



NEWS

FOR IMMEDIATE RELEASE
May 9, 2001

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MAMSI Announces Strong First Quarter

Rockville, Md. -- Mid Atlantic Medical Services, Inc. (MAMSI) (MME-NYSE), one of the mid-Atlantic region's largest health services companies, today announced strong first quarter earnings attributable, in part, to a significant jump in commercial membership and premium increases.

For the three months ended March 31, 2001, net income increased 49.8% over the three months ended March 31, 2000. The first quarter 2001 diluted earnings per share increased 45.5% over the first quarter 2000, from \$0.22 in 2000 to \$0.32 in 2001. First quarter commercial membership increased by 61,300 or 8% since December 31, 2000. First quarter commercial health premiums increased 20.7% or \$69,884,000 over the first quarter of 2000.

"2001 is shaping up to be another very solid year," remarked Mark D. Groban, M.D., Chairman of the Board. "By offering a diverse product line, a robust network and outstanding customer service, we continue to maintain reliable and consistent earnings growth. Our strong first quarter positions the Company to meet its expanded earnings and membership targets for 2001."

The Selected Income Statement Information below summarizes the Company's first quarter performance:

Selected Income Statement Information		
(In thousands except share amounts, unaudited)		
	1 Q 01	1 Q 00
Revenue	\$424,661	\$360,113
Expenses	\$405,342	\$347,050
Income Before Taxes	\$19,319	\$13,063
Net Income	\$12,882	\$8,602
Basic Earnings per Common Share	\$0.34	\$0.22
Weighted Average Shares Outstanding	38,260,901	38,984,667
Diluted Earnings per Common Share	\$0.32	\$0.22
Weighted Average Shares Outstanding	40,191,234	39,138,294

Commercial health premiums for the first quarter of 2001 were up 10.7% on a per member per month basis over the first quarter of 2000 and totaled \$406,747,000. Commercial medical and dental expenses incurred in the first quarter of 2001 were up 9.2% on a per member per month basis over the first quarter of 2000 and totaled \$347,811,000. The medical care ratio for the first quarter of 2001 was 85.5%, a 118 basis point improvement over the commercial medical care ratio for the first quarter of 2000. Administrative expenses totaled \$51,128,000 in the first quarter of 2001 and were 12.0% of revenue. This compares with 11.8% of revenue for the first quarter of 2000.

The Company's membership continues to grow. As of March 31, 2001, membership in all of MAMSI's subsidiaries was 1,861,300 covered lives. Membership by product is as follows:

Product	3/31/01	12/31/00	Increase	Percentage Change
HMO/Commercial*	824,000	762,700	61,300	8.0%
ASO	9,300	9,300	-	-
Subtotal	833,300	772,000	61,300	7.9%
PPO	1,028,000	1,019,300	8,700	0.9%
Total	1,861,300	1,791,300	70,000	3.9%

*Includes indemnity members

Other highlights from the first quarter of 2001 include:

- Stock repurchase program – In the first quarter of 2001, MAMSI purchased 955,300 shares for a total of \$17,026,000 for an average price of \$17.82 per share. In addition, the Company purchased 90,000 shares in April for a total of \$1,734,000 for an average price of \$19.27 per share. The Company has approximately \$9,700,000 left from the \$20,000,000 the Board authorized for repurchases in February.
- Technological initiatives – MAMSI continues to expand its Internet initiative, eMAMSI, to bring convenient, helpful and informative services to health plan members, participating physicians and employer groups. The Company signed a licensing agreement with Healthwise® Knowledgebase to provide health plan members with in-depth information that they can use to learn more about medical conditions and health care topics. Other Internet based services include an on-line directory, claim status lookup, member eligibility verification, and performance of other routine administrative tasks (e.g., change Primary Care Physician, group billing verification).
- Strategic partnership – The Company signed an agreement with MultiPlan, Inc., one of the largest preferred provider organizations in the nation. MultiPlan's network currently includes more than 3,000 acute care hospitals, more than 47,000 ancillary facilities and more than 350,000 practitioners. MAMSI Life and Health Insurance Company members and Alliance PPO, LLC participants living and working outside the mid-Atlantic region will have access to MultiPlan's national network.

