



NEWS

FOR IMMEDIATE RELEASE
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MAMSI Announces Strong First Quarter 2003 Earnings

Rockville, Md. -- Mid Atlantic Medical Services, Inc. (MAMSI) (NYSE: MME), one of the Mid-Atlantic region's largest health services companies, today announced strong first quarter earnings. The Company reported diluted earnings per share of \$0.84, compared to \$0.45 in the first quarter of 2002.

"MAMSI remains dedicated to offering customer-friendly products backed by outstanding customer service to both members and physicians," said Mark D. Groban, M.D., Chairman of the Board. "As always, we remain committed to meeting our obligations to all of our stakeholders."

The Selected Income Statement Information below summarizes the Company's first quarter performance for years 2003 and 2002.

Selected Income Statement Information		
(In thousands except share amounts, unaudited)		
	1 Q 03	1 Q 02
Revenue	\$664,376	\$ 550,163
Expenses	\$612,510	\$522,489
Income Before Taxes	\$51,866	\$27,674
Net Income	\$ 34,155	\$ 18,853
Basic Earnings per Common Share	\$.88	\$.48
Weighted Average Shares Outstanding	38,654,509	39,058,024
Diluted Earnings per Common Share	\$.84	\$.45
Weighted Average Shares Outstanding	40,768,177	41,638,888

For the three months ended March 31, 2003, net income increased \$15,302,000 or 81.2 percent over the three months ended March 31, 2002. The first quarter of 2003 diluted earnings per share increased \$.39 or 86.7 percent over the first quarter of 2002, from \$.45 in 2002 to \$.84 in 2003.

First quarter 2003 health premiums totaled \$646,501,000, an increase of \$112,491,000 or 21.1 percent over the first quarter of 2002. Health premiums for the first quarter of 2003 were up 12.4 percent on a per member per month basis over the first quarter of 2002. Medical and dental expenses incurred in the first quarter of 2003 totaled \$538,436,000, an increase of \$82,992,000 or 18.2 percent over the first quarter of 2002. Medical and dental expenses increased 9.8 percent on a per member per month basis over the first quarter of 2002. The medical care ratio for the first quarter of 2003 was 83.3 percent, a 200 basis point improvement over the medical care ratio for the first quarter of 2002. Administrative expenses totaled \$67,289,000 in the first quarter of 2003 and were 10.1 percent of revenue. This compares with 11.2 percent of revenue for the first quarter of 2002.

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Membership in MAMSI's subsidiaries continues to be strong. As of March 31, 2003, membership in all of MAMSI's subsidiaries was 1,998,700 covered lives. Membership by product is as follows:

Product	3/31/03	12/31/02	Increase	Percentage Change
HMO/Commercial*	1,014,600	999,900	14,700	1.5%
ASO	9,700	8,600	1,100	12.8%
Subtotal	1,024,300	1,008,500	15,800	1.6%
PPO	974,400	968,400	6,000	.6%
Total	1,998,700	1,976,900	21,800	1.1%

* Includes indemnity members.

Since March 31, 2002, 53,400 net new commercial members have joined MAMSI's health plans, a 5.6 percent increase in year-over-year commercial membership. Membership growth by product since last March is as follows:

Product	03/31/03	03/31/02	Increase	Percentage Change
HMO/Commercial*	1,014,600	961,200	53,400	5.6%
ASO	9,700	8,700	1,000	11.5%
Subtotal	1,024,300	969,900	54,400	5.6%
PPO	974,400	961,000	13,400	1.4%
Total	1,998,700	1,930,900	67,800	3.5%

* Includes indemnity members

“The Company will continue to offer market-driven products, meeting the needs of our customers in the mid-Atlantic region,” says Thomas P. Barbera, President and CEO. “We remain focused on our core philosophy of disciplined pricing and outstanding service.”

Other highlights from the first quarter of 2003 include:

- MD-Individual Practice Association, Inc. (M.D. IPA) and Optimum Choice, Inc. (OCI) have once again received Excellent Accreditation from the National Committee for Quality Assurance (NCQA) for their commercial HMO and POS products.
- Alliance PPO, LLC received a Credentialing Certification from the NCQA.

The Company will host a conference call and Web cast on Thursday, May 8, 2003 at 11:00 a.m. Eastern Standard Time to discuss first quarter results. To listen to the call, please dial 703-871-3837 (pass code 6431071) or log on to www.mamsi.com and click on the Investor Relations button. A replay service is available until midnight May 15, 2003 by calling 703-925-2533 (pass code 641071).

