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Jefferies 2012 Global Healthcare Conference

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Safe Harbor Statement

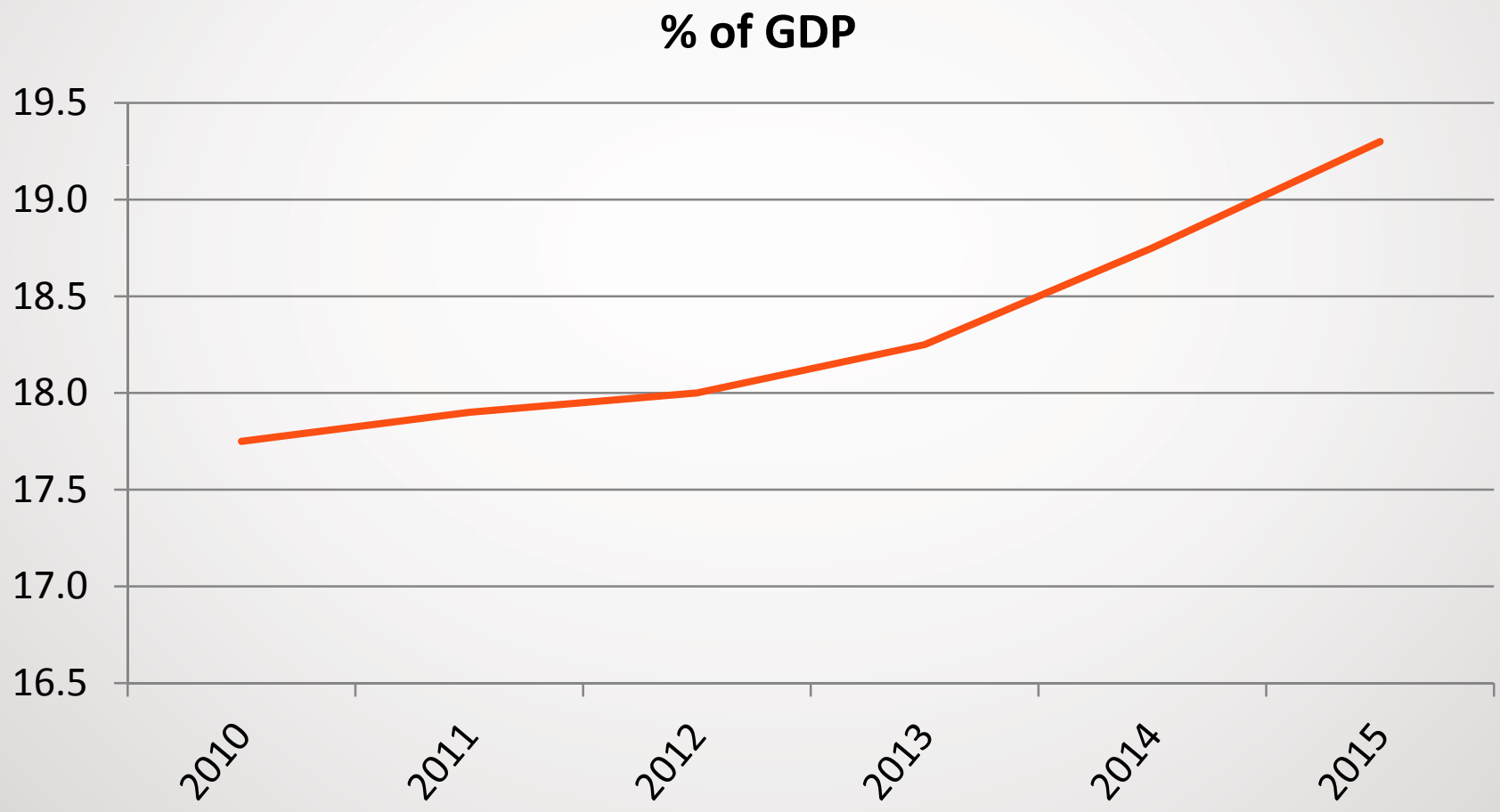
This presentation contains “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Such statements give our expectations or forecasts of future events; they do not relate strictly to historical or current facts. Forward-looking statements can be identified by words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans,” “believes,” “will,” “target,” “seeks,” “forecast” and similar expressions and references to guidance. In particular, these include statements relating to future actions, business plans, objects and prospects, and future operating or financial performance. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. We caution you therefore against relying on any of these forward-looking statements.

