



**BEFORE THE APPEAL COMMITTEE OF THE COUNCIL FOR MEDICAL
SCHEMES HELD VIA THE MICROSOFT TEAMS VIDEO AND AUDIO
CONFERENCE TECHNOLOGY INSTITUTED IN TERMS OF MEDICAL SCHEMES
ACT NO 131 OF (1998) - CASE NUMBER (85073)**

In the matter between:

PARMED

APPELLANT

AND

**DR J obo F
REGISTRAR**

**1ST RESPONDENT
2^{AND} RESPONDENT**

**HEARD ON:
DATE OF RULING:**

**11 SEPTEMBER 2025
23RD SEPTEMBER 2025**

RULING AND REASONS

THE PARTIES.

1. The appellant in this matter is Parmed Medical Aid Scheme, an open medical scheme registered in terms of section 24 of the Medical Schemes Act 131 of 1998, represented by its administrator, Medscheme.
2. The respondent is Ms F represented by her specialist doctor, Dr R , a practising anaesthetist who rendered services to her on 24 January 2023.

APPLICATION TYPE

3. This is an appeal in terms of section 48 of the Medical Schemes Act against the ruling of the Registrar. The dispute before the Committee concerns whether modifier 0018 may legitimately be billed in conjunction with tariff 1587, being a gastroscopy performed under general anaesthesia on a patient with a Body Mass Index exceeding 35, and whether the Scheme acted lawfully and correctly in rejecting payment of the modifier.

BACKGROUND AND PROCEDURAL HISTORY

4. On 24 January 2023, the patient, Ms F, underwent a diagnostic gastroscopy performed under general anaesthesia. The procedure was billed under tariff 1587 together with modifier 0018, the latter being intended to compensate for the additional complexity of administering anaesthesia to patients with obesity defined as a Body Mass Index (BMI) of 35 or higher. In this instance, the patient's BMI was 41, placing her in the category of Class III obesity and associated with increased anaesthetic risks.
5. The Scheme settled tariff 1587 as a Prescribed Minimum Benefit on 9 February 2023 but consistently rejected the claim for modifier 0018. The basis of rejection was that modifier 0018 is classified as a surgical modifier, and therefore not applicable to non-surgical or endoscopic procedures such as a gastroscopy. The member subsequently resubmitted the claim, supported by a detailed clinical motivation on 30 June 2023, including theatre notes and documentation of risk factors. Despite these efforts, the claim was repeatedly declined.
6. The matter was escalated to the Registrar in terms of section 47 of the Medical Schemes Act. Relying on the opinion of the Clinical Review Committee dated 13 January 2025, the Registrar ruled in favour of the member on 23 January 2025, directing the Scheme to fund modifier 0018 in conjunction with tariff 1587. The Scheme, exercising its right of appeal

under section 48 of the Act, lodged an appeal, and the matter now comes before this Appeals Committee for determination.

RELIEF SOUGHT

7. The appellant, Parmed Medical Scheme, seeks an order from the Appeals Committee overturning the Registrar's ruling, which had found that the Scheme acted incorrectly in rejecting the application of modifier 0018 together with tariff 1587. The relief sought is that the Appeals Committee confirm that the rejection of the claim was consistent with the Medical Schemes Act, the Scheme's registered rules, the South African Medical Association Billing Guidelines, and the National Reference Price List.
8. The respondent, the member, on the other hand, seeks confirmation of the Registrar's ruling and an order directing the Scheme to fund modifier 0018 together with tariff 1587. The member's case is that modifier 0018 applies to any procedure performed under anaesthesia where the Body Mass Index threshold is met, whether diagnostic or surgical, so that members are not deprived of benefits in circumstances of increased anaesthetic risk.

APPELLANT'S SUBMISSIONS

9. The appellant, Parmed Medical Scheme, submitted that the rejection of modifier 0018 in conjunction with tariff 1587 was justified in terms of the Medical Schemes Act, the scheme's registered rules, the South African Medical Association (SAMA) Billing Guidelines, which involves the use of Doctor's Coding Manual (MDCM) which provides standard tariffs and coding rules for medical services to facilitate billing and claims settlement and the 2006 National Reference Price List (NRPL).
10. The Scheme argued that modifier 0018 is intended for application in surgical procedures where anaesthetic management is materially more complex due to patient risk factors, and does not extend to diagnostic procedures such as gastroscopy. In support of this interpretation, the appellant pointed out that neither the NRPL nor the scheme rules provide for the application of modifier 0018 to tariff 1587.
11. Furthermore, the appellant maintained that SAMA's guidelines should be read restrictively in line with statutory provisions and the registered rules of the scheme, which bind both members and providers. On this basis, Parmed contended that its decision to reject the claim for modifier 0018 was consistent with the governing legal framework, prevailing coding standards, and sound benefit administration. The scheme further contends that 0018 as per SAMA guidelines is only limited to procedures under anaesthesia not for ICU and endoscopic procedures.

