

## **HMS HOLDINGS CORP. CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors (the “Board”) of HMS Holdings Corp. (the “Company”) has adopted the following Corporate Governance Guidelines (the “Guidelines”) to assist the Board in the exercise of its duties and responsibilities and to serve the best interests of the Company and its stockholders. The Guidelines should be applied in a manner consistent with all applicable laws and stock exchange rules and the Company’s charter and bylaws, each as amended and in effect from time to time. The Guidelines are intended to serve as a flexible framework for the conduct of the Board’s business and not as a set of legally binding obligations. The Board may modify or make exceptions to the Guidelines from time to time in its discretion and consistent with its duties and responsibilities to the Company and its stockholders.

### **DIRECTOR RESPONSIBILITIES**

#### **A. Oversight of Company Management**

The principal responsibility of the directors is to oversee the management of the Company and, in so doing, exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In discharging this obligation, directors are entitled to rely on the integrity and honesty of the Company’s senior executives and its outside advisors, auditors and legal counsel, and will have full and free access to the Company’s management. The directors are also entitled to Company-provided indemnification, statutory exculpation and directors’ and officers’ liability insurance.

#### **B. Meetings**

Directors are expected to attend Board meetings and meetings of committees on which they serve and to devote the time needed and meet as frequently as necessary to properly discharge their responsibilities. Directors are also encouraged to attend the Company’s annual meeting of stockholders. Special meetings may be called from time to time as determined by the needs of the business. The Chairman of the Board will establish the agenda for each Board Meeting. The Lead Independent Director, if any, will assist the Chairman of the Board in the preparation of Board meeting agendas and meeting schedules.

Each Board member is free to suggest the inclusion of agenda items and to raise at any Board meeting subjects that are not on the agenda for that meeting. Information and data that are important to the Board’s understanding of the business to be conducted at a Board or committee meeting are generally distributed in writing to the directors before the meeting, and directors should review these materials in advance of such meeting.

### **DIRECTOR QUALIFICATION AND BOARD COMPOSITION**

#### **A. Director Independence**

Except as may otherwise be permitted by the applicable rules of the SEC and Nasdaq, a majority of the members of the Board shall be independent directors, as defined by the standards established by NASDAQ and the SEC. The independent directors will meet at

least twice a year in executive sessions. Additional meetings may be scheduled as deemed necessary by the independent directors.

## **B. Director Criteria and Selection**

The Nominating and Governance Committee is responsible for assisting the Board in identifying individuals qualified to serve as directors and for recommending to the Board the director nominees for election at any meeting of stockholders and to be elected by the Board to fill Board vacancies. Candidates will be reviewed by the Nominating and Governance Committee, and the Lead Independent Director, if any, in accordance with these Guidelines, its charter, and the general criteria set forth in Attachment A to these Guidelines. The Nominating and Governance Committee will periodically review with the Board the skills and criteria for new and continuing directors and the procedures for director candidates proposed by stockholders as well as the size and composition of the Board as a whole.

## **C. Other Directorships**

A director shall limit the number of other public company boards on which he or she serves so that he or she is able to devote adequate time to his or her duties to the Company, including preparing for and attending meetings. Directors should inform the Chief Legal Officer, who will notify the Chairman of the Board and the Chair of the Nominating and Governance Committee, in advance of accepting an invitation to serve on another public company board. Service on boards and/or committees of other organizations shall comply with the Company's applicable policies, including the Company's Code of Conduct.

## **D. Director Term Limits and Age Requirements**

The Board has determined that the knowledge, expertise and continuity provided by experienced directors is more valuable than ensuring diversity by setting such limits. The number of terms a director may serve on the Board shall not be limited, and directors shall not be required to retire from the Board at any specific age.

## **E. Board Leadership Structure**

It is the responsibility of the Nominating and Governance Committee to periodically review the Board's leadership structure to assess and recommend to the Board whether it is appropriate given the specific characteristics and circumstances of the Company. The Board has concluded that the decision as to whether the offices of Chairman and Chief Executive Officer should be separate or combined should be based upon the determination of the Board as to which approach best serves the interest of the Company at the time. If the offices of Chairman and Chief Executive Officer are held by the same person, the independent directors shall appoint a lead director from among the independent directors, who shall be responsible for chairing the regular sessions of, and otherwise providing leadership to, the independent directors and for performing other duties as set forth in the Company's Lead Independent Director Charter or that may be assigned from time to time by the Board.

## **MATERIAL CHANGES IN A DIRECTOR'S EMPLOYMENT**

The Board does not believe that as a rule, directors who retire or significantly change the employment position they held originally when becoming a member of the Board should be

required to resign from or be removed from the Board. Independent directors shall promptly inform the Chief Legal Officer, who will notify the Chairman of the Board and the Chair of the Nominating and Governance Committee, of any material change in his or her employment (including retirement) or termination as a member of the board or committee of any other public or private company. The Nominating and Governance Committee shall be advised of any such change by the Chair, and the committee shall make a recommendation to the Board as to the continued appropriateness, given the specific circumstances, of the Board or committee membership.

