feel as if he or she is having memory lapses forgetting familiar words or the location of everyday objects. But no symptoms can be detected during a medical examination or by friends, family or co-workers.

Stage 3: Mild decline: Friends, family or co-workers begin to notice difficulties. During a detailed medical interview, doctors may be able to detect problems in memory or concentration.

Stage 4: Moderate decline (mild or early stage): At this point, a careful medical interview should be able to detect clear-cut problems, such as forgetfulness of recent events.

Stage 5: Moderately severe decline (moderate or mid-stage): Gaps in memory and thinking are noticeable, and individuals begin to need help with day-to-day activities

Stage 6: Severe decline (moderately severe or mid-stage): Memory continues to worsen, personality changes may take place and individuals need extensive help with daily activities.

Stage 7: Very severe decline (Severe or late stage): In the final stage of this disease, individuals lose the ability to respond to their environment, to carry on a conversation and, eventually, to control movement. They may still say words or phrases. At this stage, individuals need help with much of their daily personal care, including eating or using the toilet. They may also lose the ability to smile, to sit without support and to hold their heads up. Reflexes become abnormal. Muscles grow rigid. Swallowing is impaired.

Learn more at **RW**

Worth Reading

- US ADMINISTRATION ON AGING: "AoA eNews, November 2010," http://www.aoa.gov/AoARoot/Press_Room/Enews/index.aspx
- US CENTERS FOR MEDICARE AND MEDICAID SERVICES: "CMS Introduces New Center for Medicare And Medicaid Innovation, Initiatives to Better Coordinate Health Care," <http://www.cms.gov/apps/media/press/release.asp?Counter=3871>
- US GOVERNMENT ACCOUNTABILITY OFFICE: "Private Pensions: Changes Needed to Better Protect Multiemployer Pension Benefits," <http://www.gao.gov/products/GAO-11-79>
- US DEPARTMENT OF HEALTH AND HUMAN SERVICES: "Open Enrollment for 2011 Medicare prescription drug and health plans begins Nov. 15th," <http://www.hhs.gov/news/press/2010pres/11/20101115a.html> and "Medicare finalizes new rules to require equal visitation rights for all hospital patients," <http://www.hhs.gov/news/press/2010pres/11/20101117a.html>
- US DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF THE INSPECTOR GENERAL: "Adverse Events in Hospitals: National Incidence Among Medicare Beneficiaries," <http://oig.hhs.gov/oei/reports/oei-06-09-00090.pdf> and "Medicare Part D Pharmacy Discounts for 2008," <http://oig.hhs.gov/oei/reports/oei-02-10-00120.pdf>
- US NATIONAL INSTITUTES OF HEALTH: "Mouse study shows effect of blood pressure drug on Alzheimer's disease," <http://www.nih.gov/news/health/nov2010/ni-15.htm>
- INTERNATIONAL LABOR ORGANIZATION: "World Social Security Report 2010/11. Providing coverage in times of crisis and beyond," http://www.ilo.org/global/What_we_do/Publications/ILOBookstore/Orderonline/Books/lang--en/docName--WCMS_146566/index.htm
- AARP: "Impact of Modernizing the American Poverty Measure on the Poverty Status of Older Persons," <http://www.aarp.org/money/low-income-assistance/info-11-2010/fs205-economic.html>; "Medicare Part D Open Enrollment: Tough Choices for 2011 as Plans Change, Costs Shift," <http://www.aarp.org/health/drugs-supplements/info-11-2010/fs207-medicare.html>; and "The Employment Situation, October 2010: Nonfarm Payroll Employment Increases, But Fewer Older Workers Have Jobs," <http://www.aarp.org/work/job-hunting/info-11-2010/fs206-economic.html>
- EMPLOYEE BENEFIT RESEARCH INSTITUTE PERIODICAL ARTICLE: "Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2009," http://www.ebri.org/publications/notes/index.cfm?fa=notesDisp&content_id=4702
- SLOAN CENTER ON WORK AND AGING AT BOSTON COLLEGE ISSUE BRIEF: "The New Unemployables: Older Job Seekers Struggle To Find Work During The Great
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Recession," http://www.bc.edu/content/dam/files/research_sites/agingandwork/pdf/publications/IB25_NewUnemployed.pdf

- URBAN INSTITUTE POLICY BRIEF: "The Future of Social Security: Solvency, Work, Adequacy, and Equity," <http://www.urban.org/publications/412253.html>
- BOSTON COLLEGE CENTER FOR RETIREMENT RESEARCH: "What is the Impact of Foreclosures on Retirement Security?" http://crr.bc.edu/working_papers/what_is_the_impact_of_foreclosures_on_retirement_security.html
- US SENATE FINANCE COMMITTEE HEARING TESTIMONY: "Strengthening Medicare and Medicaid: Taking Steps to Modernize Americas Health Care System," <http://finance.senate.gov/hearings/hearing/?id=280ebc81-5056-a032-5254-1010c1e9b945>
- US HOUSE OF REPRESENTATIVES COMMITTEE ON THE JUDICIARY, SUBCOMMITTEE ON CRIME, TERRORISM, AND HOMELAND SECURITY: "Enforcement of the Criminal Laws Against Medicare and Medicaid Fraud," http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_house_hearings&docid=f:55222.wais.pdf **RW**

State of Affairs

The percent of workers participating in employer-sponsored retirement plans is down, but better than it has been in the past decade, according to the Survey of Income and Program Participation (SIPP) data.

As reported in the November issue of EBRI Notes, 59% of all workers over age 16 had an employer that sponsored a pension or retirement plan for any of its employees in 2009. That was down from previous levels — 60% in 1998 and 63% in 2003 — but it was the same level as reported in 2006. What's more, workers participating in a plan increased to 45% in 2009, up slightly from 2006.

Other key findings:

Sponsorship and participation levels: The latest SIPP data show 59% of all workers over age 16 had an employer that sponsored a pension or retirement plan for any of its employees in 2009, down from previous levels (60% 1998 and 63% 2003), and the same as in 2006. Workers participating in a plan increased to 45 per-cent in 2009, up slightly from 2006 (44%) but down from 2003 (48%).

Vesting: The vesting rate (the percentage of workers who say they were entitled to some pension benefit or lump-sum distribution if they left their job) stood at 42% in 2009, up from 24% in 1979. This increase is largely due to the increased number of workers participating in defined contribution retirement plans (such as 401(k) plans), where employee contributions are immediately vested, and faster vesting requirements in private plans.

Primary plan type: Defined contribution (401(k)-type) plans were the primary plan for 60% of workers with a plan. Defined benefit (pension) plans were the primary plan for 39% of workers.

Learn more at <http://www.ebri.org>. **RW**



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E-mail rpowell@marketwatch.com **RW**