Payment Policy | Claim Timely Filing – Inpatient Level of Care Appeals and Observation

EFFECTIVE DATE: 03|01|2020
POLICY LAST REVIEWED: 11|05|2025

OVERVIEW
This policy documents the timeframe requirements of Blue Cross & Blue Shield of Rhode Island (BCBSRI) for providers to submit a claim for observation level of care when an inpatient level of care has been denied and all levels of internal and external appeals have been exhausted.

This policy does not impact the provider's responsibility for the timely filing of the initial inpatient claim.

MEDICAL CRITERIA
Not applicable

PRIOR AUTHORIZATION
Not applicable

POLICY STATEMENT
Medicare Advantage Plans and Commercial Products
BCBSRI requires prior authorization for all inpatient level of care. If in the event of a denial of an inpatient level of care, there are several levels of appeal for Commercial members and one level of appeal for Medicare Advantage Members available to providers.

In the event of the following, whereby the provider exhausts their appeal rights or chooses to stop the appeal process:

- the service remains denied; and
- the initial timely filing timeframe for a claim (180 days from the date of service) has elapsed based on the initial date of service; or
- there is shorter than sixty (60) days from the date of the final appeal denial;

The provider may then elect to submit a claim for observation level of care. However, such submission of a claim for observation level of care must be done within sixty (60) calendar days from receipt of the last notice of appeal denial/the appeal response letter.

Special Handling Form:
In order to submit a claim for observation services for payment consideration and avoid BCBSRI's standard timely filing timeframe/denial rule, the hospital must submit a claim on paper along with a copy of the last appeal denial letter and an Observation Level of Care Timely Filing Appeal Special Handling Form located on BCBSRI.com. To access the Special Handling Form, please navigate to the Provider section of BCBSRI.com and select "Forms" from the menu located on the left side of the page.

Any appeal requests that do not follow this process or are otherwise submitted outside of the sixty (60) day timeframe will be administratively denied by BCBSRI, assuming the new claim is submitted outside of the standard one-hundred one eighty (180) day timeframe.

Please note there is no appeal or exception process related to this policy. If a provider's claim for observation services is denied after the sixty (60) day extension period there is no further consideration or contractual rights related to appeal. Any such request will be returned to the provider referencing this policy.

COVERAGE

Benefits may vary between groups and contracts. Please refer to the appropriate Benefit Booklet, Evidence of Coverage or Subscriber Agreement for applicable benefits/coverage.

BACKGROUND

Claims Submission and Payment

This administrative payment policy and procedure was created to allow for BCBSRI to providers to exhaust all allowed levels of appeal for the inpatient level of care and allow for payment of a lower level of care (e.g. observation level) so that the provider has the opportunity to be compensated for their services without having such claim denied for timely filing.

Required Information

The submission of a claim for observation services shall follow all BCBSRI operational and administrative requirements as well and national correct coding rules.

CODING

Not applicable

RELATED POLICIES

Timely Filing

PUBLISHED

Provider Update, November 2025
Provider Update, October 2023
Provider Update, March 2020

REFERENCES

Not applicable

CLICK THE ENVELOPE ICON BELOW TO SUBMIT COMMENTS

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