



NEWS

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MAMSI Highlights First Quarter 2003 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 held to discuss first quarter 2003 financial results.

- **MAMSI's model of disciplined pricing, outstanding customer service, effective cost controls and strong underwriting has formed a platform for reliable and consistent earnings growth.**

For the first quarter of 2003, the Company had net income of \$34,155,000 or \$0.84 per diluted share on 40,768,000 shares outstanding compared to net income of \$18,853,000 or \$0.45 per diluted share on 41,639,000 shares in the first quarter of 2002. Net income increased 81.2 percent and earnings per share increased 86.7 percent, quarter over quarter.

- **Barring unforeseen circumstances, the Company anticipates that 2003 earnings will show an increase of 33 to 35 percent when compared to 2002 earnings per share.**

For 2003, MAMSI estimates that per member per month health premiums will increase 12 ¹/₄ to 12 ³/₄ percent, the medical trend will be between 11 and 11.75 percent, and the administrative expense ratio will be between 10.3 and 10.7 percent.

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

Commercial risk membership totaled 1,014,600 lives, a 5.6 percent net increase over first quarter 2002. For the remainder of 2003, commercial risk membership is expected to grow in the range of 3.5 to 4.5 percent.

- **The Company maintains a strong cash position that will be used for its active share repurchase program and technology investment.**

In the first quarter, MAMSI repurchased 332,800 shares of its stock for a total of \$11,908,857. The Company has \$34.66 million left from the Board of Director's last authorization for the stock repurchase program.

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.

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