## **DIRECTOR CONFLICTS OF INTEREST**

Independent directors shall promptly inform the Chief Legal Officer, who will consult with the Chairman of the Board and the Chair of the Nominating and Governance Committee, of any matter that may cause a change in their status as independent directors and any activity that may rise to the level of a material conflict of interest, such as an affiliation with a competitor or customer of the Company. The Nominating and Governance Committee shall be advised of any such matter or activity by the Chair, and the committee shall make a recommendation to the Board as to the continued appropriateness, given the specific circumstances, of the Board or committee membership.

## **BOARD COMMITTEES**

### **A. Standing Committees**

The Board shall have at all times an Audit Committee, a Compensation Committee, a Nominating and Governance Committee, and a Compliance and Ethics Committee. Committee members and committee chairs shall be appointed by the Board upon recommendation of the Nominating and Governance Committee and the Lead Independent Director, if any. The Board may, from time to time, establish, modify or dissolve Board committees as necessary or appropriate, upon the recommendation of the Nominating and Governance Committee.

### **B. Independence of Committee Members**

Except as otherwise permitted by the applicable rules of the SEC and Nasdaq, each member of the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee shall be an “independent director” as defined by such rules.

### **C. Committee Charters**

Each standing committee shall have a Board approved charter that sets forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

### **D. Committee Meetings**

The chair of each committee, in consultation with the committee members, shall develop the committee’s agenda and determine the frequency and length of the committee meetings consistent with requirements set forth in the committee’s charter. Special committee

meetings may be called from time to time as determined by the needs of the business and the responsibilities of the committees.

### **DIRECTOR COMPENSATION**

The Company believes that compensation for directors should be competitive and should encourage ownership of the Company's stock through the payment of at least a portion of director compensation in Company stock and/or an option to purchase Company stock. Directors are also required to acquire and hold shares of Company stock pursuant to the Company's Stock Ownership Guidelines to help align their interests with those of the Company's stockholders. The Compensation Committee shall periodically review and make recommendations to the Board regarding the form and amount of director compensation, subject to the limits set forth in the Company's equity-based incentive plan, if any.

### **DIRECTOR ORIENTATION AND CONTINUING EDUCATION**

The Company shall conduct an orientation program for new directors. Additional steps with respect to director orientation and continuing education will be taken as determined by the board and as necessary to comply with securities laws and Nasdaq regulations.

### **MANAGEMENT EVALUATION AND SUCCESSION**

The Board selects the Company's Chief Executive Officer in the manner that it determines to be in the best interests of the Company's stockholders. It is then the responsibility of the Compensation Committee to evaluate the CEO's performance annually in accordance with its charter and to recommend for approval by the Board the CEO's overall compensation levels based on such evaluation. The Compensation Committee shall also review and approve, or recommend for approval by the Board, the compensation of the Company's other executive officers. In consultation with the Nominating and Governance Committee, appropriate succession planning for executive officers will be reviewed by the Board annually.

### **PERFORMANCE EVALUATION OF THE BOARD AND COMMITTEES**

The Nominating and Governance Committee shall oversee an annual self-evaluation of the Board and its standing committees, which may include an evaluation of individual directors, to determine whether the Board and its committees are functioning effectively.

### **COMMUNICATIONS WITH OUTSIDE PARTIES**

The Board believes that the Company's management generally should speak for the Company and should be responsible for communications with institutional investors, analysts, the news media and the Company's customers. Stockholders and other outside parties who wish to communicate with a director should address their correspondence to such director in care of the Corporate Secretary at the address specified by the Company on its website at <http://investor.hms.com/corporate-governance/contact-the-board>. The Board has instructed the Secretary to review and determine whether to forward all such correspondence in his or her discretion. Generally, correspondence will not be forwarded if it is deemed to be irrelevant to or inconsistent with the Company's operations or policies, or of a commercial nature.

## **REVIEW OF THE CORPORATE GOVERNANCE GUIDELINES**

The Nominating and Governance Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of these Guidelines and recommend any proposed changes to the Board for approval.

**HMS Holdings Corp.**  
**Attachment A to Corporate Governance Guidelines**

General Criteria for Nomination as a Director

1. Nominees should have a reputation for integrity, honesty and adherence to high ethical standards.
2. Nominees should have demonstrated business acumen, experience and ability to exercise sound judgments in matters that relate to the current and long-term objectives of the Company and should be willing and able to contribute positively to the decision-making process of the Company.
3. Nominees should have a commitment to understand the Company and its industry and to regularly attend and participate in meetings of the Board and its committees.
4. Nominees should have the interest and ability to understand the sometimes conflicting interests of the various constituencies of the Company, which include stockholders, employees, customers, governmental units, creditors, and the general public, and to act in the interests of all stockholders.
5. Nominees should not have, nor appear to have, a conflict of interest that is not properly mitigated that would impair the nominee's ability to represent the interests of all the Company's stockholders and to fulfill the responsibilities of a director.
6. Nominees shall not be discriminated against on the basis of race, religion, national origin, sex, sexual orientation, disability or any other basis proscribed by law.