



# QUARTERLY UPDATE

October  
2011

Brattleboro ♦ Burlington ♦ Rutland ♦ Manchester ♦ St. Albans

## Medicare Shopping



We all know it pays to shop around for autos and appliances. Many of us are also catching onto the fact that shopping for medical insurance is also smart. The nation's medical system is undergoing such major changes that providers are scrambling to keep up, and their resulting service prices are varying quite dramatically. Bottom line: the smart money will look over the range of offerings by prescription drug plans – beginning this fall – and go through the process every year going forward.

The largest Medicare prescription drug plan has scheduled a premium increase of approximately 14 percent next year. Contrast that amazing news with the third-largest provider's plan to cut premiums about 9 percent. According to an article by Mark Miller of the Morningstar financial news service, premium changes for the top ten drug plans will vary widely, judging from an analysis he found from consulting and research firm Avalere Health.

Shopping for a drug plan should start early. The 2010 health reform law moved up the annual enrollment period by several weeks. Enrollment will be open from October 15 to December 7. Before this year, enrollment ended on December 31, sensibly enough, except it was in the middle of the holidays. The idea behind the move is to provide plan customers a more practical timeframe for making their decisions.

### Enrollment and Shopping

According to Mr. Miller, who writes about retirement and aging, each year's enrollment period allows plan users opportunities to make changes in their Medicare coverage. Their two basic options include:

- Traditional, fee-for-service Medicare alongside a stand-alone Part D prescription drug plan; or,
- A privately managed Medicare Advantage all-in-one option (including hospitalization, outpatient services, and prescription drugs).

Customers are free to make as many changes as they want before December 7. Their changes take effect on

January 1. There is also a disenrollment period that runs from January 1 to February 14, which can be used by seniors who pick an Advantage plan but decide to change their minds. During that period, they can switch back to traditional Medicare but not to a different Advantage plan. And, if a user leaves Advantage, a stand-alone drug plan can be added during that period.

There are dozens of plans available in most parts of the country, making Medicare shopping potentially a complex annual task. But shopping around each year can make a lot of sense, especially among Medicare Part D drug plans. Insurance companies often change their offerings year-to-year in ways that can increase drug costs by thousands of dollars or make it more difficult to get certain drugs. Another reason to shop plans is that a customer's drug needs may change over time, making a different plan's terms more attractive and appropriate.

The health-care reform law is having a large effect on the marketplace of Medicare services. The net effect is largely to decrease some costs broadly. Advantage plans are forecast to decrease plan costs by four percent in 2012. However, increasing competition does not necessarily mean everyone's costs will drop. That is because each plan aims at a certain population of customers and puts together a management and pricing strategy that evolves as the law and needs of the population change.

### Shopping Tips

According to Mr. Miller's research, the best online tool for shopping plans is the Medicare Plan Finder at the Medicare website. The user types in his or her Medicare number, drugs and doses. The web application then displays a list of possible plans; their estimated cost, premiums, and deductibles; which drugs are covered; and customer-satisfaction ratings.

Another useful feature of the Plan Finder is the plan quality rating system, which utilizes data gathered by the federal government measuring whether patients received appropriate procedures and patient satisfaction feedback.

Free plan selection assistance is available from the local offices of the State Health Insurance Assistance Programs, or SHIPs, which provide Medicare counseling. The MRC also offers free counseling by phone (1-800-333-4114).





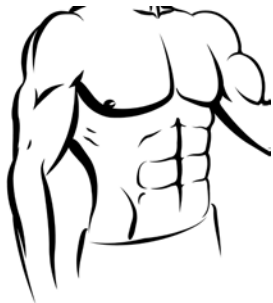
# RETIREMENT PLANNING 101

## RUSSIAN KETTLEBELLS

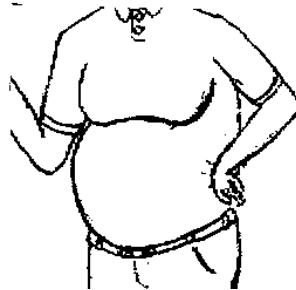


Jack Davidson

It didn't start innocently enough. It was harsh and fearless. "Honey, I think you are getting a paunch." "No I am not...look." "Yes you are...You are sucking it in."



