



NEWS

FOR IMMEDIATE RELEASE

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FOR MORE INFORMATION:

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MAMSI Announces Strong First Quarter *Membership Continues to Grow*

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 and continued membership growth.

“We are pleased with our first quarter results,” remarked Mark D. Groban, M.D., Chairman of the Board. “Our continued earnings expansion and membership growth demonstrates the strength of our regional franchise. The cornerstones of the MAMSI brand—a customer friendly diverse product line, robust network and outstanding member and physician service – are just what the mid-Atlantic health services market wants.”

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 02	1 Q 01
Revenue	\$550,163	\$424,661
Expenses	\$522,489	\$405,342
Income Before Taxes	\$27,674	\$19,319
Net Income	\$18,853	\$12,882
Basic Earnings per Common Share	\$0.48	\$0.34
Weighted Average Shares Outstanding	39,058,024	38,260,901
Diluted Earnings per Common Share	\$0.45	\$0.32
Weighted Average Shares Outstanding	41,638,888	40,191,234

For the three months ended March 31, 2002, net income increased \$5,971,000 or 46.4% over the three months ended March 31, 2001. First quarter 2002 diluted earnings per share increased \$0.13 or 40.6% over first quarter 2001, from \$0.32 in 2001 to \$0.45 in 2002.

First quarter 2002 health premiums totaled \$534,010,000, an increase of \$127,263,000 or 31.3% over the first quarter of 2001. Health premiums for first quarter 2002 were up 13.4% on a per member per month basis over the first quarter of 2001 and totaled \$188.77. Medical and dental expenses incurred in the first quarter of 2002 totaled \$455,444,000, an increase of \$107,633,000 or 30.9% over the first quarter of 2001. Medical and dental expenses incurred in the first quarter of 2002 were up 13.1% on a per member per month basis over the first quarter of 2001 and totaled \$161.00. The medical care ratio for the first quarter of 2002 was 85.3%, a 20 basis point improvement over the medical care ratio for the first quarter of 2001. Administrative

expenses totaled \$61,486,000 in the first quarter of 2002 and were 11.2% of revenue. This compares with 12.0% of revenue for the first quarter of 2001.

The Company's membership continues its strong growth. During the first quarter 2002, commercial membership has increased by 96,100 members or 11.1%. Membership growth by product since December 31, 2001 is as follows:

Product	3/31/02	12/31/01	Increase	Percentage Change
Commercial*	961,200	865,100	96,100	11.1 %
ASO	8,700	8,900	(200)	(2.2) %
Subtotal	969,900	874,000	95,900	11.0 %
PPO	961,000	958,400	2,600	0.3 %
Total	1,930,900	1,832,400	98,500	5.4 %

*Includes indemnity members

As of March 31, 2002, membership in all of MAMSI's subsidiaries was 1,930,900 covered lives. Since March 31, 2001, 137,200 new commercial members have joined MAMSI's health plans, a 16.7 % increase year-over-year in commercial membership. Membership growth by product since last March is as follows:

Product	3/31/02	3/31/01	Increase	Percentage Change
Commercial*	961,200	824,000	137,200	16.7 %
ASO	8,700	9,300	(600)	(6.5) %
Subtotal	969,900	833,300	136,600	16.4 %
PPO	961,000	1,028,000	(67,000)	(6.5) %
Total	1,930,900	1,861,300	69,600	3.7 %

*Includes indemnity members

In other news:

- Through the Share Repurchase Program, the Company has purchased 842,600 shares this year through April 17, 2002 at a cost of \$22,890,000 or an average price of \$27.17 per share.
- On April 29, 2002, the Company announced that a settlement was reached in the pending arbitration between MAMSI and Merck-Medco Managed Care, LLC (Merck) concerning Merck's obligations under the Integrated Drug Program Master Agreement for the fiscal year 2000. The Company filed a Form 8-K regarding the settlement.
- Two of the Company's HMOs -- MD-Individual Practice Association, Inc. (M.D. IPA) and Optimum Choice, Inc. (OCI) -- received approval from the Virginia Department of Health to include three additional counties (Culpeper, Madison and Greene) in their service area for the Commonwealth of Virginia.

"We remained focused on our business strategy," Thomas P. Barbera, President and CEO, said. "Through new Web based services and new technology in our call centers, we continue to deliver outstanding customer service. With the growth of our ancillary product lines, the Company continues to offer products that meet the benefit needs of employers throughout the mid-Atlantic region."

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 contained in this release is 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 effect on the Company due to

a weaker economy; the effect on the Company due to the recent acts of terrorism and any future attacks; 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 (such as the numerous class action lawsuits that have been filed against managed care companies and the pending initiatives to increase health care regulation) that might increase regulatory oversight which, in turn, would have the potential for increased costs; the inability to predict and control medical expenses due to increased utilization by the Company's membership, increased practitioner and pharmaceutical costs, federal or state mandates that increase benefits or limit the Company's oversight ability, existing disputes under risk-transfer or risk-sharing arrangements, the Company's ability to maintain and renew these arrangements, and any future disputes under such arrangements; 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.

The list of significant risk factors is not intended to be exhaustive. There may be other risk factors that would preclude the Company from realizing the predictions made in the forward-looking statements. While the Company may periodically update this discussion of risk factors, the Company does not undertake to update any forward-looking statement that may be made by or on behalf of the Company prior to its next filing with the Securities and Exchange Commission.

Note 2: MAMSI is a regional holding company whose subsidiaries include: 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); a coordination of benefits company, Alliance Recovery Services, LLC (ARS); and home care companies such as HomeCall, Inc., FirstCall, Inc., HomeCall Pharmaceutical Services, Inc., and HomeCall Hospice Services, Inc.

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

	Quarter Ended 3/31/02	Quarter Ended 3/31/01	Quarter Ended 12/31/01
Member Months*	2,828,891	2,443,768	2,542,185
Member Months - ASO	26,162	27,216	26,726
Health Premium	\$534,010	\$406,747	\$457,974
PMPM	\$188.77	\$166.44	\$180.15
Fee and Other	5,555	5,619	5,323
Life and Short-Term Disability	2,152	1,972	2,088
Home Health Services	5,244	6,771	4,122
Investment	3,202	3,552	3,425
Total Revenue	550,163	424,661	472,932
Medical Expense	455,444	347,811	387,538
PMPM	\$161.00	\$142.33	\$152.44
Medical Care Ratio	85.3%	85.5%	84.6%
Life and Short-Term Disability	785	1,026	1,065
Home Health Costs	4,774	5,377	5,177
Administrative	61,486	51,128	54,566
Administrative Expense Ratio	11.2%	12.0%	11.5%
Income Before Tax	27,674	19,319	24,586
Tax Provision	8,821	6,437	7,295
Effective Tax Rate	31.9%	33.3%	29.7%
Net Income	\$18,853	\$12,882	\$17,291
Basic EPS	\$0.48	\$0.34	\$0.45
Weighted Average Shares	39,058	38,261	38,784
Diluted EPS	\$0.45	\$0.32	\$0.43
Weighted Average Shares	41,639	40,191	40,341
Net Margin	3.4%	3.0%	3.7%
Medical Claims Payable at End of Period	\$257,703	\$188,819	\$212,010

* Member months for the quarter ended 3/31/01 as adjusted.

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