



# NEWS

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## **MAMSI Announces Fourth Quarter Earnings, Commercial Membership Surges in January 2001**

**Rockville, Md.** -- Mid Atlantic Medical Services, Inc. (MAMSI) (MME-NYSE), one of the mid-Atlantic region's largest managed care companies, today announced earnings for the fourth quarter and fiscal year ended December 31, 2000. Diluted earnings per share for the year 2000 totaled \$1.00, an increase of 56.3% over 1999's earnings of \$0.64 per share. Diluted earnings for the fourth quarter of 2000 were \$0.31, an increase of 40.9% over the fourth quarter of 1999.

The Company also reported that its commercial membership increased 55,346 during January 2001, bringing its total commercial membership as of January 31, 2001 to 818,050. This is the largest gain in commercial membership during the January enrollment period in the Company's history.

"Given MAMSI's strong 2000 earnings, our unprecedented 2001 commercial membership increase and our continued emphasis on disciplined pricing, we are on our way to another good year," remarked Mark D. Groban, M.D., Chairman of the Board. "Our business model -- offering a mix of products, all with access to a large physician network and backed by outstanding customer service -- is just what employers and their employees are looking for."

The Selected Income Statement Information below summarizes the Company's fourth quarter and fiscal year 2000 performance.

<b>Selected Income Statement Information</b>				
(In thousands except share amounts, unaudited)				
	4Q2000	4Q1999	YTD 2000	YTD 1999
Revenue	\$384,599	\$345,338	\$1,484,479	\$1,317,316
Expenses	366,723	332,110	1,427,721	1,277,486
Income Before Taxes	17,876	13,228	56,758	39,830
Net Income	\$12,517	\$8,825	\$39,406	\$26,322
Basic Earnings per Common Share	\$0.33	\$0.22	\$1.04	\$0.64
Weighted Average Shares Outstanding	38,131,930	39,648,569	38,052,746	41,225,327
Diluted Earnings per Common Share	\$0.31	\$0.22	\$1.00	\$0.64
Weighted Average Shares Outstanding	40,789,514	39,659,533	39,341,037	41,266,604

Commercial health premiums for the fourth quarter of 2000 were up 10.4% on a per member per month basis over the fourth quarter of 1999 and totaled \$365,586,000. Prior to product mix adjustment, commercial medical expenses incurred in the fourth quarter of 2000 were up 8.6% on a per member per month basis over the fourth quarter of 1999 and totaled \$310,219,000. The commercial medical care ratio for the fourth quarter of 2000 was 84.9%, a 140 basis point improvement over the commercial medical care ratio for the fourth quarter of 1999. Administrative expenses totaled \$50,035,000 in the fourth quarter of 2000 and were 13.0% of revenue. This compares with 12.3% of revenue for the fourth quarter of 1999.

Net income increased 49.7% over the twelve months ended December 31, 2000 and diluted earnings per share increased 56.3%. Commercial health premiums were up 10.1% for the twelve months period on a per member per month basis over 1999 and totaled \$1,404,910,000. For 2000, prior to product mix adjustment, commercial medical expenses were up 8.5% on a per member per month basis over 1999 and totaled \$1,214,279,000. The commercial medical care ratio for 2000 was 86.4% compared with 87.7% for 1999, a 130 basis point improvement. Administrative expenses were 12.1% of revenue for 2000 compared with 11.6% of revenue for 1999.

Commercial membership in MAMSI's subsidiaries continued to grow. As of December 31, 2000 membership in all MAMSI's subsidiaries was 1,791,300 covered lives. Membership by product is as follows:

<b>Product</b>	<b>12/31/00</b>	<b>12/31/99</b>	<b>Increase/(Decrease)</b>	<b>Percentage Change</b>
Commercial	762,700	742,400	20,300	2.7%
Medicaid	-0-	12,300	(12,300)	-100%
ASO	9,300	11,000	(1,700)	-15.5%
Subtotal	772,000	765,700	6,300	0.8%
PPO	1,019,300	1,024,000	(4,700)	-0.5%
Total	1,791,300	1,789,700	1,600	0.1%

“Our impressive membership growth immediately following a strong 2000 shows that our customers appreciate the value we bring to the market,” said Thomas P. Barbera, President and CEO. “We will continue to bring value to the market by focusing on service, product choice coupled with disciplined pricing and new technological applications.”

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

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**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 marketplace; the possibility that the Company is not able to increase its market share at the anticipated premium rate; the possibility of increased litigation, legislation or regulation that might increase regulatory oversight which, in turn, would have the potential for increased costs; the possibility of increased medical expenses due to increased utilization, inflation or legislative mandates; and the possibility that the Company is not able to negotiate new or renewal contracts with appropriate physicians and health care practitioners. Investors should review other risks and uncertainties contained in Company documents filed with the Securities and Exchange Commission.

