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New Jersey Medicaid Program Awards Contract to HMS

NEW YORK, January 3, 2008 – Health Management Systems, Inc. (HMS) announced today that it has won a competitive procurement to continue to provide revenue recovery and cost management services to the New Jersey Department of Human Services’ Division of Medical and Health Services, which oversees the Medicaid program. The term of the contract is for three years; the state has the option to renew the contract for two additional one-year periods.

Said William C. Lucia, President of HMS, “We are very proud of our ability to help New Jersey deliver cost-effective healthcare coverage to the state’s neediest residents.”

This procurement builds on HMS’s long-standing success in serving New Jersey healthcare delivery programs paid through or administered by the Department of Human Services, including Medicaid, SCHIP (NJ FamilyCare), Pharmaceutical Assistance to the Aged and Disabled (PAAD), and Aids Drug Distribution Program (ADDP).

About Health Management Systems

HMS (NASDAQ: HMSY) is the nation’s leader in cost management, coordination of benefits, and program integrity services for government healthcare programs. The company serves the Medicaid programs of 40 states, 72 Medicaid managed care plans, the Centers for Medicare and Medicaid Services (CMS), child support agencies, SCHIP, and Veterans Administration facilities. HMS helps ensure that healthcare claims are paid correctly and by the responsible party. As a result of the company’s services, government healthcare programs recover over \$1.0 billion annually, and obtain access to data that helps them prevent billions more in inappropriate payments.

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