



NEWS

FOR IMMEDIATE RELEASE

August 6, 2003

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MAMSI Announces Second Quarter Earnings

Rockville, Md. -- Mid Atlantic Medical Services, Inc. (MAMSI) (MME-NYSE), one of the mid-Atlantic region's largest health services companies, announced second quarter earnings. The Company reported diluted earnings per share of \$0.94 for the second quarter of 2003, compared to \$0.44 in the second quarter of 2002.

"Our continued commitment to disciplined pricing and our unwavering attention to operational details resulted in another strong quarter," remarked Mark D. Groban, M.D., Chairman of the Board. "Quarter over quarter and year over year we have fulfilled our obligations to our members, physician partners and investors."

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

Selected Income Statement Information				
(In thousands except share amounts, unaudited)				
	2 Q 03	2 Q 02	YTD 2003	YTD 2002
Revenue	\$673,146	\$575,263	\$1,337,522	\$1,125,426
Expenses	\$613,804	\$547,999	\$1,226,314	\$1,070,488
Income Before Taxes	\$59,342	\$27,264	\$111,208	\$54,938
Net Income	\$39,082	\$18,423	\$73,237	\$37,276
Basic Earnings per Common Share	\$1.00	\$0.47	\$1.88	\$0.95
Weighted Average Shares Outstanding	39,137,645	39,229,386	38,896,077	39,143,705
Diluted Earnings per Common Share	\$0.94	\$0.44	\$1.78	\$0.89
Weighted Average Shares Outstanding	41,629,493	42,191,509	41,198,835	41,915,198

For the three months ended June 30, 2003, net income increased \$20,659,000 or 112.1 percent over the three months ended June 30, 2002. The second quarter of 2003 diluted earnings per share increased \$0.50 or 113.6 percent over the second quarter of 2002, from \$0.44 in 2002 to \$0.94 in 2003.

Second quarter 2003 health premiums totaled \$654,457,000, an increase of \$95,842,000 or 17.2 percent over the second quarter of 2002. Health premiums for the second quarter of 2003 were up 13.6 percent on a per member per month basis over the second quarter of 2002. Medical and dental expenses incurred in the second quarter of 2003 totaled \$537,473,000, an increase of \$57,152,000 or 11.9 percent over the second quarter of 2002. Medical and dental expenses increased 8.5 percent on a per member per month basis over the second quarter of 2002. The medical care ratio for the second quarter of 2003 was 82.1 percent, a 390 basis point

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improvement over the medical care ratio for the second quarter of 2002. Administrative expenses totaled \$69,787,000 in the second quarter of 2003 and were 10.4 percent of revenue. This compares with 10.6 percent of revenue for the second quarter of 2002.

For the six months ended June 30, 2003, net income increased \$35,961,000 or 96.5 percent over the six months ended June 30, 2002 and diluted earnings per share increased \$0.89 or 100.0 percent. On a per member per month basis, health premiums were up 13.0 percent for the six months ended June 30, 2003 over the same period in 2002. For the six months ended June 30, 2003, on a per member per month basis, medical and dental expenses were up 9.1 percent over the same period in 2002. The medical care ratio for the six months ended June 30, 2003, was 82.7 percent compared with the medical care ratio of 85.6 percent for the same period in 2002, a 290 basis point improvement. Administrative expenses were 10.2 percent of revenue for the first six months of 2003 compared with 10.9 percent of revenue for the first six months of 2002.

Membership in all of MAMSI's subsidiaries was 1,975,100 covered lives as of June 30, 2003. Membership by product is as follows:

Product	6/30/03	12/31/02	Increase/ (Decrease)	Percentage Change
HMO/Commercial*	1,001,000	999,900	1,100	0.1
ASO	9,600	8,600	1,000	11.6
Subtotal	1,010,600	1,008,500	2,100	0.2
PPO	964,500	968,400	(3,900)	(0.4)
Total	1,975,100	1,976,900	(1,800)	(0.1)

* Includes indemnity members.

Since June 30, 2002, 22,400 net new commercial members have joined MAMSI's health plans, a 2.3 percent increase in year-over-year membership. Membership growth by product since June 2002 is as follows:

Product	6/30/03	6/30/02	Increase/ (Decrease)	Percentage Change
HMO/Commercial*	1,001,000	978,600	22,400	2.3
ASO	9,600	8,400	1,200	14.3
Subtotal	1,010,600	987,000	23,600	2.4
PPO	964,500	966,300	(1,800)	(0.2)
Total	1,975,100	1,953,300	21,800	1.1

* Includes indemnity members

"We remain confident in our business model," said Thomas P. Barbera, President and CEO. "The excellent performance of our employees and the loyalty of our customers continue to increase our strength as the premiere regional franchise in the mid-Atlantic region."

