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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. These forward-looking statements are based on current expectations, estimates, assumptions and projections that are subject to change. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and those anticipated, estimated or projected. 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. 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: our ability to effectively manage our growth to execute on our business plans; variations in our results of operations; changes in the U.S. healthcare environment and steps we take in anticipation of such changes; regulatory, budgetary or political actions that affect procurement practices; the growth rate of spending on Medicaid/Medicare, simplification of the healthcare payment process or programmatic changes that diminish the scope of benefits; 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; 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 failure to comply with laws and regulations governing health data or to protect such data from theft and misuse; our ability to maintain effective information systems and protect them from damage or interruption; restrictions on our ability to bid on/perform certain work due to other work we currently perform; our ability to successfully integrate our acquisitions; our ability continue to secure contracts through the competitive bidding process and to accurately predict the cost and time to complete such contracts; 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; and negative results of government or client reviews, audits or investigations to verify our compliance with contracts and applicable laws and regulations. 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, 2012, which is available at [www.hms.com](http://www.hms.com) under the “Investor Relations” tab. 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. Any forward-looking statements are made as of the date of this presentation and we do not undertake an 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.



# Overview



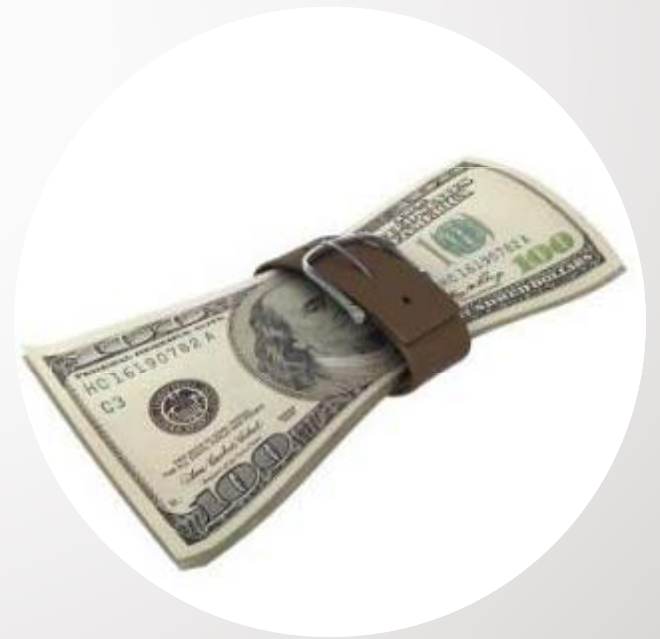
➔ Our payment integrity services help ensure a more effective healthcare system.





# Our Role

➤ HMS helps control spending by addressing payment errors.



# What is Payment Integrity?



- Claims are paid by the responsible party (Coordination of Benefits).



- Claims are paid accurately (Program Integrity).