*My view of myself*



*My wife's view of me*

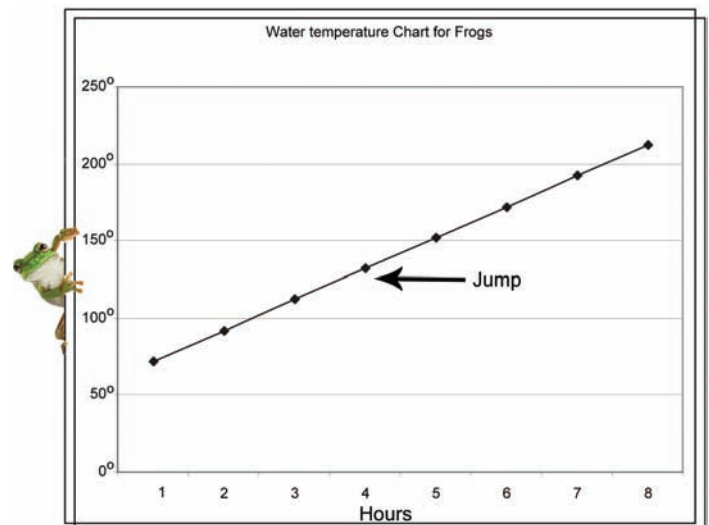
Then, coincidentally, a few days later the invitation to the high school reunion came in the mail. It's been decades. Why would I want to go? "Because your sister wants you to go" said the fearless one. So I scanned my yearbook and there it was, a long-forgotten nickname: "Bones." Oh no!

So I decided to get into shape. Well, actually I decided to research "getting into shape." Now I didn't do this because I felt a concern that my wife would think less of me. A poll conducted by AskMen and Cosmopolitan.com found that approximately half of men questioned in the poll of 70,000 people said they would ditch a partner who gained weight, - compared to only 20 percent of women. Now I assumed this was a poll of those who were unmarried and that I was even safer in our legally sanctioned relationship of many years.

At some point in time I concluded that, as we age, our bodies will change and I sort of adopted a point of view that it was natural to return to the body that we had when we were two years old. Look at the

body of a two-year old. They all have paunches. Perhaps the angle is a little different but one would expect gravity would, over the years, have some influence.

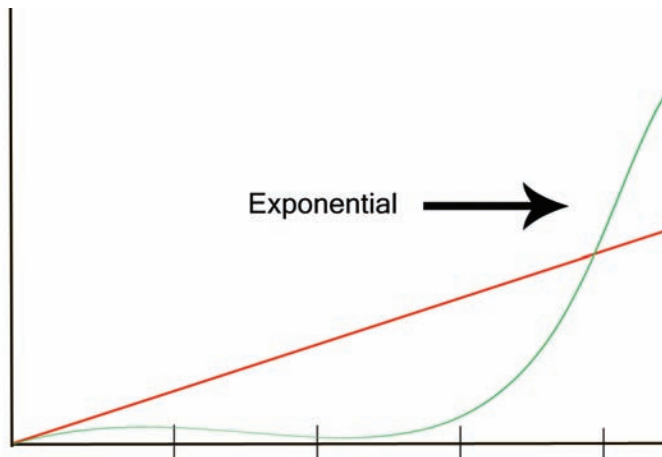
But then I noticed our friends, a couple, who seemed to have avoided this aging process. So my first step was to start reading a book that they had recommended: "Younger Next Year" by Chris Crowley and Harry Lodge. Then I saw the charts and thought about that poor frog.



Remember the boiling-water frog metaphor? If you put a frog in hot water, he will jump out. But if you gradually heat the water, he will remain and slowly expire. But what would have happened had we presented a chart to the Frog? Perhaps a chart would have saved the frog, or so I would like to believe.

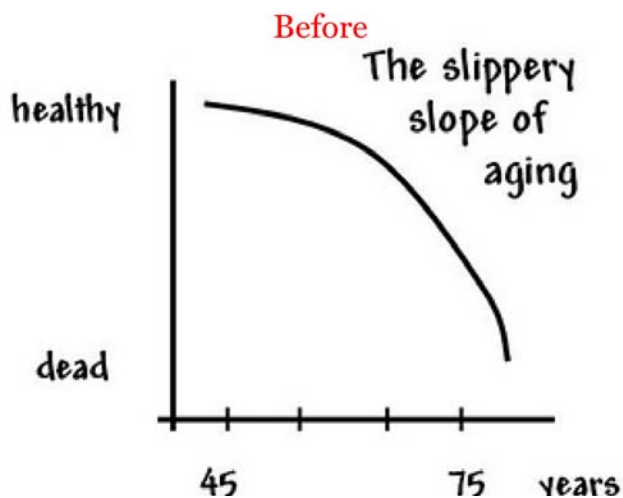
In the investment world, we use many charts. They quickly tell us where we have been and, in some instances, they suggest where we should go in the future. Our investment managers are, to some extent, futurists. They look at numbers and they try to spot

trends. I know I am a fan of trying to spot exponential change as distinct from linear change.



