



NEWS

FOR IMMEDIATE RELEASE
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MAMSI Highlights Third 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 third quarter of 2002.

- **By offering a suite of consumer-friendly products backed by a commitment to outstanding member and physician service and disciplined pricing, membership in MAMSI's health plans continues to grow.**

Commercial membership increased by 140,900 members during the period September 30, 2001 to September 30, 2002, a 16.6 percent increase. Year-to-date, commercial risk membership increased by 125,600 members to 990,700 as of September 30, 2002, up 14.5 percent.

- **Quarter over the quarter, the Company has delivered strong, reliable earnings growth.**

The Company reported diluted earnings per share of \$0.54 for the third quarter of 2002, an increase of \$0.18 per share or 50.0 percent, compared to \$0.36 in the third quarter 2001. For the three months ended September 30, 2002, net income increased \$7,487,000 or 49.8 percent over the three months ended September 30, 2001.

- **2002 Earnings per Share growth targets are in the range of 18-20 percent.**

MAMSI gives earnings guidance for next year in the range of 18-20 percent earnings per share increase in addition to current projected 2002 earnings of \$1.97 - \$1.98 per share.

- **The Company's administrative expense ratio declined during the third quarter.**

MAMSI's third-quarter administrative expense ratio was 10.5 percent, a full 100 basis points less than the same period in 2001.

- **MAMSI maintains a strong cash position which will be used for its active share repurchase program and reinvestment supporting the Company's growth.**

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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