RESPONDENT'S SUBMISSIONS

12. The respondent, being the member represented by the treating specialist doctor, opposed the rejection of modifier 0018. It was submitted that the patient's Body Mass Index of 41 placed her in a high-risk category for anaesthesia, which made anaesthetic management significantly more complex. Risks included difficult intubation, elevated airway pressures, and the possibility of obstructive sleep apnoea. Modifier 0018, in the respondent's view, exists precisely to recognise and remunerate the additional clinical burden, time, and risk associated with treating such patients.
13. The respondent argued that the 2006 National Reference Price List does not expressly restrict modifier 0018 to surgical procedures. Reliance was placed on the South African Medical Association (SAMA) Billing Guide, which refers more broadly to "theatre procedures under anaesthesia," a category wide enough to include diagnostic procedures such as gastroscopy.
14. The respondent further contended that industry practice supports this interpretation, noting that other medical schemes have paid modifier 0018 in conjunction with tariff 1587. Finally, the respondent relied on the Registrar's ruling and the Clinical Review Committee's opinion, both of which had endorsed the application of the modifier in this instance.
15. On this basis, the respondent submitted that the scheme's rejection of modifier 0018 was unjustified, inconsistent with accepted billing practice, and contrary to the proper interpretation of the NRPL and the Act.

LEGISLATIVE FRAMEWORK AND EVALUATION

Legislative Interpretation of Section 29(1)(q) of the Act

16. Section 29(1)(q)(i) and (ii) of the Medical Schemes Act, 131 of 1998, provides that the rules of a medical scheme must:
 1. prescribe the tariff structure applicable to benefits; and
 2. ensure the use of appropriate codes and modifiers in the processing of claims.
 3. These provisions are central to benefit administration. They are designed to secure clarity, predictability, and uniformity in claims adjudication. Once registered, a scheme's rules assume statutory force and bind the scheme, its members, and

administrators. Neither the Registrar nor the scheme may deviate from this prescribed framework without contravening the Act.

17. The National Reference Price List (NRPL) operates as the authoritative reference for the classification of tariffs, codes, and modifiers. Modifier 0018 is expressly designated within the NRPL as a surgical modifier, applicable to procedures of a surgical nature where the patient's Body Mass Index (BMI) is 35 or more. Its scope is therefore confined to surgical interventions.
18. Extending modifier 0018 to non-surgical diagnostic procedures such as gastroscopy would amount to an impermissible expansion of the tariff structure. Such an interpretation undermines predictability, creates inconsistency in the application of scheme rules, and is contrary to the purpose of section 29(1)(q). Accordingly, fairness and uniformity in claims adjudication are secured not through discretionary or ad hoc extensions, but through strict and consistent adherence to the NRPL classifications incorporated into a scheme's rules.

COMMITTEE'S ASSESSMENT AND EVALUATION OF SECTION 29(1)(q)

19. In assessing this matter, the Committee was guided by the principle that the Act imposes a duty on schemes to administer benefits strictly in accordance with their registered rules, tariff structures, and coding frameworks. Section 29(1)(q) makes it clear that tariffs and codes are not discretionary instruments but binding standards, providing predictability to both schemes and members.
20. The Committee recognised that the NRPL functions as the authoritative source of tariff classifications and coding designations. Modifier 0018 is explicitly defined therein as a surgical modifier. While clinical arguments may be advanced for extending its application to diagnostic procedures under anaesthesia, the statutory framework requires that rules be applied in a manner that is predictable and uniform. Any expansion beyond the NRPL classification would amount to a discretionary interpretation inconsistent with section 29(1)(q).
21. In weighing the submissions, the Committee considered two competing factors:
22. **The Clinical justification:** acknowledging that a patient with a high BMI presents additional anaesthetic risks, which supports the argument that modifier 0018 could be applied to reflect the increased clinical burden.

23. **The Regulatory certainty:** emphasising that the Act requires adherence to registered rules and the NRPL framework, which restricts modifier 0018 to surgical procedures. Uniformity and fairness are achieved through consistent application of this coding system, rather than discretionary extension based on clinical circumstances.
24. The Committee also considered section 29(1)(o) of the Act, which requires schemes to apply the scope and level of prescribed minimum benefits to beneficiaries, and section 48, which provides for appeals against the rulings of the Registrar.
25. In addition, the Committee had regard to the 2006 NRPL and the SAMA Billing Guide. The NRPL expressly describes modifier 0018 as a surgical modifier for patients with a BMI of 35 or more, authorising an additional fifty per cent fee for surgeons and anaesthetists. The Billing Guide, however, refers to “theatre procedures under anaesthesia,” which introduces a degree of ambiguity as to whether the modifier could extend to diagnostic procedures.
26. Having considered all of these factors, the Committee concluded that while the clinical arguments are compelling, the statutory framework prioritises consistency, predictability, and adherence to the NRPL and scheme rules. The scheme’s narrow interpretation was therefore reasonable, defensible, and compliant with section 29(1)(q) of the Act.