Factors that could cause or contribute to such differences include, but are not limited to: government regulatory, political and budgetary pressures that could affect the procurement practices and operations of healthcare organizations; changes in the United States healthcare environment, including as a result of the pending Supreme Court decision on the ACA; the development by competitors of new or superior products or services; the emergence of new competitors, or the development by our clients of in-house capacity to perform the services we offer; all the risks inherent in the development, introduction, and implementation of new products and services; our ability to manage our growth and its demands on our resources and infrastructure; our ability to successfully integrate our acquisitions; our ability to retain clients or the loss of one or more major clients; client dissatisfaction or early termination of contracts triggering significant costs or liabilities; our compliance with the covenants and obligations under the terms of our credit facility and our ability to generate sufficient cash to cover our interest and principal payments thereunder; variations in our results of operations; negative results of government reviews, audits or investigations to verify our compliance with contracts and applicable laws and regulations; changing conditions in the healthcare industry which could simplify the payment process and reduce the need for and price of our services; our ability to continue to secure contracts through the competitive bidding process and to accurately predict the cost and time to complete such contracts; our failure to comply with laws and regulations governing health data or to protect such data from theft and misuse; and, our ability to maintain effective information systems and protect them from damage or interruption. A further description of these and other risks, uncertainties, and related matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is available at www.hms.com under the “Investor Relations” tab. Any forward-looking statements made by us in this presentation speak only as of the date of this presentation. Factors or events that could cause actual results to differ may emerge from time to time and it is not possible for us to predict all of them. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law.

Provided May 15 ,2012 as part of an oral presentation and is qualified by such, contains forward-looking statements, actual results may vary materially; HMS disclaims any duty to update.

Our payment integrity services help ensure a more effective healthcare system.

Healthcare Spending



CMS Office of the Actuary, "Estimated Financial Effects of PPACA as Amended," April 2010.

Our Role

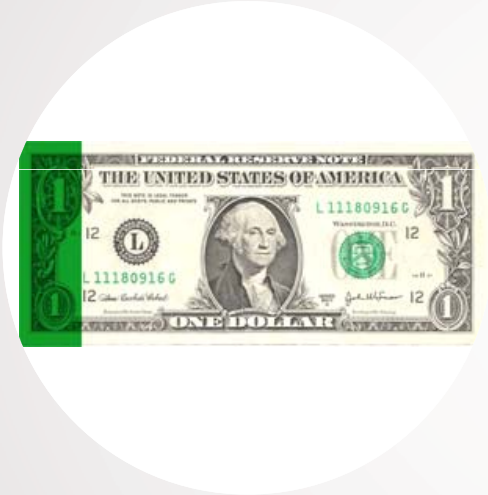
- HMS helps control spending by addressing payment errors.

What is Payment Integrity?

- Claims are paid by the responsible party.

- Claims are paid accurately.

