



NEWS

FOR IMMEDIATE RELEASE

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MAMSI Announces Strong Second Quarter

Rockville, Md. -- Mid Atlantic Medical Services, Inc. (MAMSI) (MME-NYSE), one of the mid-Atlantic region's largest health services companies, announced strong second quarter earnings. The Company reported diluted earnings per share of \$0.44 for the second quarter of 2002 compared to \$0.30 in the second quarter of 2001 attributable primarily to continued commercial membership growth in the first half of 2002 and premium rate increases.

"Remaining focused on the fundamentals of MAMSI's business model yielded another strong quarter," remarked Mark D. Groban, M.D., Chairman of the Board. "Our diverse product line, outstanding customer service, and disciplined pricing have made MAMSI's brand the preferred choice in our marketplace."

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

Selected Income Statement Information				
(In thousands except share amounts, unaudited)				
	2 Q 02	2 Q 01	YTD 2002	YTD 2001
Revenue	\$575,263	\$450,475	\$1,125,426	\$875,136
Expenses	547,999	432,656	1,070,488	837,998
Income Before Taxes	27,264	17,819	54,938	37,138
Net Income	\$18,423	\$11,986	\$37,276	\$24,868
Basic Earnings per Common Share	\$0.47	\$0.31	\$0.95	\$0.65
Weighted Average Shares Outstanding	39,229,386	38,511,079	39,143,705	38,385,990
Diluted Earnings per Common Share	\$0.44	\$0.30	\$0.89	\$0.62
Weighted Average Shares Outstanding	42,191,509	39,983,603	41,915,198	40,087,419

For the three months ended June 30, 2002, net income increased \$6,437,000 or 53.7% over the three months ended June 30, 2001. The second quarter of 2002 diluted earnings per share increased \$0.14 or 46.7% over the second quarter of 2001, from \$0.30 in 2001 to \$0.44 in 2002.

Second quarter 2002 health premiums totaled \$558,615,000, an increase of \$125,490,000 or 29.0% over the second quarter of 2001. Health premiums for the second quarter of 2002 were up 9.7% on a per member per month basis over the second quarter of 2001 and totaled \$191.29. Medical and dental expenses incurred in the second quarter of 2002 totaled \$480,321,000, an increase of \$106,022,000 or 28.3% over the second quarter of 2001. Medical and dental expenses incurred in the second quarter of 2002 were up 9.1% on a per member per month basis over the second quarter of 2001 and totaled \$164.48. The medical care ratio for the second quarter of 2002 was 86.0%, a 40 basis point improvement over the medical care ratio for the second quarter of 2001.

Administrative expenses totaled \$60,749,000 in the second quarter of 2002 and were 10.6% of revenue. This compares with 11.6% of revenue for the second quarter of 2001.

For the six months ended June 30, 2002, net income increased \$12,408,000 or 49.9% over the six months ended June 30, 2001 and diluted earnings per share increased \$0.27 or 43.5%. On a per member per month basis, health premiums were up 11.5% for the six months ended June 30, 2002 over the same period in 2001. For the six months ended June 30, 2002, on a per member per month basis, medical and dental expenses were up 11.0% over the same period in 2001. The medical care ratio for the six months ended June 30, 2002, was 85.6% compared with the medical care ratio of 86.0% for the same period in 2001, a 40 basis point improvement. Administrative expenses were 10.9% of revenue for the first six months of 2002 compared with 11.8% of revenue for the first six months of 2001.

The Company's membership continues to grow. Commercial membership increased by 113,500 members to 978,600 as of June 30, 2002, a 13.1% increase since December 31, 2001. Membership in all of MAMSI's subsidiaries was 1,953,300 covered lives. Membership by product is as follows:

Product	6/30/02	12/31/01	Increase/ (Decrease)	Percentage Change
Commercial*	978,600	865,100	113,500	13.1 %
ASO	8,400	8,900	(500)	(5.6) %
Subtotal	987,000	874,000	113,000	12.9 %
PPO	966,300	958,400	7,900	0.8 %
Total	1,953,300	1,832,400	120,900	6.6 %

* Includes indemnity members.

