



# NEWS

**FOR IMMEDIATE RELEASE**  
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## **MAMSI Highlights Second 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 second quarter 2003 financial results.

- **MAMSI's commitment to disciplined pricing continues to deliver reliable earnings growth.**  
For the second quarter of 2003, the Company had net income of \$39,082,000 or \$0.94 per diluted share on 41,629,493 shares outstanding compared to net income of \$18,423,000 or \$0.44 per diluted share on 42,191,509 shares in the second quarter of 2002. Net income increased 112 percent and earnings per share increased 114 percent, quarter over quarter. The second quarter's net income was \$4,927,000 and \$0.10 per share more than the Company earned in the first quarter of 2003.
- **The Company has had a lower than expected medical expense trend.**  
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. The quarter-over-quarter medical expense trend was 8.5 percent and the second quarter's medical expense trend increased about 1 percent compared to the first quarter of 2003.
- **MAMSI's commitment to excellent customer service has resulted in operational efficiencies and a steady lowering of its administrative expense ratio.**  
The Company continues to make significant technical enhancements to its member services, claims operations and data capabilities. 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.
- **For 2003, the Company estimates per member per month health premiums will increase 13 – 13 ¼ percent, the medical care ratio will be between 82.2 and 82.5 percent, and the administrative expense ratio will be between 10.3 and 10.7 percent.**
- **MAMSI remains committed to its stock repurchase program.**  
In the second quarter, the Company repurchased 386,700 shares of its stock for a total of \$17,496,234 at an average price of \$45.24. For the seven months ended July 31, 2003, MAMSI repurchased 942,600 shares for a total of \$41,698,662 at an average price of \$44.24. The Board of Directors authorized an increase of \$38,924,845 for the stock repurchase program bringing the total amount currently available for the stock repurchase program to \$50 million.

**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.

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