



NEWS

FOR IMMEDIATE RELEASE
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MAMSI Highlights Fourth 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 year-end and fourth quarter 2002 financial results.

- **By remaining committed to the Company's basic principles of adequate pricing and excellent service, 2002 was another successful year.**

For the fourth quarter of 2002, MAMSI had net income of \$37,614,000 or \$0.91 per diluted share based on 41,149,000 shares outstanding. These results include a change in estimate that reduced the liability for incurred but not reported (IBNR) medical claims. This change increased net income by \$12,789,000 and earnings per share by \$.31.

For the year 2002, MAMSI's net income increased 70 percent and earnings per share increased 66 percent. Commercial health premiums for the year rose to \$2.26 billion, an increase of \$518.7 million or 29.8 percent over 2001.

- **Membership in MAMSI health plans continues to grow.**

The Company's year-end 2002 commercial membership totaled 999,900 lives, an increase of 134,800 or 15.6 percent over 2001. Located in an economically viable region and recognized for offering customer friendly products backed by dedicated, state-of-the-art member and physician service centers, MAMSI believes commercial membership in its health plans will increase 4 to 5 percent in 2003.

- **The Company remains committed to its stock repurchase program.**

MAMSI purchased 2,897,300 shares of its stock at a price of \$91.1 million in 2002. During January 2003, the Company repurchased another 85,000 shares for \$2.77 million at an average price of \$32.63. The Board of Directors refreshed the stock repurchase program to \$50 million, the largest authorization ever granted.

- **In 2003, MAMSI will follow the fundamentals of its business model: disciplined pricing, dedication to excellent service, member access to an extensive practitioner network and margin expansion.**

The Company anticipates full risk renewal premiums will increase 13 percent or more, net of buy downs, in 2003. Overall per member per month premium increases are expected to be between 12.25 and 12.75 percent. Per member per month medical costs are projected to increase 11.5 to 12.5 percent. MAMSI's 2003 administrative expense ratio is expected to remain about the same as in 2002, at 10.8 percent. Net income for 2003 is targeted to be 18-20 percent above the reported 2002 earnings.

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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 of which have inherent risks and uncertainties, that affect 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 of a weak economy on the Company; the effect on the Company due to the acts of terrorism and the threat of 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 have the potential for increased costs, and/or increased regulation of rates which might have the potential to decrease revenue; 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 existing disputes under 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 and 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.

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