Other highlights from the second quarter of 2002 include:

- Stock Repurchase Program – In the second quarter of 2002, MAMSI purchased 620,900 shares for a total of \$20,362,000 for an average price of \$32.79 per share. In addition, the Company purchased 405,700 shares for a total of \$12,202,800 in July 2002 for an average price of \$30.08.
- Strategic Partnership – The Company signed a letter of agreement with Express Scripts, Inc. to provide pharmacy benefit management services beginning January 1, 2003 to its commercial members.
- Web-Based Services -- The addition of an online enrollment system allows employers to enroll or disenroll an employee or dependent on a health or dental policy in real-time, with an identification card automatically sent to all newly enrolled members.

“Quarter over quarter, we have met our commitment to our investors,” said Thomas P. Barbera, President and CEO. “We are very pleased with the excellent performance of our employees as well as the loyalty of our customers and remain confident in our business model.”

The Company will host a conference call and Web cast on Thursday, August 8, 2002 at 11 a.m. Eastern Standard Time to discuss the second quarter results. To listen to the call, please dial 703-871-3016 (pass code 5788390) or to listen to the Web cast, logon to www.mamsi.com.

MAMSI's subsidiaries operate in Maryland, Virginia, North Carolina, Pennsylvania, West Virginia, Delaware and Washington, D.C. For more information, visit 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, and 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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Mid Atlantic Medical Services, Inc.
In 000's Except PMPM and Per Share
Unaudited

	Quarter Ended 6/30/02	Quarter Ended 6/30/01	Quarter Ended 3/31/02
Member Months	2,920,322	2,482,855	2,828,891
Member Months - ASO	25,841	27,117	26,162
Health Premium	\$ 558,615	\$ 433,125	\$ 534,010
PMPM	\$ 191.29	\$ 174.45	\$ 188.77
Fee and Other	5,735	5,247	5,555
Life and Short-Term Disability	2,250	2,007	2,152
Home Health Services	4,976	6,200	5,244
Investment	3,687	3,896	3,202
Total Revenue	575,263	450,475	550,163
Medical Expense	480,321	374,299	455,444
PMPM	\$ 164.48	\$ 150.75	\$ 161.00
Medical Care Ratio	86.0%	86.4%	85.3%
Life and Short-Term Disability	966	652	785
Home Health Costs	5,963	5,473	4,774
Administrative	60,749	52,232	61,486
Administrative Expense Ratio	10.6%	11.6%	11.2%
Income Before Tax	27,264	17,819	27,674
Tax Provision	8,841	5,833	8,821
Effective Tax Rate	32.4%	32.7%	31.9%
Net Income	\$ 18,423	\$ 11,986	\$ 18,853
Basic EPS	\$ 0.47	\$ 0.31	\$ 0.48
Weighted Average Shares	39,229	38,511	39,058
Diluted EPS	\$ 0.44	\$ 0.30	\$ 0.45
Weighted Average Shares	42,192	39,984	41,639
Net Margin	3.2%	2.7%	3.4%
Medical Claims Payable at End of Period	\$ 307,894	\$ 192,795	\$ 257,703

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

	Six Months Ended 6/30/02	Six Months Ended 6/30/01
Member Months*	5,749,213	4,926,623
Member Months – ASO	52,003	54,333
Health Premium	\$ 1,092,625	\$ 839,872
PMPM	\$ 190.05	\$ 170.48
Fee and Other	11,290	10,866
Life and Short-Term Disability	4,402	3,979
Home Health Services	10,220	12,971
Investment	6,889	7,448
Total Revenue	1,125,426	875,136
Medical Expense	935,765	722,110
PMPM	\$ 162.76	\$ 146.57
Medical Care Ratio	85.6%	86.0%
Life and Short-Term Disability	1,751	1,678
Home Health Costs	10,737	10,850
Administrative	122,235	103,360
Administrative Expense Ratio	10.9%	11.8%
Income Before Tax	54,938	37,138
Tax Provision	17,662	12,270
Effective Tax Rate	32.1%	33.0%
Net Income	\$ 37,276	\$ 24,868
Basic EPS	\$ 0.95	\$ 0.65
Weighted Average Shares	39,144	38,386
Diluted EPS	\$ 0.89	\$ 0.62
Weighted Average Shares	41,915	40,087
Net Margin	3.3%	2.8%
Medical Claims Payable at End of Period	\$ 307,894	\$ 192,795

* Member months for the six months ended 6/30/01, as adjusted

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