COMPERATIVE ANALYSIS

27. The Committee was required to determine whether modifier 0018 was lawfully claimable in conjunction with tariff 1587 (gastroscopy under anaesthesia) for a patient with a Body Mass Index of 41, or whether the scheme’s rejection of the modifier was consistent with the Medical Schemes Act and its registered rules.
28. It was common cause that the patient underwent a diagnostic gastroscopy, billed under tariff 1587. The patient’s Body Mass Index was 41, placing her in the high-risk category envisaged in modifier 0018. The claim was submitted with the modifier, but the scheme rejected it on the basis that modifier 0018 is reserved for surgical procedures only. The Registrar and the Clinical Review Committee, however, ruled in favour of the member, concluding that modifier 0018 could apply to any procedure under anaesthesia where the BMI threshold was met.

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¹ Notice of appeal Parmed affidavit pages, 43,44 – 45 of the appeals bundle.

APPELLANT'S CASE (THE SCHEME)

29. The scheme, as appellant, submitted that its rejection of modifier 0018 was justified and consistent with the Act and its rules. It argued that modifier 0018 is expressly categorised in the 2006 National Reference Price List (NRPL) as a surgical modifier, and its application is therefore limited to surgical procedures. Gastroscopy, although invasive and performed under anaesthesia, is a diagnostic intervention and falls outside this definition.
30. The scheme relied on section 29(1)(q)(i) and (ii) of the Medical Schemes Act, which require that rules prescribe tariff structures and ensure the proper use of codes and modifiers in processing claims. Once registered, such rules carry statutory force and must be applied uniformly to all members.
31. The appellant emphasised that its interpretation, although narrow, was consistent with the NRPL classification and was applied consistently across all claims. It further submitted that the Clinical Review Committee (CRC) erred in broadening the scope of the modifier, as this undermined the predictability and uniformity required in claims administration.

RESPONDENT'S CASE (THE MEMBER)

32. The member contended that the rejection of modifier 0018 was unjustified because the patient's BMI of 41 made anaesthetic management significantly more complex, involving heightened risks such as difficult intubation, elevated airway pressures, and potential obstructive sleep apnoea. It was argued that modifier 0018 exists precisely to recognise the additional time, effort, and clinical risk involved in such cases.
33. The member submitted that the 2006 NRPL does not expressly limit modifier 0018 to surgical procedures. Reliance was placed on the South African Medical Association (SAMA) Billing Guide, which interprets the modifier as applying to "theatre procedures under anaesthesia," a category broad enough to include diagnostic procedures like gastroscopy. Comparative practice was also invoked, pointing out that other medical schemes had paid modifier 0018 with tariff 1587. Finally, the member relied on the Registrar's ruling and the opinion of the Clinical Review Committee, both of which endorsed the application of the modifier in these circumstances.

² Clinical Review Committee report, page 37 to 39 - Registrars ruling page 40 to 42 of the appeal bundle.

RULES FRAMEWORK

34. Section 29(1)(q)(i) and (ii) of the Medical Schemes Act requires that a scheme's rules prescribe tariff structures and ensure the correct use of codes and modifiers. The NRPL is the authoritative classification system in this regard. Modifier 0018 is described therein as a surgical modifier, authorising an additional 50% fee for surgeons and anaesthetists in cases where a patient has a BMI above 35. Scheme rules, once registered, are binding and must be administered in accordance with this classification.

THE EVALUATION OF FACTS.

35. The Committee acknowledged the strong clinical rationale advanced by the member. There is no dispute that patients with high BMI present additional anaesthetic risks, which may justify enhanced remuneration. The Committee also recognised that the SAMA Billing Guide and certain industry practices support a broader interpretation of the modifier.

36. However, the Committee's primary task is to assess compliance with the Medical Schemes Act and the registered rules of the scheme. Section 29(1)(q) emphasises predictability, uniformity, and adherence to prescribed coding frameworks. The NRPL expressly defines modifier 0018 as a surgical modifier, and gastroscopy remains a diagnostic procedure. To extend the modifier to diagnostic procedures would amount to a discretionary expansion of its scope, inconsistent with the wording of the NRPL and contrary to the tariff structure prescribed under section 29(1)(q).