The Company will host a conference call and Web cast on Thursday, August 7, 2003 at 11 a.m. Eastern Standard Time to discuss the second quarter results. To listen to the call, please dial 703-464-5606 (pass code 6431072) or to listen to the Web cast, log on to www.mamsi.com and click on the Investor Relations button. A replay service is available until midnight August 14, 2003 by calling 703-925-2533 (pass code 6431072).

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 (Alliance); 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., an Home Call 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 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 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 required filing with the Securities and Exchange Commission.

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

	Quarter Ended 6/30/03	Quarter Ended 6/30/02	Quarter Ended 3/31/03
Member Months	3,011,890	2,920,322	3,047,046
Member Months - ASO	28,805	25,841	29,141
Health Premium	\$ 654,457	\$ 558,615	\$ 646,501
PMPM	\$ 217.29	\$ 191.29	\$ 212.17
Fee and Other	5,992	5,735	5,873
Life and Short-Term Disability	2,434	2,250	2,340
Home Health Services	6,086	4,976	5,655
Investment	4,177	3,687	4,007
Total Revenue	673,146	575,263	664,376
Medical Expense	537,473	480,321	538,436
PMPM	\$ 178.45	\$ 164.48	\$ 176.71
Medical Care Ratio	82.1%	86.0%	83.3%
Life and Short-Term Disability	871	966	1,131
Home Health Costs	5,673	5,963	5,654
Administrative	69,787	60,749	67,289
Administrative Expense Ratio	10.4%	10.6%	10.1%
Income Before Tax	59,342	27,264	51,866
Tax Provision	20,260	8,841	17,711
Effective Tax Rate	34.1%	32.4%	34.1%
Net Income	\$ 39,082	\$ 18,423	\$ 34,155
Basic EPS	\$ 1.00	\$ 0.47	\$ 0.88
Weighted Average Shares	39,138	39,229	38,655
Diluted EPS	\$ 0.94	\$ 0.44	\$ 0.84
Weighted Average Shares	41,629	42,192	40,768
Net Margin	5.8%	3.2%	5.1%
Claims Payable at End of Period	\$ 352,051	\$ 307,894	\$ 362,484

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

	Six Months Ended 6/30/03	Six Months Ended 6/30/02
Member Months	6,058,936	5,749,213
Member Months - ASO	57,946	52,003
Health Premium	\$ 1,300,958	\$ 1,092,625
PMPM	\$ 214.72	\$ 190.05
Fee and Other	11,865	11,290
Life and Short-Term Disability	4,774	4,402
Home Health Services	11,741	10,220
Investment	8,184	6,889
Total Revenue	1,337,522	1,125,426
Medical Expense	1,075,909	935,765
PMPM	\$ 177.57	\$ 162.76
Medical Care Ratio	82.7%	85.6%
Life and Short-Term Disability	2,002	1,751
Home Health Costs	11,327	10,737
Administrative	137,076	122,235
Administrative Expense Ratio	10.2%	10.9%
Income Before Tax	111,208	54,938
Tax Provision	37,971	17,662
Effective Tax Rate	34.1%	32.1%
Net Income	\$ 73,237	\$ 37,276
Basic EPS	\$ 1.88	\$ 0.95
Weighted Average Shares	38,896	39,144
Diluted EPS	\$ 1.78	\$ 0.89
Weighted Average Shares	41,199	41,915
Net Margin	5.5%	3.3%
Claims Payable at End of Period	\$ 352,051	\$ 307,894

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**Components of Claims Payable
at June 30 are as Follows (in thousands):
Unaudited**

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
Reserve for incurred but not reported claims	\$ 278,597	\$ 251,975
Claims received, not yet paid and other items	73,454	55,919
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Total claims payable	<u>\$ 352,051</u>	<u>\$ 307,894</u>

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

For the Six Months Ended June 30, 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	1,126,581	2,002	1,128,583	1,128,583	-
Estimated redundancy	(50,672)		(50,672)		(50,672)
	<u>1,075,909</u>	<u>2,002</u>	<u>1,077,911</u>	<u>1,128,583</u>	<u>(50,672)</u>
Payments for medical expense	(1,020,933)	(2,231)	(1,023,164)	(794,051)	(229,113)
End of the period	<u>\$ 350,697</u>	<u>\$ 1,354</u>	<u>\$ 352,051</u>	<u>\$ 334,532</u>	<u>\$ 17,519</u>

Prior period redundancy as a percentage
of current period medical expense 4.71%

For the Six Months Ended June 30, 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	965,858	1,751	967,609	967,609	-
Estimated redundancy	(30,093)	-	(30,093)	-	(30,093)
	<u>935,765</u>	<u>1,751</u>	<u>937,516</u>	<u>967,609</u>	<u>(30,093)</u>
Payments for medical expense	(868,020)	(1,726)	(869,746)	(673,247)	(196,499)
End of the period	<u>\$ 306,559</u>	<u>\$ 1,335</u>	<u>\$ 307,894</u>	<u>\$ 294,362</u>	<u>\$ 13,532</u>

Prior period redundancy as a percentage
of current period medical expense 3.22%