



NEWS

FOR IMMEDIATE RELEASE
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Sonora Cummings 301-545-5982

MAMSI Announces Strong Fourth Quarter and Year End Earnings and Record January Commercial Membership Increase

Rockville, Md. -- Mid Atlantic Medical Services, Inc. (MAMSI) (NYSE: MME), one of the mid-Atlantic region's largest health services companies, today announced earnings for the fourth quarter and fiscal year ended December 31, 2001. Diluted earnings per share for the year 2001 totaled \$1.41, an increase of 41.0% over 2000's earnings of \$1.00 per share. Diluted earnings per share for the fourth quarter of 2001 totaled \$0.43, an increase of 38.7% over the fourth quarter of 2000's earnings of \$0.31 per share.

The Company also announced that approximately 72,600 new members joined its health insurance plans during January 2002. This marks MAMSI's largest ever January membership increase, surpassing last year's record of 55,346 new members.

"MAMSI continues to achieve reliable earnings growth and attract new members quarter over quarter and year over year," said Mark D. Groban, M.D., MAMSI's Chairman of the Board. "By consistently focusing on the key aspects of our business model -- diverse product offerings, access to an extensive network of health care professionals, disciplined pricing -- and by maintaining an unwavering commitment to excellent service, we have strengthened the Company financially and increased its market presence in the mid-Atlantic region. MAMSI is well positioned for 2002."

The Selected Income Statement Information below summarizes the Company's fourth quarter and fiscal year 2001 performance.

Selected Income Statement Information				
(In thousands except share amounts, unaudited)				
	4 Q 01	4 Q 00	YTD 2001	YTD 2000
Revenue	\$472,932	\$384,599	\$1,807,735	\$1,484,479
Expenses	448,346	366,723	1,723,393	1,427,721
Income Before Taxes	24,586	17,876	84,342	56,758
Net Income	\$17,291	\$12,517	\$57,195	\$39,406
Basic Earnings per Common Share	\$0.45	\$0.33	\$1.48	\$1.04
Weighted Average Shares Outstanding	38,784,381	38,131,930	38,672,147	38,052,746
Diluted Earnings per Common Share	\$0.43	\$0.31	\$1.41	\$1.00
Weighted Average Shares Outstanding	40,341,121	40,789,514	40,502,086	39,341,037

For the three months ended December 31, 2001, net income increased \$4,774,000 or 38.1% over the three months ended December 31, 2000. The fourth quarter of 2001 diluted earnings per share increased \$0.12 or 38.7% over the fourth quarter 2000, from \$0.31 in 2000 to \$0.43 in 2001.

Fourth quarter 2001 commercial health premiums totaled \$457,974,000, an increase of \$92,388,000 or 25.3% over the fourth quarter of 2000. Commercial health premiums for the fourth quarter of 2001 were up 11.9% on a per member per month basis over the fourth quarter of 2000. Commercial medical and dental expenses incurred in the fourth quarter of 2001 totaled \$387,538,000, an increase of \$77,319,000 or 24.9% over the fourth quarter of 2000. Commercial medical and dental expenses increased 11.6% on a per member per month basis over the fourth quarter of 2000. The medical care ratio for the fourth quarter of 2001 was 84.6%, a 30 basis point improvement over the commercial medical care ratio for the fourth quarter of 2000. Administrative expenses totaled \$54,566,000 in the fourth quarter of 2001 and were 11.5% of revenue. This compares with 13.0% of revenue for the fourth quarter of 2000.

For the year ended December 31, 2001, net income increased \$17,789,000 or 45.1% over the year ended December 31, 2000 and diluted earnings per share increased \$0.41 or 41.0%. On a per member per month basis, commercial health premiums were up 12.0% for the year ended December 31, 2001 over the same period in 2000. For the year ended December 31, 2001, on a per member per month basis, commercial medical expenses were up 10.7% over the same period in 2000. The commercial medical care ratio for the year ended December 31, 2001 was 85.4% compared with the commercial medical care ratio of 86.4% for the same period in 2000, a 100 basis point improvement. Administrative expenses were 11.7% of revenue for 2001 compared with 12.1% of revenue for 2000.

Commercial membership in MAMSI's subsidiaries continued to grow. As of December 31, 2001, membership in all of MAMSI's subsidiaries was 1,832,400 covered lives. Membership by product is as follows:

Product	12/31/01	12/31/00	Increase/ (Decrease)	Percentage Change
HMO/Commercial*	865,100	762,700	102,400	13.4%
ASO	8,900	9,300	(400)	(4.3)%
Subtotal	874,000	772,000	102,000	13.2%
PPO	958,400	1,019,300	(60,900)	(6.0)%
Total	1,832,400	1,791,300	41,100	2.3%

* Includes indemnity members.