**Note 2:** MAMSI is a regional holding company for health care organizations that provides comprehensive health insurance products and services including: three health maintenance organizations, MD-Individual Practice Association, Inc. (M.D. IPA), Optimum Choice, Inc.® (OCI) and Optimum Choice of the Carolinas, Inc. (OCCI); a preferred provider organization, Alliance PPO, LLC; a life and health insurance company, MAMSI Life and Health Insurance Company (MLH); and home care companies such as HomeCall, Inc., FirstCall, Inc., and HomeCall Pharmaceutical Services, Inc.

<b>Mid Atlantic Medical Services, Inc.</b>			
<b>In 000's Except PMPM and Per Share</b>			
<b>Unaudited</b>			
	<b>Quarter Ended</b>	<b>Quarter Ended</b>	<b>Quarter Ended</b>
	<b>12/31/00</b>	<b>12/31/99</b>	<b>9/30/00</b>
Member Months	2,271,701	2,242,121	2,264,435
Member Months - ASO	28,401	34,121	29,036
Health Premium	\$ 365,586	\$ 327,728	\$ 353,090
PMPM	\$ 160.93	\$ 146.17	\$ 155.93
Fee and Other	5,876	5,289	5,409
Life and Short-Term Disability	2,044	2,132	2,040
Home Health Services	7,184	6,351	7,455
Investment	3,909	3,838	3,434
<b>Total Revenue</b>	<b>384,599</b>	<b>345,338</b>	<b>371,428</b>
Medical Expense	310,219	283,323	306,221
PMPM	\$ 136.56	\$ 126.36	\$ 135.23
Medical Care Ratio	84.9%	86.5%	86.7%
Life and Short-Term Disability	776	1,184	552
Home Health Costs	5,693	5,295	5,828
Administrative	50,035	42,308	44,178
Administrative Expense Ratio	13.0%	12.3%	11.9%
Income Before Tax	17,876	13,228	14,649
Tax Provision	5,359	4,403	3,675
Effective Tax Rate	30.0%	33.3%	25.1%
<b>Net Income</b>	<b>\$ 12,517</b>	<b>\$ 8,825</b>	<b>\$ 10,974</b>
Basic EPS	\$ 0.33	\$ 0.22	\$ 0.29
Weighted Average Shares	38,132	39,649	37,388
Diluted EPS	\$ 0.31	\$ 0.22	\$ 0.28
Weighted Average Shares	40,790	39,660	38,994
<b>Net Margin</b>	<b>3.3%</b>	<b>2.6%</b>	<b>3.0%</b>
Medical Claims Payable at End of Period	\$ 178,685	\$ 154,403	\$ 172,596
<b>Additional Information</b>			
Medicaid Program:			
Premium	\$ -	\$ 8,599	\$ -
PMPM		\$ 162.42	
Medical Expense	-	7,979	-
PMPM		\$ 150.71	
Medical Care Ratio		92.8%	

<b>Mid Atlantic Medical Services, Inc.</b>		
<b>In 000's Except PMPM and Per Share</b>		
<b>Unaudited</b>		
	<b>Year Ended</b>	<b>Year Ended</b>
	<b>12/31/00</b>	<b>12/31/99</b>
Member Months	9,098,821	8,905,771
Member Months - ASO	116,644	133,126
Health Premium	\$ 1,414,847	\$ 1,253,063
PMPM	\$ 155.50	\$ 140.70
Fee and Other	21,811	21,352
Life & Short-term Disability	8,034	8,175
Home Health Services	26,304	23,630
Investment	13,483	11,096
<b>Total Revenue</b>	<b>1,484,479</b>	<b>1,317,316</b>
Medical Expense	1,223,272	1,100,958
PMPM	\$ 134.44	\$ 123.62
Medical Care Ratio	86.5%	87.9%
Life & Short-term Disability	3,108	4,033
Home Health Costs	21,514	19,412
Administrative	179,827	153,083
Administrative Expense Ratio	12.1%	11.6%
Income Before Tax	56,758	39,830
Tax Provision	17,352	13,508
Effective Tax Rate	30.6%	33.9%
<b>Net Income</b>	<b>\$ 39,406</b>	<b>\$ 26,322</b>
Basic EPS	\$ 1.04	\$ 0.64
Weighted Average Shares	38,053	41,225
Diluted EPS	\$ 1.00	\$ 0.64
Weighted Average Shares	39,341	41,267
<b>Net Margin</b>	<b>2.7%</b>	<b>2.0%</b>
Medical Claims Payable at End of Period	\$ 178,685	\$ 154,403
<b>Additional Information</b>		
Medicaid Program:		
Premium	\$ 9,937	\$ 46,723
PMPM	\$ 191.62	\$ 131.03
Medical Expense	8,993	43,320
PMPM	\$ 173.41	\$ 121.49
Medical Care Ratio	90.5%	92.7%

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