Dear Shareholder,

The healthcare industry is increasingly focused on enhancing the consumer experience and improving

health outcomes by better engaging individuals in managing their own health. To capitalize

on this trend, we completed an important strategic acquisition of Eliza Holding Corp. (“Eliza”) in

April 2017. Together with the 2016 purchase of the Essette care management platform, HMS now

offers a significantly expanded suite of solutions to engage consumers

and better manage their care. With our new care management and consumer engagement vertical,

combined with our heritage cost- containment businesses, HMS can address virtually every aspect of

the estimated $1 trillion in annual U.S. healthcare spend lost to fraud, waste and abuse. As a result, we

are a key partner for payers seeking to proactively manage the health of their members and to bend the

unsustainable upward trajectory of the healthcare cost curve.

Eliza is a cloud-based technology platform that provides personalized health engagement solutions –

at scale – to improve clinical outcomes and reduce costs by motivating members to adopt targeted

behaviors. It creates expanded opportunities to leverage our three principal assets – data, analytics and

an expansive customer base – and to partner with payers as they develop and execute strategies to

become more consumer-centric. We also believe our new offerings will increase member satisfaction

and retention rates, while positioning HMS to address other factors affecting healthcare, such as the increasing influence of artificial intelligence; a greater focus on price transparency; heightened

recognition of the impact of social determinants; and the growing role of big data and

technology-based analytics.

Eliza can, for example, identify social determinants during member outreach or health risk assessment

activities and provide actionable insights to customers, so they can direct their members to appropriate

assistance and care. This is important because socioeconomics, education levels, employment status

and social networks are factors that significantly impact overall health but cannot be assessed from an

enrollment file or medical claim.

Our 2017 financial performance included record full year coordination of benefits revenue, which was

up more than 8% compared to the prior year; full year total company revenue which topped $500

million for the first time in our history; and continued strong operating cash flow. Execution

challenges kept us from reaching our payment integrity (“PI”) revenue target for the year, but we

made substantial progress on several initiatives we believe can drive double-digit growth for our PI

business in the year ahead.

Throughout 2017, we made investments in people, technology, process improvements and innovation

to accelerate the growth we believe is inherent in our business model. We began to see the expected

payback in the fourth quarter, and plan to continue investing in our IT infrastructure and expanding

our big data environment in 2018.

Beyond investing in growth, our priority this year is to deploy capital for acquisitions that complement our core business, broaden our data analytics capabilities or add to our capacity to detect fraud, waste and abuse. We will stay disciplined in reviewing such opportunities and continue to apply rigorous diligence standards as we consider any future purchases. We also have a $50 million share buyback program in place, with $14 million used in the fourth quarter of 2017, which we will deploy opportunistically. Our balance sheet remains strong, with low leverage and a newly amended and extended $500 million credit facility, finalized last December which increases flexibility and supplements our strong operating cash flow.

Our outlook for 2018 includes total company revenue growth of 7-9% and margin expansion of approximately 50 basis points. We will continue to prudently manage operating expenses and anticipate capital expenditures will be roughly flat compared to 2017. Our effective tax rate is expected to be below 30%, as a result of the federal legislation signed into law last December. We plan to reduce the inventory of sold but not implemented business over the course of 2018 as we work through a backlog that grew throughout last year. We also took a number of steps in 2017 to improve the implementation process and will continue to focus this year on reducing the time it takes to produce the first dollars of revenue – particularly in our PI business.

Our strategic priorities for 2018 are designed to maximize total shareholder return and include the following: Boost organic revenue growth across all of our products

Utilize technology, innovation and our scalable business model to expand margins

Maximize cross sales of our care management and consumer engagement solutions to existing

customers Leverage technology to further strengthen the value of our vast healthcare database and

sophisticated analytics Seek to achieve higher levels of customer satisfaction and HMS employee

engagement

We approach 2018 with enthusiasm and confidence in our ability to show year-over-year improvement

on a number of key financial measures, and to continue positioning HMS for long-term revenue

growth and enhanced profitability.

Sincerely,

William C. Lucia

Chairman and Chief Executive Officer April 13, 2018

Safe Harbor: This letter contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These

statements relate to our current expectations, projections and assumptions about our business, the economy and future events or conditions; they do not relate

strictly to historical or current facts.

For a discussion identifying important factors that could cause actual results to differ from those stated or implied in our forward-looking statements, see the

Company’s filings with the SEC, including, but not limited to the “Cautionary Note Regarding Forward-Looking Statements,” “Risk Factors,” “Management’s

Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosures about Market Risk” in the Form 10-K portion of this Annual Report. With respect to our projected effective annual tax rate for 2018, this reflects our current reasonable estimate of the income tax

effects of the recently enacted federal tax legislation; however, these are provisional amounts subject to adjustment during the one-year measurement period.