



# NEWS

**FOR IMMEDIATE RELEASE**

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**FOR MORE INFORMATION:**

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## **MAMSI Highlights First Quarter 2002 Conference Call**

**Rockville, Md.** – Mid Atlantic Medical Services, Inc. (MAMSI) (NYSE: MME), one of the mid-Atlantic region's largest health services companies, today announced some of the highlights from its conference call to discuss financial results for the first quarter of 2002.

**With an unprecedented first quarter commercial membership growth, the Company now estimates commercial membership will grow between 13 and 13.5 percent during 2002.** During the first quarter 2002, commercial membership increased by 96,100 members or 11.1%. Since March 31, 2001, 137,200 new commercial members have joined MAMSI's health plans, a 16.7% increase. Located in an area with a strong regional economy with a competitive market position, the Company expects strong membership growth to continue throughout 2002.

**MAMSI's unwavering commitment to disciplined pricing has delivered reliable earnings growth.** Total revenues for the first quarter 2002 increased 29.6% over the first quarter of 2001. For the same period, the Company's net income increased 46.4% and income on a diluted earnings per share basis rose 40.6%.

**The Company estimates that 2002 EPS earnings will increase 28 to 30 percent.** MAMSI has updated its guidance on 2002 EPS earnings in light of strong membership growth, expected premium increases of 13.0 to 13.5 percent, a medical cost trend of 12.5 to 13.0 percent and an administrative expense ratio of 11.2 to 11.4 percent.

**MAMSI's Board of Directors approved an additional authorization to its existing stock repurchase program.** The Board authorized an additional \$21,456,358 bringing the total amount currently authorized for the share repurchase program to \$30,000,000.

**The Company successfully resolved its contractual dispute with Merck-Medco Managed Care, LLC (Merck).** MAMSI filed a Form 8-K regarding the settlement.

MAMSI's subsidiaries operate in Maryland, Virginia, North Carolina, Pennsylvania, West Virginia, Delaware and Washington, D.C. For more information about the Company, visit its Web site, [www.mamsi.com](http://www.mamsi.com).

**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, the potential for disputes under its risk-sharing arrangements, the Company's ability to maintain and renew these 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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