

Special Advertising Section

Focus on Better Health Offers Best Hope for Controlling Cost of Coverage Says Industry Leader

You don't become one of the premier insurance and financial services agencies in the "insurance capital of the world" by standing still. C.M. Smith Agency, Inc., a 32-year-old agency based in the Greater Hartford, Connecticut area, continues to explore new paradigms and innovate in this highly volatile industry. Recently, C.M. Smith co-owner John O'Connell answered a few questions about controlling health care costs and the future of the industry.

Your firm works with many employers with between 100–5,000 employees who are grappling with rising health care costs. What's your message to them?

Study after study finds that between 50 and 70 percent of health care and disability costs are driven by modifiable lifestyle behaviors. As an employee benefits broker, we work with our clients to discover the cost drivers for their covered population, and begin the process of improving the health status of the population.

Results to date?

Our overall book of business increase for 2007 will likely be in the range of 4 percent. And that on roughly \$300 million of health care spending.

integrity expertise
credibility

What you're doing doesn't sound like traditional 'broker of record' services anymore!

While we don't have things perfected, we continually refine our service model and think pretty hard about our clients' problems. Our record demonstrates we generally come up with effective solutions. And delivering economic value is what keeps us in front of people.

There is more to C.M. Smith than just health care and employee benefits, right?

Yes. We also have a division headed by co-owner Bret Maffett that handles executive benefits, 401(k) plans, life and disability insurance, and tax-sheltered annuities.



Caroline Segar, Director of Benefits at Barnes Group Inc., speaks with John O'Connell of C.M. Smith while the "network" of C.M. Smith associates looks on. C.M. Smith has served as employee benefits broker to Barnes Group Inc. since 2001.

Many health care thought leaders have been influenced by the recent book by Michael Porter and Elizabeth Teisberg, *Redefining Health Care*. Care to comment?

Porter's main message is that health care isn't a commodity. The book points to a model where competition is focused on the level of specific medical conditions over the complete cycle of care. We're using this seminal work to raise the bar on how we advise clients and negotiate with vendors to improve the economic value our clients receive for their health care dollar.

What are the most important things you want interested readers to know about C.M. Smith?

We have insights that others aren't able to develop or act upon. Our significant local knowledge of the health care landscape is underpinned by our participation in the Benefit Advisors Network, a national consortium of leading health care brokers. We have local expertise and national muscle. And we can use these tools to provide better results than many employers are seeing today.

Personal philosophy?

Actually, it's more of a company philosophy – while our business model continues to evolve, we are tightly tethered to three guiding elements – our integrity, our credibility and our expertise. In simplest terms, we help our clients make decisions in their best interest.

C.M. SMITH AGENCY, INC.

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