# Our Business



➤ Performance-Based Services



➤ Multiple Growth Drivers



➤ Demonstrated Results

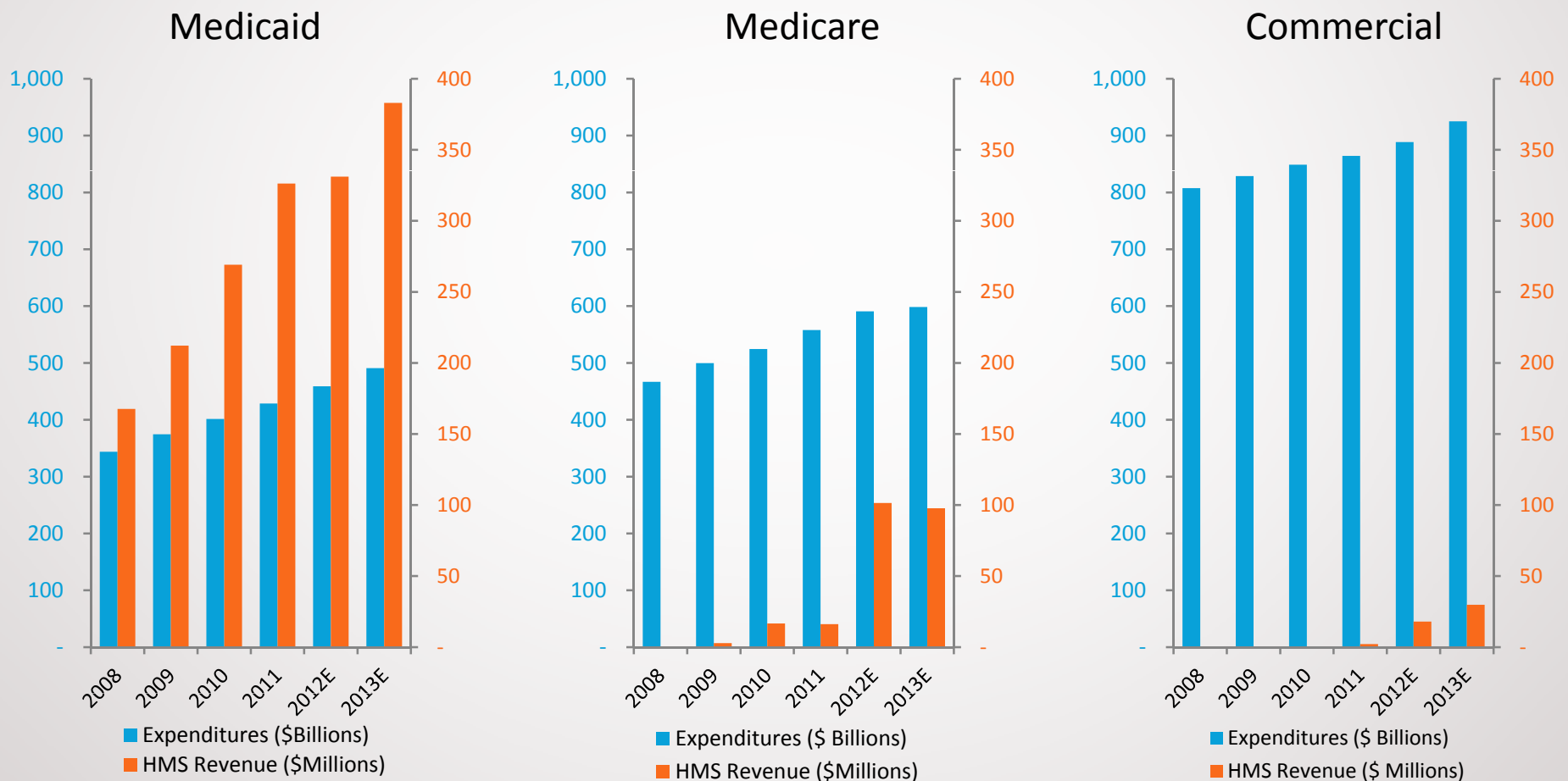




# The Markets



# Health Expenditures vs. Revenue





# The Opportunity

# Addressable Market, 2015

Medicaid	Medicare	Commercial
\$621 Billion	\$666.5 Billion	\$1.06 Trillion
8.1%	8.6%	5%
\$50 Billion	\$57 Billion	\$53 Billion

Sources: Spend data: CMS Office of the Actuary, National Healthcare Expenditure Projections, 2011-2021. Error rate – Medicaid: Three-year rolling Medicaid error rate based on 2011 estimated, CMS PERM Report December 2011; Medicare based on 2011 estimated, [www.paymentaccuracy.gov/programs/medicare-fee-service](http://www.paymentaccuracy.gov/programs/medicare-fee-service); Commercial: HMS Projection 6/11/2013

# Our Products





# Our Products Apply Broadly

## Products

### Claims Paid by Responsible Party (COB)

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

### Claims Paid Accurately (PI)

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

## Claim Stages

Enrollment | Pre-payment | Post-payment/Recovery

## Claim Types

Hospital | Physician | Pharmacy | DME | Behavioral | Home Health

## Error Types

Eligibility | Financial | Clinical | Compliance | Fraud

## Markets

Medicaid | Medicare | Commercial

# 2013 Guidance

	2012 Actual	Prior 2013 Guidance	Revised 2013 Guidance
Revenue (\$ millions)	\$474.0	\$570 - \$600	\$495 - \$525
GAAP EPS	\$0.57	\$0.63 - \$0.70	\$0.57 - \$0.63
ADJUSTED EPS	\$0.86	\$0.95 - \$1.02	\$0.89 - \$0.95

# Guidance Adjustment Factors

- Federal Government Procurements
  - Medicare Coordination of Benefits (COB)
  - Medicare RAC
- Medicaid COB
- Migration to Managed Care

# Strategic Outlook

- Medicaid expanding
- Medicaid RAC program progressing
- Eligibility verification opportunities emerging
- Products gaining traction in commercial market