37. The Committee therefore concluded that while the member's arguments are persuasive on clinical grounds, the scheme's strict interpretation is defensible, reasonable, and consistent with the Act and scheme rules. Fairness and uniformity are achieved not by expanding coding categories ad hoc, but by applying the NRPL classifications consistently to all members.

APPEALS COMMITTEE PERSPECTIVE

38. In assessing the dispute, the Committee was required to evaluate whether modifier 0018 was lawfully claimable in conjunction with a diagnostic gastroscopy performed under anaesthesia, in circumstances where the patient's Body Mass Index was 41. The submissions of both the scheme, as appellant, and the member, as respondent, were carefully weighed against the framework established by the Medical Schemes Act and the registered rules of the scheme.

39. The Committee noted that the member emphasised the clinical realities of anaesthetising a high-BMI patient, arguing that modifier 0018 exists precisely to remunerate the heightened risk, additional time, and technical complexity involved. Reliance was also placed on the SAMA Billing Guide, which refers to “theatre procedures under anaesthesia,” and on comparative practice, where other medical schemes have accepted the application of the modifier in conjunction with diagnostic procedures such as gastroscopy. The member further invoked the Registrar’s ruling and the opinion of the Clinical Review Committee, both of which had concluded that the scheme’s rejection of the claim was incorrect and that the modifier could be applied in this instance.
40. The scheme, as appellant, took the contrary view. It emphasised the binding force of the National Reference Price List and the scheme’s rules, as required under section 29(1)(q)(i) and (ii) of the Act. It submitted that modifier 0018 is categorised in the NRPL as a surgical modifier and is therefore confined to surgical procedures. Gastroscopy, though performed under anaesthesia, is a diagnostic intervention and falls outside this definition.
41. The scheme contended that strict adherence to the NRPL and the coding framework was essential to secure uniformity and predictability in claims administration. It further argued that while the Registrar had found otherwise, extending modifier 0018 to diagnostic endoscopic procedures amounted to an impermissible expansion of its intended scope and undermined the consistency required by the Act.
42. In its deliberations, the Committee acknowledged that the member’s submissions carried clinical weight and were aligned with certain industry practices. The increased risks associated with anaesthetising a patient with a BMI above 35 are undeniable, and the clinical rationale for enhanced remuneration is evident. However, the Committee is bound to apply the legislative framework strictly. Section 29(1)(q) requires that tariffs, codes, and modifiers be applied in accordance with the scheme’s registered rules, which in turn draw directly from the NRPL. Modifier 0018 is expressly categorised as a surgical modifier, and extending it to diagnostic procedures would amount to a discretionary expansion inconsistent with the predictability and uniformity that the Act demands.
43. The Committee therefore found that the scheme’s interpretation, though narrow, was reasonable, consistently applied across all claims, and defensible within the boundaries of its rules. While the member’s arguments were persuasive on clinical grounds, they could not displace the statutory requirement for strict adherence to the NRPL classification and scheme rules.

FINDINGS.

44. The Committee finds that section 29(1)(q)(i) and (ii) of the Medical Schemes Act requires that tariff structures, codes, and modifiers must be prescribed in the rules of a scheme and applied consistently and uniformly to all members. Once registered, such rules carry statutory force and bind both the scheme and its members.
45. The National Reference Price List (NRPL) is the authoritative framework for the classification of tariffs and modifiers. Modifier 0018 is expressly described therein as a surgical modifier, and its scope is confined to surgical procedures.
46. The respondent advanced clinical grounds for the application of modifier 0018, emphasising the increased anaesthetic risks associated with a Body Mass Index of 41, and relied on the clinical review committee, comparative practice, and the Registrar's ruling. While these arguments carry weight in terms of clinical justification, they do not override the statutory requirement that scheme rules and the NRPL be applied as registered.
47. The appellant (scheme) demonstrated that it acted in accordance with the Act and its registered rules by applying the NRPL strictly and uniformly. The Committee is satisfied that the scheme's interpretation was lawful, reasonable, and defensible, and that fairness and uniformity were achieved through consistent adherence to the tariff framework.
48. On this basis, the appeal is upheld, confirming that the scheme acted in compliance with section 29(1)(q) of the Act, SAMA billing Guidelines and its registered rules.

ORDER

49. The appeal is upheld.
50. The decision of the registrar is set aside.
51. There is no order as to costs.

THUS, DONE AND SIGNED AT SANDTON ON THIS THE 23rd DAY OF SEPTEMBER 2025.

SIGNED
DR X NGOBESE
Presiding Member

Dr T Mabeba, Dr S Naidoo, Dr H Mukhari and Advocate T Maphike Appeals Panel Concurring.