



OBSERVATION, FACILITY

Origination: 6/2022

Last Review: 06/2024

Description

Observation services are the use of a bed and periodic monitoring and/or short term treatment by a hospital's nursing or other staff. These services are used to evaluate a patient's condition to determine the need for possible inpatient admission. Observation care provides a method of evaluation and treatment as an alternative to inpatient hospitalization. Observation services are member-specific and not part of a standard operating procedure or facility protocol for a given diagnosis or service.

Policy

Blue Cross Blue Shield North Carolina (Blue Cross NC) will reimburse observation services according to the criteria outlined in this policy.

Reimbursement Guidelines

Reimbursement will be allowed for observation services billed between 8 and 48 hours and for a maximum of 3 days. Observation services must be provided on the same date of service or day after either an emergency department visit, clinic visit or critical care service to be reimbursed.

Observation services must be reported on a single line and the date of service for that line is the date that observation care begins. Observation services should not be reported with a date span or on separate claim lines even when the period of observation care spans more than one calendar day.

Non-Reimbursable

Observation services are not reimbursable when any of the following are applicable:

- Direct Observation Admission:
 - Submitted without the base hospital observation service
 - Submitted with critical care services
- Observation services:
 - Performed for seven (7) or less hours
 - Performed for greater than 48 hours
 - performed for greater than a 3-day period
 - Submitted without Type of Bill 13x and 85x
 - Submitted without an emergency department visit, clinic visit or critical care service on the same date of service or day before

Billing and Coding

Applicable codes are for reference only and may not be all inclusive. For further information on reimbursement guidelines, please see the Blue Cross NC web site at www.bcbsnc.com.



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Related Coding	Description
G0378	Hospital observation service, per hour
G0379	Direct admission of patient for hospital observation care
99291	Critical care, evaluation and management
0762	Specialty Services, Observation Hours

Related policy

Bundling Guidelines

Add-On Services

Global Surgery

References

Healthcare Common Procedure Coding System

American Medical Association, *Current Procedural Terminology* (CPT®) [CPT® \(Current Procedural Terminology\) | AMA \(ama-assn.org\)](https://www.ama-assn.org)

Centers for Disease Control and Prevention, International Classification of Diseases, 10th Revision [ICD- 10 - CM International Classification of Diseases, Tenth Revision, Clinical Modification \(ICD-10-CM\) \(cdc.gov\)](https://www.cdc.gov/icd10/)

Medicare Manage Care Manual [MCM Chapter 4 \(cms.gov\)](https://www.cms.gov/mcm)

History

6/1/2022	New policy developed. Medical Director approved. Notification on 3/31/2022 for effective date 6/1/2022. (eel)
12/31/2022	Routine policy review. Minor revisions only. (ckb)
09/01/2024	Clarifying updates made to Reimbursement Guidelines. Added language limiting reimbursement to observation services performed greater than 7 hours and adhering to claim submission requirements. RPOC approved. Notification on 07/01/2024 for effective date 09/01/2024 (ss)

Application

These reimbursement requirements apply to all commercial, Administrative Services Only (ASO), and Blue Card Inter-Plan Program Host Members (other Blue Cross and/or Blue Shield Plan Members who seek care from the NC service area). This policy does not apply to Blue Cross NC Members who seek care in other states.

This policy relates only to the services and/or supplies described herein. Please refer to the applicable Member's Benefit Booklet for availability of benefits. Member's benefits may vary according to benefit design; therefore, Member benefit language should be reviewed before applying the terms of this policy.



Legal

Reimbursement policy is not an authorization, certification, explanation of benefits or a contract. Benefits and eligibility are determined before medical guidelines and payment guidelines are applied. Benefits are determined by the Member's group contract and subscriber certificate that is in effect at the time services and/or supplies are rendered. This document is solely provided for informational purposes only and is based on research of current medical literature and review of common medical practices in the treatment and diagnosis of disease. Medical practices and knowledge are constantly changing and Blue Cross NC reserves the right to review and revise its medical and reimbursement policies periodically.

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