

**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 established by the Board to discharge the Board’s responsibilities relating to compensation of the Company’s Chief Executive Officer (the “CEO”) and other 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 other 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 two members of the Board.
2. **Independence.** Except as otherwise permitted by the applicable NASDAQ rules, each member of the Compensation Committee shall be an “independent director” as defined by NASDAQ Rule 5605(a)(2).
3. **Chair.** Unless the Board elects a Chair of the Compensation Committee, 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, upon the recommendation of the Nominating and Governance Committee. 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 to it by the Company’s management and others, in accordance with its business judgment.

2. Executive and Director Compensation

- (a) **CEO Evaluation.** The Compensation Committee shall annually review and approve corporate goals and objectives relevant to the CEO’s 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 qualified subcommittee thereof, rather than the Board, shall approve such award, but it may refer such award to the Board for ratification.

- (b) **Executive Compensation.** The Compensation Committee shall review and approve, or recommend for approval by the Board, the compensation of the CEO and the other Senior Executives, including salary, bonus and incentive compensation levels; deferred compensation; executive perquisites; equity compensation (including awards to induce employment); severance arrangements; change-in-control benefits and other forms of executive officer compensation. In addition, the Compensation Committee shall receive periodic reports on the Company's compensation programs as they affect all employees. The Compensation Committee shall meet without the presence of executive officers when approving or deliberating on CEO compensation but may, in its or their discretion, invite the CEO to be present during the approval of, or deliberations with respect to, other executive officer compensation. Finally, the Compensation Committee shall review and approve any special or supplemental compensation and benefits for the CEO and the other Senior Executives and persons who formerly served as the CEO and/or as an executive officer of the Company, including supplemental retirement benefits and the perquisites provided to them during and after employment.
- (c) **Director Compensation.** The Compensation Committee shall periodically review and make recommendations to the Board with respect to director compensation, subject to the limits set forth in the Company's equity incentive plan, if any.
- (d) **Compensation Discussion and Analysis.** 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") and 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.
- (e) **Compensation Committee Report.** The Compensation Committee shall prepare the annual Compensation Committee Report required by Item 407(e)(5) of Regulation S-K.

3. Incentive Compensation and Equity-Based Plans

- (a) **Plan Recommendations and Approvals.** 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. In addition, 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.

(b) **Administration of Compensation Plans.** The Compensation Committee shall exercise all rights, authority and functions vested in it under the terms of Company's incentive compensation plans, equity based plans and other compensation plans. To the extent permitted by and consistent with applicable law and the provisions of a given equity-based plan, the Compensation Committee may delegate to one or more executive officers of the Company the power to grant options or other stock awards pursuant to such equity-based plan to employees of the Company or any subsidiary of the Company who are not directors or executive officers of the Company. The Compensation Committee, or a majority of the independent directors serving on the Board, shall approve any inducement awards to be granted in reliance on the exemption from shareholder approval contained in NASDAQ Rule 5635(c)(4).

3. Other Matters

(a) **Compensation Risk Oversight.** The Compensation Committee shall periodically review and consider the Company's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives, and whether risks arising from the Company's compensation policies and practices for its employees are reasonably likely to have a material adverse effect on the Company.

(b) **Additional Duties.** 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 in order to perform its responsibilities. The 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. The Compensation Committee may also act by unanimous written consent in lieu of a meeting. The Compensation Committee shall keep records of its meetings.
2. **Subcommittees.** The Compensation Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time under the circumstances (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).
3. **Reports to the Board.** The Compensation Committee shall report regularly to the Board.
4. **Charter.** At least annually, the Compensation Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

5. **Compensation Consultants, Legal Counsel and Other Advisors.** The Compensation Committee may, in its sole discretion, retain or obtain the advice of compensation consultants, legal counsel or other advisors. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel and other advisor retained by the Compensation Committee. The Compensation Committee is empowered, without further action by the Board, to cause the Company to pay the compensation, as determined by the Compensation Committee, of any compensation consultant, legal counsel and other advisor retained by the Compensation Committee. The Compensation Committee may select, or receive advice from, a compensation consultant, legal counsel or other advisor, only after taking into consideration the applicable factors affecting independence that are specified in NASDAQ Rule 5605(d)(3)(D), subject to the exceptions provided thereunder.

6. **Committee Self-Evaluation.** The Compensation Committee shall evaluate its own performance annually.