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***Kentucky Medicaid Program Awards Cost Containment Services Contract to HMS***

NEW YORK, August 11, 2008 – HMS (NASDAQ: HMSY) announced today that it has won a competitive procurement to continue providing Third Party Liability (TPL) recovery and cost avoidance services to the Kentucky Cabinet for Health and Family Services (CHFS), Department for Medicaid Services. The contract has a two-year term and the Commonwealth has the option to renew it for one additional two-year period. The new contract also allows HMS to provide Medicaid Program Integrity services to the Commonwealth.

HMS has been a committed partner of Kentucky and the CHFS since 1994. During that 14-year period, HMS's services have recovered more than \$120 million for the Commonwealth and provided data worth nearly one billion dollars in cost savings.

“This award represents our agency’s continued trust in HMS’s expertise and innovative revenue recovery and cost avoidance solutions,” said Teresa Shields, CHFS Medicaid Services Specialist in the Department for Medicaid Services, Division of Program Integrity. “Our work with HMS is especially critical to us as we face significant budget constraints.”

**About HMS**

HMS is the nation’s leader in coordination of benefits and program integrity services for government healthcare programs. The company’s clients include health and human services programs in more than 40 states, 80 Medicaid managed care plans, the Centers for Medicare and Medicaid Services (CMS), 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 billion annually, and avoid billions of dollars more in erroneous payments. HMS is a wholly owned subsidiary of HMS Holdings Corp. (NASDAQ: HMSY), which is headquartered in New York and operates offices nationwide.

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