

**HMS HOLDINGS CORP.**  
**COMPLIANCE AND ETHICS COMMITTEE CHARTER**

**A. PURPOSE**

The Compliance and Ethics Committee of the Board of Directors (the “Board”) of HMS Holdings Corp. (the “Company”) is established by the Board to assist the Board in fulfilling its oversight responsibilities relating to (i) the Company’s compliance and ethics programs, policies and procedures; (ii) the Company’s compliance with federal and state laws and regulations that are applicable to the business of the Company, particularly those related to healthcare, and all applicable Medicare and Medicaid program requirements; (iii) the activities of the Chief Compliance and Ethics Officer and the operation of the Company’s compliance and ethics function; and (iv) compliance with the Company’s Code of Conduct and related policies and adherence to ethical standards.

Notwithstanding the foregoing and for clarity, the Audit Committee shall have sole oversight over matters of financial compliance (accounting, auditing, financial reporting and investor disclosure). As to all other areas of compliance (“non-financial compliance”), the Compliance and Ethics Committee shall have oversight responsibility in the first instance.

**B. STRUCTURE AND MEMBERSHIP**

1. **Number.** The Compliance and Ethics Committee shall consist of at least three members of the Board.
2. **Independence.** A majority of the members of the Compliance and Ethics Committee shall meet the definition of an “independent director” as defined by NASDAQ Rule 5605(a)(2).
3. **Chair.** Unless the Board elects a Chair of the Compliance and Ethics Committee, the Compliance and Ethics Committee shall elect a Chair by majority vote.
4. **Compensation.** The compensation of the Compliance and Ethics Committee members shall be as determined by the Board.
5. **Audit Committee Overlap.** At least one member of the Compliance and Ethics Committee shall serve concurrently on the Audit Committee of the Board.
6. **Selection and Removal.** Members of the Compliance and Ethics Committee shall be appointed by the Board, upon the recommendation of the Nominating and Governance Committee. The Board may remove members of the Compliance and Ethics Committee from such committee, with or without cause.

## C. AUTHORITY AND RESPONSIBILITIES

1. **General.** The Compliance and Ethics Committee shall have general oversight of the Company's compliance with the legal, regulatory and ethical requirements of its business operations. This shall not include compliance with securities laws and regulations, including the Company's financial reporting and disclosure requirements, which shall be the responsibility of the Company's Audit Committee. While the Committee has the responsibilities and powers set forth in this Charter, the Committee and the Board must rely on the expertise and knowledge of management, including the Company's healthcare compliance personnel. Accordingly, it is the responsibility of management of the Company to insure compliance with applicable laws, rules and regulations. The Compliance and Ethics Committee may initiate such compliance investigations as it deems appropriate, but it is not the Compliance and Ethics Committee's responsibility to conduct compliance audits in the ordinary course of the Company's business.
2. **Scope.** In exercising its authority and carrying out its responsibilities, the Compliance and Ethics Committee shall:
  - (a) oversee the activities of the Chief Compliance and Ethics Officer and the operation and efficacy of the Company's compliance and ethics function, including, the adequacy of the organization, responsibilities, plans, results, budget and staffing;
  - (b) oversee the Company's compliance with federal and state laws and regulations that are applicable to the business of the Company, particularly those related to healthcare, and all applicable Medicare and Medicaid program requirements;
  - (c) meet with the Company's Chief Compliance and Ethics Officer and General Counsel on a quarterly basis to discuss compliance program activities, including but not limited to: (i) compliance-related activities undertaken by the Company; (ii) the results of significant regulatory compliance audits conducted; (iii) calls received by the Company's anonymous hotline and the investigation and resolution of those matters; and (iv) other complaints and allegations relating to the Company's regulatory compliance matters (for avoidance of doubt, the Audit Committee will be responsible for addressing any complaints regarding accounting or auditing matters);
  - (d) review, together with the Audit Committee as appropriate, significant compliance risk areas, including risks related to non-compliance with laws applicable to the business of the Company, and steps management has taken to monitor, control and report such risk exposures;
  - (e) monitor the effectiveness of the Company's Corporate Compliance Program and recommend improvements as necessary or appropriate;
  - (f) review the Company's significant compliance-related policies and procedures;
  - (g) monitor updates to, and the effectiveness of, the Company's Code of Conduct and serve as the initial reviewing body for allegations of material violations of the Code of Conduct relating to matters other than accounting, internal accounting controls or auditing matters, which shall be reviewed by the Audit Committee;

(h) receive periodic reports on the activities of the Company's political action committee (PAC) and the purpose and benefits of the expenditures; and

(i) ensure proper communication of significant compliance issues to the Board.

3. **Additional Duties.** The Compliance and Ethics Committee shall have such other duties as may be delegated from time to time by the Board and are not inconsistent with the terms of this Charter, the Company's By-laws and governing law.

#### **D. PROCEDURES AND ADMINISTRATION**

1. **Meetings.** The Compliance and Ethics Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Compliance and Ethics Committee meetings will be governed by the quorum and other procedures generally applicable to meetings of the Board under the Company's Bylaws, unless otherwise stated by resolution of the Board. The Compliance and Ethics Committee may also act by unanimous written consent in lieu of a meeting. The Compliance and Ethics Committee shall keep records of its meetings.
2. **Subcommittees.** The Compliance and Ethics Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member), as it deems appropriate from time to time under the circumstances.
3. **Reports to the Board.** The Compliance and Ethics Committee shall report regularly to the Board.
4. **Charter.** At least annually, the Compliance and Ethics Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
5. **Independent Advisors.** The Compliance and Ethics Committee may, in its sole discretion, retain or obtain the advice of consultants, legal counsel or other advisors to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Compliance and Ethics Committee is empowered, without further action by the Board, to cause the Company to pay the compensation, as determined by the Compliance and Ethics Committee, of any independent advisors engaged by the Compliance and Ethics Committee.
6. **Investigations.** The Compliance and Ethics Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Compliance and Ethics Committee or any advisors engaged by the Compliance and Ethics Committee.
7. **Committee Self-Evaluation.** The Compliance and Ethics Committee shall evaluate its performance annually.