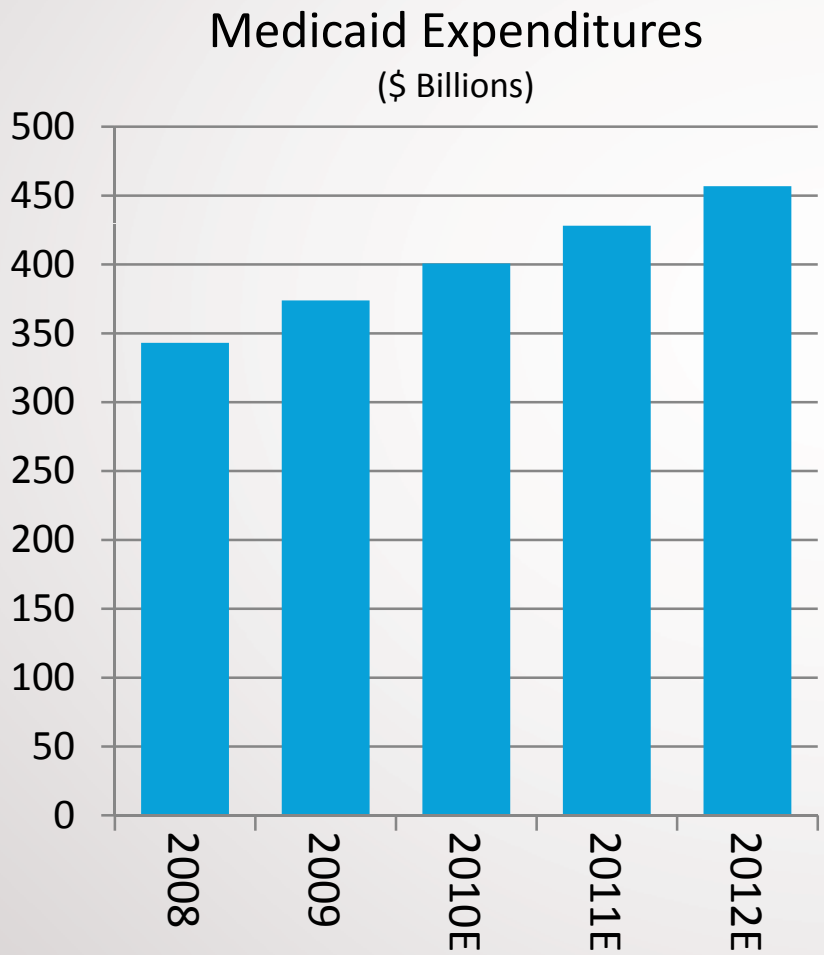
Our Business Model

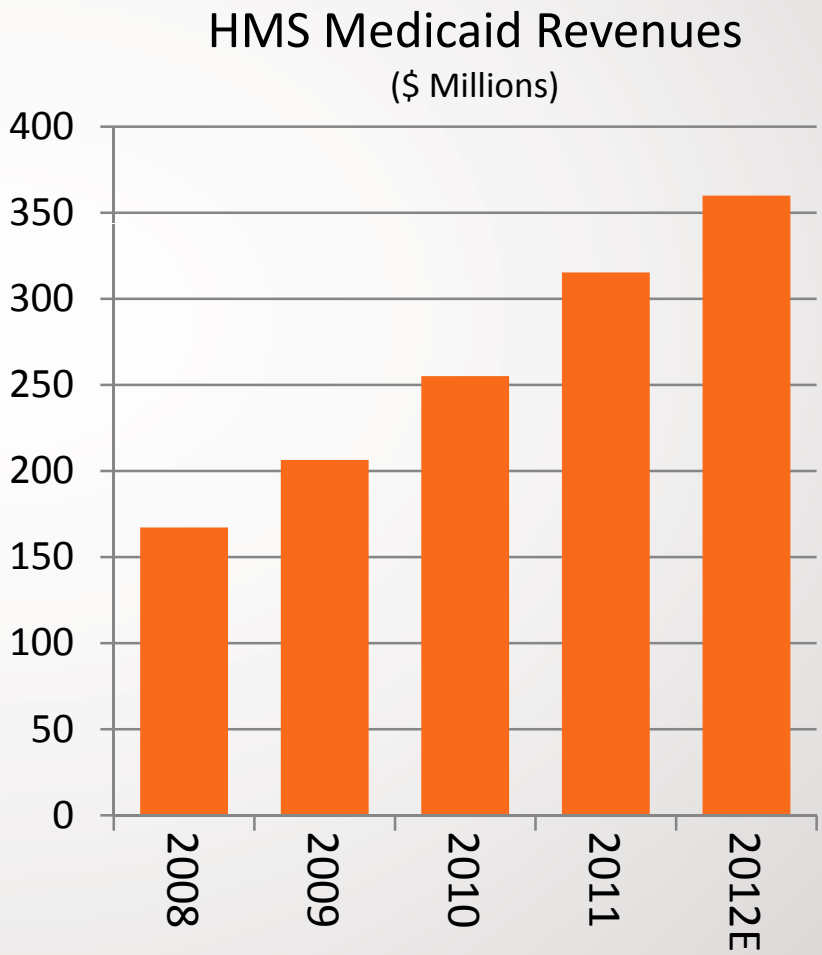