Membership in all of MAMSI's subsidiaries through January 2002 is as follows:

Product	01/31/02	12/31/01	Increase/ (Decrease)	Percentage Change
HMO/Commercial*	937,700	865,100	72,600	8.4%
ASO	8,900	8,900	-0-	-0-
Subtotal	946,600	874,000	72,600	8.3%
PPO	959,500	958,400	1,100	0.1%
Total	1,906,100	1,832,400	73,700	4.0%

* Includes indemnity members.

MAMSI also recently announced:

- For the third year in a row, MAMSI was named as a Forbes Platinum 400 company. MAMSI ranked 228 on the list, a significant improvement over its 1999 ranking of 388 (see January 7, 2002 edition of *Forbes*).
- As listed in the January 2002 edition of *Managed Healthcare Executive*, Optimum Choice, Inc.® (OCI) was ranked among the top 25 HMOs in the nation with the highest member satisfaction ratings.

“By remaining focused on the fundamentals of our business model, we have had another successful year,” said Thomas P. Barbera, President and CEO. “In 2002, we will continue to add value to employers in the mid-Atlantic region by offering diverse employee benefit products, developing more Web-based services for the convenience of our customers and remaining focused on disciplined pricing.”

MAMSI is one of the mid-Atlantic region's largest health services companies with subsidiaries covering over 1.9 million lives in Maryland, Washington, D.C., Virginia, Delaware, North Carolina, Pennsylvania and West Virginia. For more information about MAMSI, visit www.mamsi.com.

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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 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 on the Company due to a weaker economy; the effect on the Company due to the recent acts of terrorism and any 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 increase regulatory oversight which, in turn, would have the potential for increased costs; 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, existing disputes under risk-transfer or risk-sharing arrangements, the Company's ability to maintain and renew these arrangements, and any future disputes under such 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.

Note 2: 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., and HomeCall Pharmaceutical Services, Inc.

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

	Quarter Ended	Quarter Ended	Quarter Ended
	12/31/01	12/31/00	9/30/01
Member Months	2,542,185	2,271,701	2,534,613
Member Months - ASO	26,726	28,401	26,710
Health Premium	\$457,974	\$365,586	\$443,092
PMPM	\$180.15	\$160.93	\$174.82
Fee and Other	5,323	5,876	5,055
Life and Short-Term Disability	2,088	2,044	1,999
Home Health Services	4,122	7,184	5,622
Investment	3,425	3,909	3,899
Total Revenue	472,932	384,599	459,667
Medical Expense	387,538	310,219	377,582
PMPM	\$152.44	\$136.56	\$148.97
Medical Care Ratio	84.6%	84.9%	85.2%
Life and Short-Term Disability	1,065	776	846
Home Health Costs	5,177	5,693	5,923
Administrative	54,566	50,035	52,698
Administrative Expense Ratio	11.5%	13.0%	11.5%
Income Before Tax	24,586	17,876	22,618
Tax Provision	7,295	5,359	7,582
Effective Tax Rate	29.7%	30.0%	33.5%
Net Income	\$17,291	\$12,517	\$15,036
Basic EPS	\$0.45	\$0.33	\$0.38
Weighted Average Shares	38,784	38,132	39,132
Diluted EPS	\$0.43	\$0.31	\$0.36
Weighted Average Shares	40,341	40,790	41,492
Net Margin	3.7%	3.3%	3.3%
Medical Claims Payable at End of Period	\$212,010	\$178,685	\$204,185
Additional Information			
Medicaid Program:			
Premium	\$-	\$-	\$-
PMPM			
Medical Expense	-	-	-
PMPM			
Medical Care Ratio			

Mid Atlantic Medical Services, Inc. In 000's Except PMPM and Per Share Unaudited		
	Year Ended	Year Ended
	12/31/01	12/31/00
Member Months	10,012,101	9,098,821
Member Months - ASO	107,769	116,644
Health Premium	\$1,740,938	\$1,414,847
PMPM	\$173.88	\$155.50
Fee and Other	21,244	21,811
Life and Short-Term Disability	8,066	8,034
Home Health Services	22,715	26,304
Investment	14,772	13,483
Total Revenue	1,807,735	1,484,479
Medical Expense	1,487,230	1,223,272
PMPM	\$148.54	\$134.44
Medical Care Ratio	85.4%	86.5%
Life and Short-Term Disability	3,589	3,108
Home Health Costs	21,950	21,514
Administrative	210,624	179,827
Administrative Expense Ratio	11.7%	12.1%
Income Before Tax	84,342	56,758
Tax Provision	27,147	17,352
Effective Tax Rate	32.2%	30.6%
Net Income	\$57,195	\$39,406
Basic EPS	\$1.48	\$1.04
Weighted Average Shares	38,672	38,053
Diluted EPS	\$1.41	\$1.00
Weighted Average Shares	40,502	39,341
Net Margin	3.2%	2.7%
Medical Claims Payable at End of Period	\$212,010	\$178,685
Additional Information		
Medicaid Program:		
Premium	\$-	\$9,937
PMPM		\$191.62
Medical Expense	-	8,993
PMPM		\$173.41
Medical Care Ratio		90.5%