SECTION IV

Cost-Sharing Expenses and Allowed Amount

A. Copayments.

Except where stated otherwise, You must pay the Copayments, or fixed amounts, in the Schedule of Benefits section of this [Contract; Policy] for Covered Services. However, when the Allowed Amount for a service is less than the Copayment, You are responsible for the lesser amount.

B. Coinsurance.

Except where stated otherwise, You must pay a percentage of the Allowed Amount for Covered Services. We will pay the remaining percentage of the Allowed Amount as shown in the Schedule of Benefits section of this [Contract; Policy].

C. Out-of-Pocket Limit.

When You have met Your Out-of-Pocket Limit in payment of Cost-Sharing for a Plan Year in the Schedule of Benefits section of this [Contract; Policy], We will provide coverage for 100% of the Allowed Amount for Covered Services for the remainder of that Plan Year.

[Cost-Sharing for out-of-network services, except for Emergency Services[,] [and] out-of-network services approved by Us as an in-network exception [and] [out-of-network dialysis] does not apply toward Your [In-Network] Out-of-Pocket Limit.] [The Preauthorization; notification penalty described in the How Your Coverage Works section of this [Contract; Policy] does not apply toward Your Out-of-Pocket Limit.] The Out-of-Pocket Limit runs on a Plan Year basis.

D. Allowed Amount.

"Allowed Amount" means the maximum amount We will pay for the services or supplies covered under this [Contract; Policy], before any applicable Copayment or Coinsurance amounts are subtracted. We determine Our Allowed Amount as follows:

[The Allowed Amount will be the amount We have negotiated with the Participating Provider], or the amount approved by [XXX]] [, or the Participating Provider's charge] [, if less].]
{Drafting Note: The bracketed language is optional.}

[Our payments to Participating Providers may include financial incentives to help improve the quality of care and promote the delivery of Covered Services in a cost-efficient manner. Payments under this financial incentive program are not made as payment for a specific Covered Service provided to You. Your Cost-Sharing will not change based on any payments made to or received from Participating Providers as part of the financial incentive program.]

[**1.**] **Physician-Administered Pharmaceuticals.**
For Physician-administered pharmaceuticals, We use gap methodologies that are similar to the pricing methodology used by the Centers for Medicare and Medicaid Services, and produce fees based on published acquisition costs or average wholesale price for the pharmaceuticals. These methodologies are currently created by RJ Health Systems, Thomson Reuters (published in its Red Book), or Us based on an internally developed pharmaceutical pricing resource if the other methodologies have no pricing data available for a Physician-administered pharmaceutical or special circumstances support an upward adjustment to the other pricing methodology.]

See the Emergency Services and Urgent Care Section of this [Contract; Policy] for the Allowed Amount for Emergency Services rendered by Non-Participating Providers. See the Ambulance and Pre-Hospital Emergency Medical Services section of this [Contract; Policy] for the Allowed Amount for Pre-Hospital Emergency Medical Services rendered by Non-Participating Providers.