- Performance-Based Services
- Multiple Growth Drivers
- Demonstrated Results

The Markets

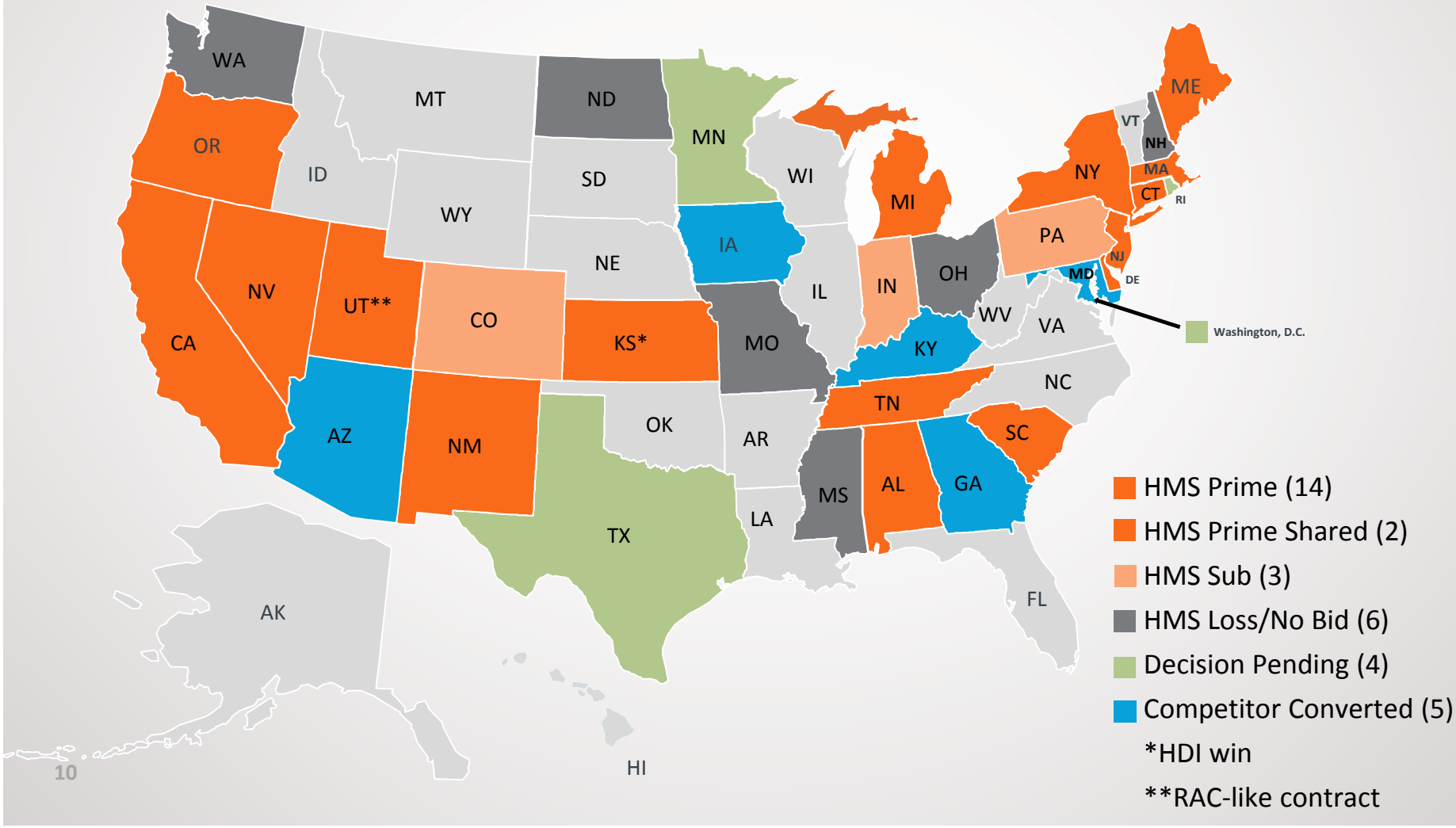
