



Bruce Williams

bruce@brucewilliams.com

How to prepare for next depression

Dear Bruce: What can we do to prepare us for the impending depression? Should we take money out of savings? Pay off credit cards? Start a garden?

— L.H., via e-mail

Dear L.H.: First and foremost — don't panic. Why would you take money out of savings? If your savings are in an insured institution, they are presently insured for \$250,000 per person.

As to the credit cards, if the interest rates are high, it is always wise to reduce the debt. I wouldn't take the money out of savings. That cushion could be important.

Starting a garden is always a good idea. It can be fun and, as a practical matter, you may save a little money on groceries. Whether we're going into a depression is a matter of concern, but also a high degree of subjectivity. The majority of experts say a recession is more likely than a depression. Living a prudent life and trying to cut down on your overhead is the best way to proceed. At the risk of repetition — act in haste, repent in leisure.

Dear Bruce: I am an 82-year-old widow with no family within 800 miles. My broker hasn't called me in six months, and I feel neglected. How should I address this feeling of neglect? I am not comfortable with him.

— E.G., via e-mail

Dear E.G.: Generally, a broker who hasn't talked to a client in six months is not acting responsibly. However, you did not mention the size of your account. If it's small, it may be impossible for him to stay in regular touch because the account simply doesn't generate enough to justify that. If, however, it is a substantial account and you're not comfortable with him, I would look for another broker.

The fact that your family is far away should have no bearing on your relatives' ability to make a suggestion. You might wish to discuss this with your broker. Perhaps he's just busy and felt you were happy with everything. No matter the size of the account, call him.

Dear Bruce: Unfortunately, my husband and I put our home loan and a home-equity loan into a 10-year fixed at 4.9 percent in February 2008, not knowing the economy was going to tank. Now instead of remodeling the loan to a 20- or 30-year fixed, we are stuck having to refinance and pay the closing costs all over again. We have outstanding credit and did get the appraisal, but we are angry about the whole situation. These banks are immediately selling these loans to Fannie Mae and Freddie Mac. Everyone is passing the buck.

— B.T., Sarasota, Fla.

Dear B.T.: I don't know why you are so upset. You got a great deal. You have a less than 5 percent, 10-year fixed mortgage. Who knows what it will be in February 2018, but I sure wouldn't worry about it now.

What possible difference does it make to you that banks are selling loans to Fannie Mae, Freddie Mac or anyone else? It doesn't affect you in the slightest. If it's as you have described — 10 years at 5 percent — you might want to go kiss that banker right on the lips.

Mail: Box 503, Eflers, Fla., 34680

Toyota reportedly developing solar car

By Yuri Kageyama
The Associated Press

TOKYO — Toyota is secretly developing a vehicle that will be powered solely by solar energy in an effort to turn around its struggling business with a futuristic ecological car, a top business daily reported Thursday.

The Nikkei newspaper said it

will be years before the planned vehicle will be available on the market. Toyota's offices were closed Thursday, and officials were not immediately available for comment.

According to The Nikkei, Toyota is working on an electric vehicle that will get some of its power from solar cells equipped on the vehicle and that can be recharged with electricity generated from solar

panels on the roofs of homes. The automaker later hopes to develop a model totally powered by solar cells on the vehicle, the newspaper said.

The solar car is part of efforts by Japan's top automaker to grow during hard times, The Nikkei said.

In December, Toyota announced it will slip into its first operating loss in 70 years as it gets battered by a global slump, especially in the

key U.S. market. The surging yen has also hurt the earnings of Japanese automakers.

Still, Toyota is a leader in green technology, and executives have stressed they won't cut back on environmental research despite its troubles. Toyota has already begun using solar panels at its Tsutsumi plant in central Japan to produce some of its own electricity.



The Associated Press • Phil Sandlin

▲ Dr. Steven Yucht (right) talks with emergency room patient Emogene Brown in the Shands AGH Hospital in Gainesville, Fla. Like many facilities across the country, it is slated to close next fall because of tight credit, higher borrowing costs, investment losses and an increase in patients not paying their bills.

Hospitals succumb to sickness Bad debt, credit troubles prompt closings

By Linda A. Johnson
The Associated Press

TRENTON, N.J. — Gainesville's first community hospital has been on life support since the Shands Healthcare system in northern Florida bought it a dozen years ago.

