

Payment Policy CPP_07

Observation Services

Last Review: August 01, 2014
Next Review: August 20, 2028
Effective Date: December 01, 2026

Policy Statement

Blue Cross VT will consider payment for up to 48-hours of observation services when the service is medically necessary, and the observation care is not incidental to an inpatient stay or other outpatient service. Charges should not exceed the daily semi-private medical room and board rate.

Related Policies

CPP_32 Claim Editing Payment Policy

CPP_54 Services Incidental to Inpatient Admission (3-Day)

Policy Implementation/Update Information

This policy was originally implemented on August 01, 2014

Date of Change	Effective Date	Overview of Change
December 2023	January 1, 2024	Amended to update the coding table with the following codes: 99217-99220 deleted and replaced with codes 99221-99223, 99238 & 99239. Codes 99234-99236 revised descriptors. Codes 99224-99226 deleted and replaced with codes 99231-99233. Added language to define total time.
September 2024	December 1, 2024	Policy moved to a new template. 48-hour window for hospitals paid on a discount-off-charge basis for services rendered prior to inpatient admission before they may be billed separately changed to 72 hours to be in alignment with hospitals paid on a DRG basis. "References" section added. Coding table edited to delete 99217, 99218, 99219, and 99220 and add 99221, 99222, 99223, 99238, and 99239 to the codes Eligible for Payment. Codes 99224, 99225, and 99226 were replaced on the list of codes Not Eligible for Payment with codes 99231, 99232, and 99233. Other language and grammatical changes were made throughout for clarification purposes only.
August 20,	December	Policy name changed from 'Observation Services and Other Services Incidental to Inpatient Admission' to 'Observation Services'. Policy moved

2026	01, 2026	to new template format. Added new related policy. Policy statements remain unchanged.
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Approved by:

Tom Weigel, MD **9-Sep-2026**

Tom Weigel, MD Date
VP & Chief Medical Officer

Margaret Pinello-White **11-Sep-20**

Margaret Pinello-White Date
VP & Chief Administrative Officer