Medicaid Market



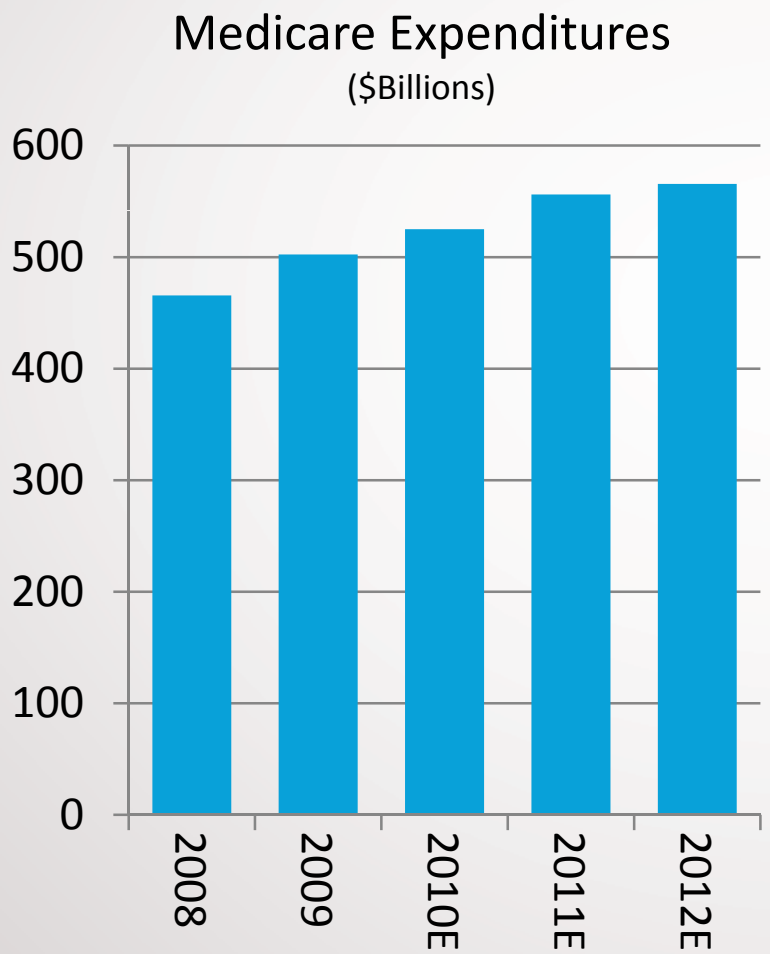


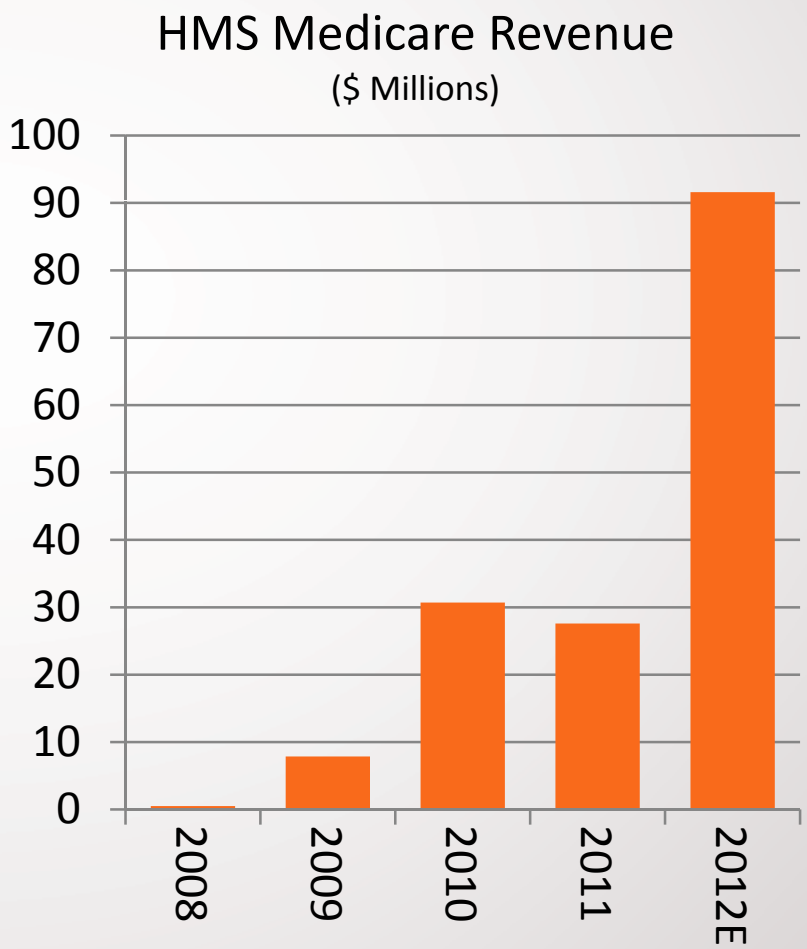
CMS Office of the Actuary, National Healthcare Expenditure Projections 2010-2020, September 2011

