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October 9, 2013

The Honorable Joseph R. Pitts
Chairman, Subcommittee on Health, Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, D.C. 20515

**Re: Additional Questions for the Record and Member Requests from the Hearing,
“PPACA Pulse Check: Part 2,” on September 10, 2013**

Dear Mr. Chairman:

I received your letter of September 26, 2013, containing additional questions for the record as well as Member requests from the hearing in which I testified, “PPACA Pulse Check: Part 2.” Those questions and requests, along with my answers, are provided in the prescribed format below.

The Honorable Gus Bilirakis: Did CMS, in any of your conversations, state why they waited until July to issue the contract? Did they not know there would be paper processing required when the Exchanges go online? Do you usually get contracts affecting 6.2 million people, three months before they are to occur?

Response:

CMS did not give me a reason as to why the contract was awarded on July 1. I have no personal knowledge regarding CMS's rationale in this regard. In my experience, contracts like this one vary in requirements and it is difficult to characterize what is “usual.” Transition times vary considerably, depending upon the requirements.

The Honorable Gus Bilirakis: Has HHS, CMS, or another government agency come back to you and asked you to modify the initial contract? If so, what was changed? Did CMS state why they needed to make this change or why this was not included in the original bid?

Response:

Serco received from CMS a request for a modification to re-baseline our contract based on a change in circumstances: (1) CMS indicated that the Congressional Budget Office (“CBO”) had updated and revised its projections of the likely number of applications that would be received on paper, and (2) better information had become available on the estimated processing times for an application. The original bid had this type of information, which we used as the basis for our original proposal. The new CBO estimates in May 2013 revised those numbers, creating a need to adjust the contract requirements accordingly.

The Honorable Gus Bilirakis: What security standards do you use? Do you use FISMA standards for your private contracts? How would FISMA standards compare to equivalent commercial security standards? Would you describe it as a higher or lower standard?

Response:

The majority of Serco’s Federal Government contracts require FISMA or DIACAP standards. Even our non-Federal, non-DoD contracts (such as for the Virginia Dept. of Transportation) require a standard based on the same NIST Risk Management Framework (RMF) and Security Controls of FISMA. Serco’s internal standard for its corporate systems is also FISMA/NIST-based. I would not describe the FISMA standard as higher or lower than commercial security standards, such as ISO 17799 or COBIT, but rather would describe it as consistent with commercial risk-management practice and controls.

The Honorable John D. Dingell: **How many people has Serco hired to work on this CMS contract? Please elaborate.**

Response:

For the CMS-ES contract, Serco is contracted to provide eligibility support services. Contract tasks include the intake, routing, processing, reviewing, and troubleshooting of applications submitted for enrollment into a Qualified Health Plan and for insurance affordability programs beginning October 1, 2013.

To meet the needs of this contract, Serco will hire new employees in three major groups: 1) baseline staff utilized year-round; 2) contingent or on-call employees available for unanticipated increases in volume during non-peak periods; and 3) seasonal workers for peak volume periods associated with health plan enrollment opportunity windows. These employees will handle project management, mail, file/case management, document scanning, analysis, and quality control. A full listing of Serco CMS-ES jobs is available at <http://www.serco-na.com/cms-es/cms-es-jobs>.

On August 21, 2013, Serco received a request from CMS for a proposal to modify the contract due to changes in the government's estimates on workload. In addition, CMS requested that Serco include translation and interpreter services, as well as pricing for performing employee background checks for all project staff members. Serco provided a complete modification proposal on September 5, 2013, and received a formal contract modification on September 25, 2013.

These jobs are currently available in three locations. As a result of the modification, Serco will perform the work in four facilities, located in Arkansas, Kentucky, Missouri, and Oklahoma. The locations were selected for a variety of reasons, including the high-caliber employee base and competitive labor costs with higher unemployment rates. Serco's goal is to create a positive impact on local economies. In these locations, Serco is running or will be running radio and newspaper advertisements to increase awareness of the jobs and to drive candidates to the Serco website to apply and for job fair information. The Company's staff are reviewing, selecting, screening, and scheduling interviews with candidates for available positions. The job fairs have been well-received and follow HR best practices, such as:

- Establishing relationships with local stakeholders (unemployment offices, Chambers of Commerce, higher learning institutions, veteran's groups, etc.) to raise awareness and assist with promoting the job opportunities

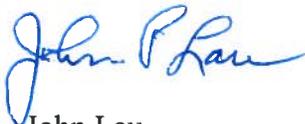
- Using advertising to promote the job opportunities, through the channels that reach the majority of candidates, such as job websites, newspapers, radio, and word of mouth
- Pre-screening applications to achieve a high on-site interview-to-hire ratio
- Placing an operations and senior HR employee at the sign-in desk at job fair events to review incoming resumes and confirm position assignments prior to each interview
- Beginning the background checks process at the job fairs
- Ensuring that sub-contractors provide Serco with daily hiring results by labor category for tracking
- Completing Mass Onboarding/Data Entry spreadsheets on a daily basis to report updated hiring numbers
- Providing on-site computers for job fair walk-ins to apply online

The roll-out of Serco’s hiring and sites is a phased approach. Details regarding each location are noted below as of October 4, 2013:

	KENTUCKY	ARKANSAS	MISSOURI	OKLAHOMA	TOTALS
Hiring Goal	909	1,615	783	477	3,784
Applicants to Date	1,359	2,407	5,444	249	9,459
Interviews Scheduled	739	704	1,170	1	2,614
Offers Accepted	615	574	775	-	1,964
Total Employees on Board	615	574	16	-	1,205

Thank you for this opportunity to provide additional information to the Subcommittee.

Sincerely,



John Lau
 Program Director
 Serco Inc.