“Our continued focus on the key elements of our business strategy accounts for our strong first quarter,” Thomas P. Barbera, President and CEO, said. “The expansion of eMAMSI and the new partnership with MultiPlan demonstrates our commitment to improving our product line while maintaining a large practitioner network and delivering outstanding customer service in order to continue our reliable earnings growth and margin expansion.”

MAMSI's subsidiaries operate in Maryland, Virginia, North Carolina, Pennsylvania, West Virginia, Delaware and Washington, D.C.

Note 1: Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: All forward-looking information or statements contained in this release, including expectations regarding future or continued performance, are based on management's current knowledge of factors, all with inherent risks and uncertainties, affecting MAMSI's business. MAMSI's actual results may differ materially if these assumptions prove invalid. Significant risk factors, while not all-inclusive, are: the possibility of increasing price competition in the Company's service area; the possibility that the Company is not able to increase its market share at the anticipated premium rates; the possibility of increased litigation, legislation or regulation that might increase regulatory oversight which, in turn, would have the potential for increased costs; the potential for increased medical expenses due to increased utilization by the Company's membership, increased practitioner and pharmaceutical costs, and Federal or state mandates that increase benefits or limit the Company's oversight ability; and the possibility that the Company is not able to negotiate new or renewal contracts with appropriate physicians, other health care practitioners, hospitals and facilities. Investors should review other risks and uncertainties contained in Company documents filed with the Securities and Exchange Commission.

Note 2: MAMSI's subsidiaries include MD-Individual Practice Association, Inc. (M.D. IPA), Optimum Choice, Inc.® (OCI), Optimum Choice of the Carolinas, Inc. (OCCI), Alliance PPO, LLC, MAMSI Life and Health Insurance Company (MLH) and home care companies such as HomeCall, Inc., FirstCall, Inc., HomeCall Hospice Services, Inc. and HomeCall Pharmaceutical Services, Inc.

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Mid Atlantic Medical Services, Inc.
In 000's Expect PMPM and Per Share
Unaudited

	Quarter Ended 3/31/01	Quarter Ended 3/31/00	Quarter Ended 12/31/00
Member Months	2,452,448	2,287,611	2,271,701
Member Months - ASO	27,216	30,264	28,401
Health Premium	\$406,747	\$344,362	\$365,586
PMPM	\$165.85	\$150.53	\$160.93
Fee and Other	5,619	5,218	5,876
Life and Short-Term	1,972	1,967	2,044
Disability			
Home Health Services	6,771	5,639	7,184
Investment	3,552	2,927	3,909
Total Revenue	424,661	360,113	384,599
Medical Expense	347,811	298,685	310,219
PMPM	\$141.82	\$130.57	\$136.56
Medical Care Ratio	85.5%	86.7%	84.9%
Life and Short-Term	1,026	823	776
Disability			
Home Health Costs	5,377	4,987	5,693
Administrative	51,128	42,555	50,035
Administrative Expense	12.0%	11.8%	13.0%
Ratio			
Income Before Tax	19,319	13,063	17,876
Tax Provision	6,437	4,461	5,359
Effective Tax Rate	33.3%	34.1%	30.0%
Net Income	\$12,882	\$8,602	\$12,517
Basic EPS	\$0.34	\$0.22	\$0.33
Weighted Average Shares	38,261	38,985	38,132
Diluted EPS	\$0.32	\$0.22	\$0.31
Weighted Average Shares	40,191	39,138	40,790
Net Margin	3.0%	2.4%	3.3%
Medical Claims Payable at End of Period	\$188,819	\$167,611	\$178,685
Additional Information			
Medicaid Program:			
Premium	\$-	\$7,499	\$-
PMPM		\$192.14	
Medical Expense	-	6,660	-
PMPM		\$170.62	
Medical Care Ratio		88.8%	