Now, because of the recession, the plug is being pulled on 80-year-old, money-losing Shands AGH. Next fall, its eight-hospital not-for-profit parent company will shut the 220-bed hospital and shift staff and patients to a newer, bigger teaching hospital nearby as part of an effort to save \$65 million in the course of three years across the system.

Like many U.S. hospitals, Shands is being squeezed by tight credit, higher borrowing costs, investment losses and a jump in patients — many recently unemployed or otherwise underinsured — not paying their bills.

All that has begun to trigger more hospital closings — from impoverished Newark, N.J., to wealthy Beverly Hills, Calif. — as well as layoffs, other cost-cutting and scrapping or delaying building projects.

More closings and mergers are on the way, industry consultants predict.

"They'll get swallowed up by somebody else, if they need to exist, and if they don't, they'll just close," said Tuck Crocker, vice president of the health care practice at management consultant BearingPoint.

Most endangered are rural hospitals and urban ones in areas with

Hurting hospitals' bottom lines

U.S. hospitals are beset by financial pressures from all sides. Issues cited by hospital executives, industry consultants and other experts include:

- More patients aren't paying their bills or are taking longer to do so. Reasons include increases in people who are unemployed and have lost their health insurance, employers increasing workers' co-payments and premiums, and more people getting insurance plans that carry very high deductibles.
- More patients are putting off care until illnesses are very serious, then showing up at emergency departments, unable to pay.
- Patients are delaying diagnostic procedures and elective surgery such as joint replacements, which generally are moneymakers.
- Overall admissions are down at many hospitals, also cutting revenues.
- Government subsidies for uncompensated, or charity, care have been cut in some states because of budget problems, and some states are starting or expected to cut reimbursements for Medicaid programs, typically one of their biggest budget items.
- Credit has become tighter, increasing

borrowing costs at best and leaving hospitals unable to borrow in some cases.

- Hospital endowments and other funds invested for later use have been hurt by the stock market's plunge, with many hospitals seeing considerable losses.
- Wealthy hospital patrons, some of whom also have suffered big investment losses, have started cutting back on donations.
- Many individual doctors and small group practices are pressuring hospitals with which they are affiliated to buy their practices because they can't afford expensive technology upgrades, particularly computerized patient record systems.
- In addition, some experts fear expected health care reforms under the new Obama administration could include cuts in the levels of Medicare and Medicaid reimbursements, a crucial issue because hospitals on average get about 55 percent of all patient revenues from those two government programs, which already don't cover full costs of care.

Sources: American Hospital Association, The Associated Press.

excess hospital beds and a lot of poor, uninsured patients.

Hospitals, which employ 5 million people, are reporting that donations and investment returns are down, patient visits are flat and profitable diagnostic procedures and elective surgeries are declining as people

with inadequate insurance delay care. But those patients are turning up later at ERs, seriously ill, making it tough for hospitals to lay off nurses and doctors.

All those problems are aggravat-

► Closings, B2

► Market, B2

State legislators across nation to grapple with budget troubles

By Shannon McCaffrey and Julie Carr Smyth
The Associated Press

Worsening budget shortfalls will prompt many lawmakers in Michigan and other states to ask a basic question when they return to work this month: What must government provide its citizens?

In all but a handful of states, that list is already

growing shorter, resulting in fewer health benefits for the poor, the closure of parks and recreation centers and more inmates being crammed into ever-more crowded prisons.

Demand is simultaneously on the rise for Medicaid, food stamps and unemployment benefits even as the delivery of these and other services is complicated by recent layoffs or furloughs for tens of thou-

sands of state employees.

In addition to deep spending cuts, legislators are enacting or considering higher fees for public colleges, new tariffs on everything from soda to strippers, and other measures intended to offset shrinking revenues from sales, real estate and income taxes.

"This is shaping up as the

► Legislators, B2



Associated Press files • Steve Helber

▲ Virginia's budget bill rests on a lap during a December briefing before a joint session of the House Appropriations and Senate Finance committees in Richmond. Forty-one states and Washington, D.C., face budget gaps topping a total of \$42 billion for fiscal 2009.