



NEWS

FOR IMMEDIATE RELEASE
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MAMSI Highlights Second 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.

- **The Company increased its estimate for commercial membership growth to 14 to 15 percent in 2002.**

At the close of the second quarter, MAMSI added over 113,000 commercial risk members, an increase of 13% for the first six months of 2002.

- **MAMSI's business model -- disciplined pricing, outstanding customer service and attention to detail -- continues to deliver reliable earnings growth quarter over quarter.**

In the second quarter of 2002, the Company earned \$18,423,000 or \$0.44 per share on 42,192,000 diluted shares outstanding compared to \$11,986,000 or \$0.30 per share on 39,984,000 diluted shares outstanding in the second quarter of 2001. Net income increased 54% and EPS increased 47%, quarter over quarter.

- **For 2003, MAMSI estimates a medical cost trend of 12 to 13 percent with premiums increasing, on a consolidated basis net of buy downs, 13 to 13.5 percent.**

The Company sees no confirmatory evidence that medical cost trends will decline in 2003 and will price its products accordingly as it anticipates further margin expansion.

- **The Company's CEO and CFO will certify its financial statements.**

Thomas P. Barbera, President and CEO, and Robert E. Foss, CFO, have no hesitation certifying that MAMSI's financial statements and disclosures therein fairly present in all material respects the financial condition and results of operations of the Company.

- **MAMSI's Board of Directors at its August 7, 2002 meeting increased authorization for its stock repurchase program bringing the total amount currently available to \$40 million.**

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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