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Wonkblog

Meet Serco, the private firm getting \$1.2 billion to process your Obamacare application

By Sarah Kliff July 16, 2013

I wrote [a story](#) for today's paper about Serco, the contracting firm that recently won a \$1.2 billion health law contract. That story focused mostly on a British investigation of the firm's parent company, Serco Group, for overbilling the government by "tens of millions of pounds."

What didn't make it into the story was some interesting background on the firm, which plans to hire 1,500 workers to handle any paper applications for health coverage under the Affordable Care Act. Most of it came from a conversation with Alan Hill, Serco's head of media relations. Here's what I learned.

Ninety percent of its business is with the federal government. Based just outside of Washington in Reston, Va., Serco is a 25-year-old firm that pretty much owes its existence to government contracting. "We have 8,000 workers across 45 states," Hill said. "Since the beginning of our existence, we've worked heavily with the federal government."

Serco's experience isn't in health care. It's in paper pushing. The \$1.2 billion health law contract was the company's first under the Affordable Care Act, Hill said. But that doesn't mean the firm is inexperienced. It has contracts with numerous government agencies to process applications. "This contract has a lot to do with records management, processing applications and that kind of work," Hill said. "We do a lot of that work for other agencies, like processing visas. We do that work in New Hampshire and Kentucky.

"If someone applies for a patent, that's us who handles the application," Hill said, explaining his firm's contract with the U.S. Patent and Trademark Office. There are more than 60 million records that Serco handles for the Department of Homeland Security.

"This type of high volume, all coming in fast applications, that is one of our skill sets we have an experience in," he said. "That's why we're excited about getting to work with HHS on this."

The Obamacare contract is a huge win for Serco. The company's annual revenue from the federal government is \$1.2 billion. This would bring in another \$1.2 billion over the course of five years, a big boost to the firm.

Is Serco Inc., a British company? Sort of. There was a bit of fanfare over the United States engaging a large British firm to manage the rollout of a really big U.S. law. That's only partially true. Serco Inc. is indeed part of Serco Group, an international contracting firm headquartered about an hour southwest of London in Hook, North Hampshire.

The company that won the contract to process the Obamacare applications is Serco Inc., which is headquartered in Reston. "Our parent company is based in the UK," Hill said, "And we do work for the federal government. Sometimes there's a lot of sensitive classified work, so there's a firewall between us and our parent company. There's certain information they cannot know or we cannot provide to them."

Whenever Hill makes a call to the British office, for example, he has to log the call and write down what he discussed with them. Serco Inc. has a separate, independent board. So it is indeed part of a British-based group, but at the same time a Virginia-based firm.

Want a job working on Obamacare? Has Serco got a deal for you! The company is already recruiting what will be an estimated 1,500 workers who will handle paper applications for private insurance coverage that come in through the new marketplaces. Most applications, the government expects, will come in online.

Serco has decided to headquarter its operations in Alabama, Arkansas and Kentucky. As to why these places were chosen, Hill said it has a lot with where they think they can stand up an office really fast.

"We have to go out and look at what is readily available, or what can be converted within the timeline to meet the requirements," Hill said of office space. "Then there are all sorts of other factors, like what areas have a readily available workforce that have the experience you want. You have to look at what cities want to work with you. These areas obviously had space available and a workforce that could support us."

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