HMS HOLDINGS CORP.
COMPENSATION COMMITTEE CHARTER

A. PURPOSE

The Compensation Committee of the Board of Directors (the "Board") of HMS Holdings Corp. (the "Company") is appointed by the Board to discharge the Board's responsibilities relating to compensation of the Company's Chief Executive Officer (the "CEO") and all of the Company's executive officers (the "Senior Executives"). The Committee has overall responsibility for approving and evaluating all compensation plans, policies and programs of the Company as they affect the CEO and the Senior Executives.

The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement or Annual Report on Form 10-K, as applicable.

B. STRUCTURE AND MEMBERSHIP

1. **Number.** The Compensation Committee shall consist of at least three members.

2. **Independence.** Except as otherwise permitted by the applicable NASDAQ rules, each member of the Nominating Committee shall be independent as defined by such rules.

3. **Chair.** Unless the Board elects a Chair of the Compensation Committee, the members of the Compensation Committee shall elect a Chair by majority vote.

4. **Compensation.** The compensation of the Compensation Committee members shall be as determined by the Board.

5. **Selection and Removal.** Members of the Compensation Committee shall be appointed by the Board. The Board may remove members of the Compensation Committee from such committee, with or without cause.

C. AUTHORITY AND RESPONSIBILITIES

1. **General**

   The Compensation Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management, in accordance with the business judgment of its members.

2. **Compensation Matters**

   (a) **Independent Advisors.** The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist it in the

evaluation of CEO or Senior Executive compensation and shall have sole authority to approve the consultant's fees and the other terms and conditions of the consultant's retention. The Compensation Committee shall also have authority to obtain advice and assistance from internal or external legal, accounting or other advisors.

(b) **CEO Evaluation.** The Compensation Committee shall annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and recommend to the Board the CEO's overall compensation levels based on this evaluation. In evaluating the long-term incentive components of CEO compensation, the Compensation Committee shall consider, among other matters, the Company's performance and relative shareholder return and the awards given to the CEO in past years. Notwithstanding the foregoing, if any grant or award to the CEO is intended to qualify for the performance-based compensation exemption from the limitations on deductibility of executive compensation imposed by Section 162(m) of the Internal Revenue Code or any successor thereto, the Compensation Committee, or any independent subcommittee thereof, rather than the Board, shall approve such award, but it may refer such award to the Board for ratification.

(c) **Executive Compensation.** The Compensation Committee shall, at least annually, review and approve the annual base salaries and annual incentive opportunities of the CEO and the Senior Executives. In addition, periodically and as and when appropriate, the Compensation Committee shall review and approve the following as they affect the CEO and the Senior Executives: (a) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities; (b) any employment agreements and severance arrangements; and (c) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits. In addition, the Compensation Committee shall receive periodic reports on the Company's compensation programs as they affect all employees. Finally, the Compensation Committee shall review and approve any special or supplemental compensation and benefits for the CEO and the Senior Executives and persons who formerly served as the CEO and/or as Senior Executives, including supplemental retirement benefits and the perquisites provided to them during and after employment.

(d) **Administration of Equity-Based Plans.** The Compensation Committee shall exercise all rights, authority and functions of the Board under all of the Company's stock option, stock incentive, employee stock purchase and other equity-based plans, including without limitation, the authority to interpret the terms thereof, to grant options thereunder and to make stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by this charter, any such plan or a resolution of the Board, the Compensation Committee shall not be authorized to amend any such plan. The Committee may, in its sole and absolute discretion, and subject to the provisions of the Plan, from time to time delegate any or all of its authority to administer the Plan to any other persons or committee as it deems necessary or appropriate for the proper administration of the Plan, except that no such

delegation shall be made in the case of Awards intended to be qualified under Section 162(m) of the Code.

3. **Plan Recommendations, Approvals and Oversight.**

   (a) The Compensation Committee shall periodically review and make recommendations to the Board with respect to incentive-compensation and equity-based plans that are subject to approval by the Board.

   (b) The Committee shall oversee the Company's compliance with any applicable requirements under NASDAQ rules that shareholders approve equity compensation plans.

   (c) The Compensation Committee, or a majority of the independent directors serving on the Board, shall approve any inducement awards granted in reliance on the exemption from shareholder approval contained in NASDAQ Rule 5635(c)(4).

   (d) The Compensation Committee shall monitor the Company's compliance with the requirements under the Sarbanes-Oxley Act of 2002 relating to 401(k) plans and loans to directors and officers and with all other applicable laws affecting employee compensation and benefits.

   (e) The Compensation Committee, or a majority of the independent directors serving on the Board, shall approve any tax-qualified, non-discriminatory employee benefit plans (and any parallel nonqualified plans) for which stockholder approval is not sought and pursuant to which options or stock may be acquired by officers, directors, employees or consultants of the Company.

4. **Review and Discussion of Compensation Discussion and Analysis. Recommendation to Board.** The Compensation Committee shall review and discuss annually with management the Company's "Compensation Discussion and Analysis" required by Item 402(b) of Regulation S-K (the "CD&A"). The Compensation Committee shall consider annually whether it will recommend to the Board that the CD&A be included in the Company's Annual Report on Form 10-K, proxy statement on Schedule 14A or information statement on Schedule 14C.

5. **Director Compensation.** The Compensation Committee shall periodically review and make recommendations to the Board with respect to director compensation.

6. **Compensation Committee Report.** The Compensation Committee shall prepare the annual Compensation Committee Report required by Item 407(e)(5) of Regulation S-K.

7. **Additional Duties**. The Compensation Committee shall have such other duties as may be delegated from time to time by the Board.

D. PROCEDURES AND ADMINISTRATION

1. **Meetings.** The Compensation Committee shall meet as often as it deems necessary to carry out its responsibilities. Compensation Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the Board under the Company's By-laws, unless otherwise stated by resolution of the Board.

2. **Subcommittees.** The Compensation Committee may form and delegate authority to one or more subcommittees (including (a) a subcommittee consisting of a single member and (b) a subcommittee consisting of at least two members, each of whom qualifies as a "non-employee director," as such term is defined from time to time in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, and an "outside director," as such term is defined from time to time in Section 162(m) of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder), as it deems appropriate from time to time under the circumstances.

3. **Reports to the Board.** The Compensation Committee shall report regularly to the Board.

4. **Charter.** The Compensation Committee shall from time to time as it deems appropriate, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.