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., and HomeCall Pharmaceutical Services, Inc. For more information about the Company, visit its Web site, 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 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 ultimate accuracy of the Company's estimate of the liability for incurred but not reported claims, 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.

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

	Quarter Ended 3/31/2003	Quarter Ended 3/31/2002	Quarter Ended 12/31/2002
Member Months	3,047,046	2,828,891	2,983,300
Member Months - ASO	29,141	26,162	25,814
Health Premium	\$ 646,501	\$ 534,010	\$ 589,075
PMPM	\$ 212.17	\$ 188.77	\$ 197.46
Fee and Other	5,873	5,555	5,916
Life and Short-Term Disability	2,340	2,152	2,386
Home Health Services	5,655	5,244	5,595
Investment	4,007	3,202	4,164
Total Revenue	664,376	550,163	607,136
Medical Expense	538,436	455,444	474,900
PMPM	\$ 176.71	\$ 161.00	\$ 159.19
Medical Care Ratio	83.3%	85.3%	80.6%
Life and Short-Term Disability	1,131	785	1,036
Home Health Costs	5,654	4,774	5,605
Administrative	67,289	61,486	66,852
Administrative Expense Ratio	10.1%	11.2%	11.0%
Income Before Tax	51,866	27,674	58,743
Tax Provision	17,711	8,821	21,129
Effective Tax Rate	34.1%	31.9%	36.0%
Net Income	\$ 34,155	\$ 18,853	\$ 37,614
Basic EPS	\$ 0.88	\$ 0.48	\$ 0.96
Weighted Average Shares	38,655	39,058	39,083
Diluted EPS	\$ 0.84	\$ 0.45	\$ 0.91
Weighted Average Shares	40,768	41,639	41,149
Net Margin	5.1%	3.4%	6.2%
Claims Payable at End of Period	\$ 362,484	\$ 257,703	\$ 297,304

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**Components of Claims Payable
at Quarter End are as Follows (in thousands):
Unaudited**

	MAR 2003	MAR 2002
Reserve for incurred but not reported claims	\$ 287,303	\$ 233,342
Claims received, not yet paid and other items	75,181	55,585
Subtotal	362,484	288,927
Amortized value of pharmacy cost guarantee related to year 2000	-	(31,224)
Total claims payable	\$ 362,484	\$ 257,703

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**Components of the Change in Claims Payable
for each Quarters' Dates of Service ("DOS")
(in thousands except for percentages)
Unaudited**

For the Quarter Ended March 31, 2003:	Medical	Life & STD	Total	2003 DOS	2002 & Prior DOS
Beginning of the year	\$ 295,721	\$ 1,583	\$ 297,304	\$ -	\$ 297,304
Components of medical expense:					
Estimated cost incurred	569,293	1,131	570,424	570,424	-
Estimated redundancy	(30,857)		(30,857)		(30,857)
	538,436	1,131	539,567	570,424	(30,857)
Payments for medical expense	(473,032)	(1,355)	(474,387)	(259,860)	(214,527)
End of the quarter	<u>\$ 361,125</u>	<u>\$ 1,359</u>	<u>\$ 362,484</u>	<u>\$ 310,564</u>	<u>\$ 51,920</u>
Prior period redundancy as a percentage of current quarter medical expense	5.73%				
For the Quarter Ended March 31, 2002:	Medical	Life & STD	Total	2002 DOS	2001 & Prior DOS
Beginning of the year	\$ 238,814	\$ 1,310	\$ 240,124	\$ -	\$ 240,124
Components of medical expense:					
Estimated cost incurred	478,993	785	479,778	479,778	-
Estimated redundancy	(23,549)	-	(23,549)		(23,549)
	455,444	785	456,229	479,778	(23,549)
Payments for medical expense	(406,516)	(910)	(407,426)	(218,950)	(188,476)
End of the quarter	<u>\$ 287,742</u>	<u>\$ 1,185</u>	288,927	<u>\$ 260,828</u>	<u>\$ 28,099</u>
Amortized value of pharmacy cost guarantee related to year 2000			(31,224)		
Total claims payable			<u>\$ 257,703</u>		
Prior period redundancy as a percentage of current quarter medical expense	5.17%				

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