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For the week of Oct 20, 2008 --- Vol. 6, Issue 43

### Last Week in Review ▶

**"I'm always making a comeback but nobody ever tells me where I've been." Billie Holiday.** Making a comeback was exactly what Bonds and home loan rates attempted last week, after approaching some of their worst levels this year.

While the Bond market was closed last Monday in Observance of Columbus Day, the early part of the week wasn't short of market-impacting news. On Tuesday, the Bush Administration, including Treasury Secretary Henry Paulson, Federal Chairman Ben Bernanke, and FDIC Chairman Sheila Bair announced a plan to use \$250 billion of the \$700 billion financial rescue bill recently passed by Congress to buy directly into American banks. The government will begin by buying stock in nine of the largest banks including Bank of America, JPMorgan Chase, and Citigroup.

Why did the government do this? Because the financial crisis is due to over-leverage...that means the ratio of outstanding loans to capital is too high. If left unchecked, this can lead to the failure of institutions. And it has already taken a great toll. The only way to repair this is by reducing the leverage ratio, or "de-leveraging". That means sell off loans or increase capital. The Fed's plan helps this on both sides as they can be a buyer of some loans as well as an investor in some banks.

Another result of the current financial crisis is that economic reports are taking a back seat to market dynamics in ways that have never been seen before. In the past, fund managers or institutional traders would typically contemplate which direction would best favor the market, and position their portfolio in Stocks if the outlook was favorable, or Bonds if the outlook was cloudy. So we have come to expect Bond prices to move in the opposite direction from Stock prices much of the time, as money flows out of one and into the other. But the pressure to "de-leverage" has all but removed the thought process, and forced selling of all types of securities to raise capital. And while this situation should stabilize and return to normal (which we saw some evidence of on Friday as Stocks and Bonds alternated going up and down), it is one I will continue to monitor as the weeks and months progress.

**And after all the ups and downs of the week, Bonds and home loan rates did manage a comeback, ending the week a bit better than where they began.**

**HAVING A MEDICARE CLAIM DENIED IN WHOLE OR IN PART DOESN'T MEAN YOU CAN'T COMEBACK AND ACHIEVE A DIFFERENT OUTCOME! CHECK OUT THIS WEEK'S MORTGAGE MARKET VIEW FOR SOME GREAT SUGGESTIONS FOR APPEALING A DENIAL.**

### Forecast for the Week ▶

This week is a slow week when it comes to economic reports, but as we have seen, that doesn't mean we should expect the volatility to slowdown. One important report to watch for is Friday's Existing Home Sales Report. Last week's New Home Sales Report showed that new home sales were at their lowest level since January 1991. Since sales of existing homes make up around 84% of all houses sold, it will be important to see

how existing home sales are fairing in these economic times...and what kind of comeback is needed in the housing market.

Another important point to note is that we are in the middle of earning season for the Stock market. While poor economic news typically causes money to flow from Stocks into Bonds, helping home loan rates improve, as I described above, Bonds and home loan rates may not necessarily benefit from weak economic news given the current economic environment. I will be watching closely to see how both Stocks and Bonds react to the earnings reports.

And speaking of comebacks, as you can see in the chart below, Bonds and home loan rates managed to bounce back after last week's worsening trend. I will let you know if Bonds and home loan rates can make an even bigger comeback this week.

**Chart: Fannie Mae 6.0% Mortgage Bond (Friday Oct 17, 2008)**



[The Mortgage Market View...](#)

## Fighting Medicare Claim Denials

When an insurance company denies a claim in whole or in part, it is possible to appeal their decision. The same is true with Medicare claims...and in fact more than half of Medicare appeals are successful. If you, a family member, or a friend have had a Medicare claim denied, the following information can help you successfully appeal the decision:

**Time Frame:** If your Medicare claim is denied for less than the full amount, you can ask for a "redetermination" but you must do so within 120 days. Download the Medicare Redetermination Request form at <http://www.cms.hhs.gov/cmsforms/downloads/cms20027.pdf>, or call 800-633-4227 to receive a copy.

**Common Denials:** The denial you received will include an explanation, which you will need to contest in your appeal. Ask your doctor to write a letter addressing the reasons in the denial and include this letter with your appeals form. Common denials include:

1. **The treatment, prescription, or medical service is unlikely to cause your health condition to improve:** Fight this by having your doctor write a letter explaining why the care is necessary. Medicare is required to look at your total condition, not just your chance for a full or partial recovery.
2. **You are likely to require care for a very long time:** Medicare coverage is not limited to treatments that

work quickly, so ask your doctor to write a letter explaining that the treatment is making some positive difference or is expected to.

3. **The prescription dosage level is greater than what is normally prescribed, or the drug prescribed is not normally prescribed for your health problem:** Have your doctor write a letter explaining why the unusual drug or dosage is medically necessary. For instance, you may be allergic to the medicine normally prescribed.
4. **You do not qualify for Medicare-covered home care because you are not homebound:** Under Medicare rules, homebound does not mean that you are completely unable to leave your home or that you are confined to a bed. It does mean that you require assistance and that it takes considerable effort for you to leave your home. Ask your doctor to write a letter describing in detail how difficult it is for you to leave your home.

**Be Persistent:** If your first appeal is denied, you can file as many as four more appeals. And the more appeals you file, the greater your odds of success. While your first appeal is made to the same group that denied your initial claim, subsequent appeals are made to independent arbiters.

For more information, visit [www.medicareadvocacy.org](http://www.medicareadvocacy.org).

### The Week's Economic Indicator Calendar ▶

**Remember, as a general rule, weaker than expected economic data is good for rates, while positive data causes rates to rise.**

#### Economic Calendar for the Week of October 20 – October 24

Date	ET	Economic Report	For	Estimate	Actual	Prior	Impact
Mon. October 20	10:00	Index of Leading Econ Ind (LEI)	Sept	-0.3%	0.3%	-0.5%	Low
Wed. October 22	10:30	Crude Inventories	10/18	NA		5611K	Moderate
Thu. October 23	08:30	Jobless Claims (Initial)	10/18	NA		461K	Moderate
Fri. October 24	10:00	Existing Home Sales	Sept	4.93M		4.91M	Moderate

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**As your trusted advisor, I am sending you the *MMG WEEKLY* because I am committed to keeping you updated on the economic events that impact interest rates and how they may affect you.**

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