Medicaid RAC Status



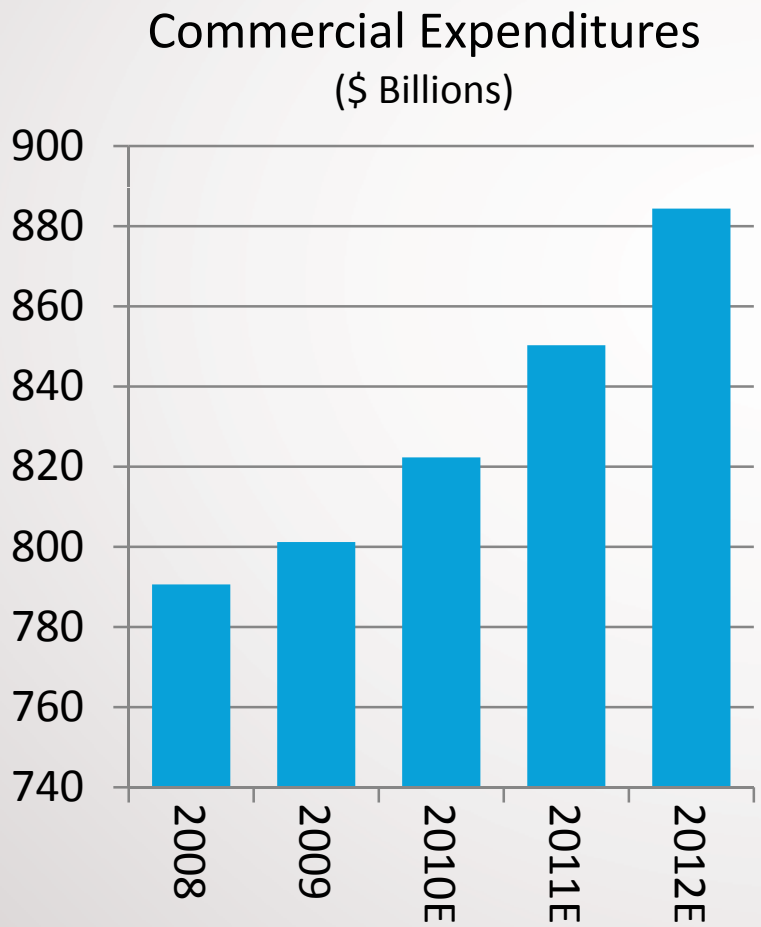
Medicare Market

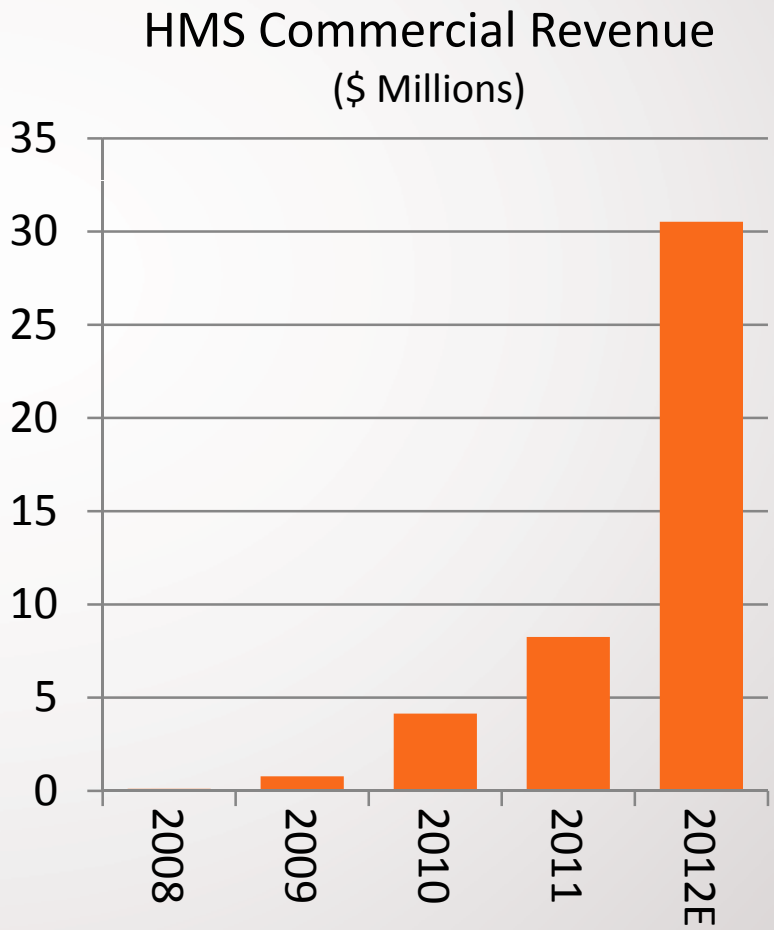




CMS Office of the Actuary, National Healthcare Expenditure Projections 2010-2020, September 2011

Commercial Market





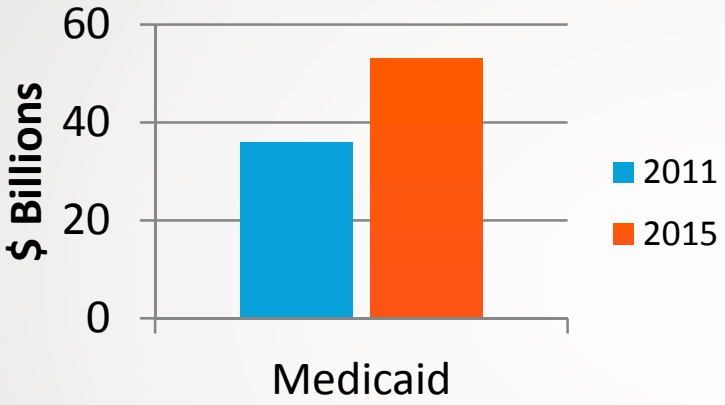
CMS Office of the Actuary, National Healthcare Expenditure Projections 2010-2020, September 2011