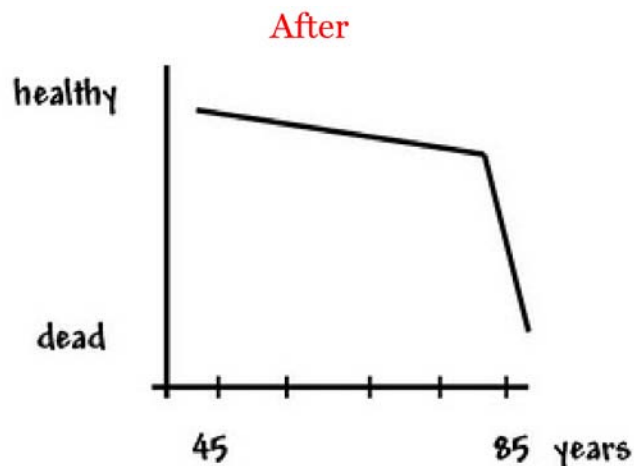
In the above chart, the red line illustrates linear change and the green line shows the impact of exponential change. As we enter our retirement years the decline in our physical capabilities seems more exponential than linear. But in either case, evidently there is much that we can do that will avoid either rate of decline.

It seems to me that the science behind the before-and-after charts pictured in “Younger Next Year” would support the clear message they convey:



In order to avoid the slippery slope of aging, Crowley and Lodge recommend a program that involves setting aside 45 minutes a day, six days a week, in activities that involve cardio and strength training. My first thought when reading the book was “Forty-five

minutes!” That’s a lot of time to commit. But on closer examination it appeared doable if I could involve others in my suffering. So I need to briskly walk two days a week as part of this program. Why not simply walk with my wife and complain for 45 minutes? The “After” chart is certainly persuasive.



I also thought about the treadmill and the mice that had been genetically programmed to grow old at an accelerated pace. The control group of mice, by the time they reached 8 months - the equivalent of the early 60’s for us humans - were extremely frail with shrunken muscles and brains, enlarged hearts; and - most disheartening - they were also going grey and bald.

Half of the mice were allowed to run on a wheel for 45 minutes three times a week, beginning at 3 months. At 8 months, when the balding control group was frail and dying, the treadmill rats remained youthful. They had maintained their muscle mass and brain acumen and, with enviable brown fur still in place, they were not experiencing male-pattern baldness. Furthermore they seemed to be altering the very genetic pattern designed to ensure an early demise.

So I thought some more about the treadmill and then I had the image of people who retire at age 65, having been on an 8-hour-a-day treadmill for

most of their working lives. Here they were about to start enjoying life and they felt lousy because the chart was now working against them. They had resisted the proselytizers who said jog, go to yoga, do Pilates. Now they faced a chart that said they were on a downward slide and that enjoying retirement was now problematic at best. So maybe 45 minutes on a treadmill isn't such a bad idea after all.

I think part of the problem rests with the proselytizers. I think this tendency is genetic. I am afflicted with this gene and I have concluded that changing someone's opinion to agree with mine has a zero success rate. That said, I recently started to advocate bare foot running. I have noticed the minute I start, the eyes of my victims change. It's a look that is telling. At one point, I went into high gear with a youthful looking physician who was continuing to run after his retirement. He simply looked at me and said, "You remind me of X." Unfortunately X was a well-known politician who was not held in high esteem for his or her command of the facts. The plus side to proselytizing is that it lets you get to bed early. People simply don't invite you to cocktail parties.

From my research, it appears that when we reach our early 60's, the following tend to decline at an accelerated pace:

- The cardiovascular system
- Strength
- Balance
- Brain function

Activity at various levels appears to have a significant impact on the speed of descent. Even the brain can be affected by exercise. Again, treadmill mice showed improved brain function absent in a control group. In another study, older women who did an hour or two of strength-training exercises each

week had improved cognitive function according to a study conducted by Canadian researchers.

There is a widely held consensus on strength training and the debate centers on how you accomplish this. There is much less consensus on what, if anything, you can do to increase balance other than to practice a particular activity where you need to enhance balance. Some advocates feel that a well designed strength program alone will improve balance.

For myself, I focused on a strength training program that I have customized for my environment - specifically my basement stocked by lawn sale purchases. My wife is very leery of me spending money for expensive exercise equipment and subsequently abandoning it were I to have a change of heart.



After reading about a recommendation that, if we only have time to do one exercise to increase our strength, we should do 25 squats with arms folded much like the Russian Cossack dancers, one thing led to another. I now use a Russian kettlebell that I made out of plumbing parts and weights bought at lawn sales. My gym also includes two machines designed to give me six-pack abs, both purchased at church lawn sales.

So I now do a bit of running, a bit of strength training and a bit of walking. All little bits at this point but one needs to start off slowly.

Moving on, my next research project is why I seem to find the best exercise equipment at church lawn sales. In the meantime, if you have not already included a conditioning plan as part of your retirement plan, you may want to consider doing so. That's what the charts tell us.