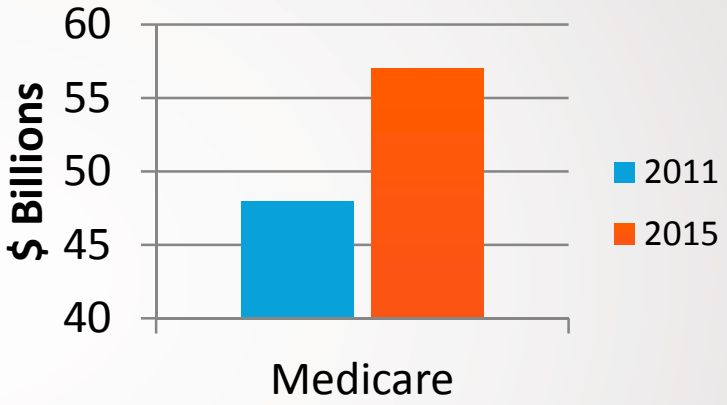
HDI Update

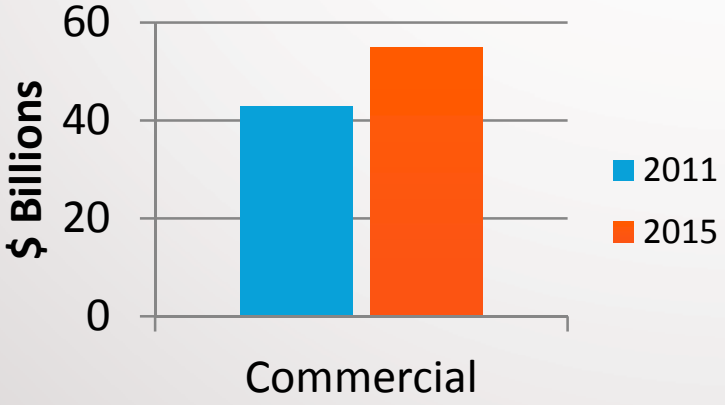
- Strong first quarter performance
- Packaging HMS's services for HDI commercial clients
- Introducing HDI services to HMS clients
- Leveraging HDI technology platform for HMS government and managed care clients

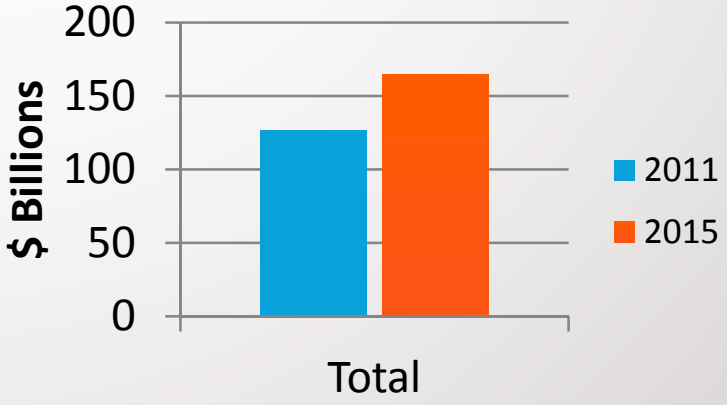
The Addressable Market

Payment Errors









Our Products

Drive Payment Integrity

Products

Claims Paid by Responsible Party

Eligibility Verification
Coordination of Benefits
Dependent Eligibility Audit
Cost Avoidance
Real-Time COB
TPL Recovery
Premium Payment
Subrogation
Workers' Comp

Claims Paid Accurately

Pre-Pay Utilization Review
Fraud Pattern Identification
Coding Errors
Complex Clinical Review
Utilization Management
Medical Necessity
Pharmacy Audit
Credit Balance Review
Plan/Benefit Audit
Special Investigations

Are Broadly Applicable

Products

Claims Paid by Responsible Party

Eligibility Verification
Coordination of Benefits
Dependent Eligibility Audit
Cost Avoidance
Real-Time COB
TPL Recovery
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Workers' Comp

Claims Paid Accurately

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Pharmacy Audit
Credit Balance Review
Plan/Benefit Audit
Special Investigations

Claim Stages: Enrollment | Pre-payment | Post-payment/Recovery

Error Types: Eligibility | Financial | Clinical | Compliance | Fraud

Markets: Medicaid | Medicare | Commercial

Strategic Outlook

- HDI performing as planned
- Medicaid continues to grow
- Strong competitive advantage in developing Medicaid RAC market
- Continued bipartisan focus on fraud, waste, and abuse
- Emerging health insurance exchange opportunity

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