

21 March 2025

Professor Michael Pervan
Chief Executive Officer
Independent Health and Aged Care Pricing Authority

submissions.ihacpa@ihacpa.gov.au

Dear Professor Pervan,

Draft IHACPA Work Program and Corporate Plan 2025–26

Ageing Australia welcomes the opportunity to provide feedback relating to the draft work program and corporate plan of the Independent Health and Aged Care Pricing Authority (IHACPA).

Ageing Australia is the national peak body for aged care, representing providers of retirement living, seniors housing, residential care, home care and community services. We advocate for our members, providing expert advice, resources and tailored services to ensure they deliver exceptional care to older Australians.

Ageing Australia's recommendation and key messages are provided below. In particular, we note that there are no aged care working groups identified. To support robust sector engagement, we recommend and encourage aged care working groups for residential care and home and community care. This could contribute to, and supplement, the work of IHACPA's Aged Care Advisory Committee.

Specific comments on the draft work program and corporate plan are contained in **Appendix 1**.

Recommendation: Address the comments included in Appendix 1.

Ageing Australia welcomes the role of IHACPA in aged care costing and pricing matters, following reforms in response to the Royal Commission into Aged Care Quality and Safety. We support the transparent, consultative, and evidence-based approach used by IHACPA, and its extension to aged care.

Further to previous correspondence, as recommended in Ageing Australia's [Submission to the Community Affairs Legislation Committee inquiry regarding the Aged Care Bill 2024](#), we believe that the role of IHACPA should be expanded to include determining aged care pricing.

This would require an amendment to section 131A of the *National Health Reform Act 2011* (Cth), which concerns Functions of the Pricing Authority—aged care. Such a step will act as a structural means of supporting trust and transparency in the aged care system. This is particularly relevant to the progression of possible future funding arrangements as it might relate to consumer contributions. It would also serve to provide a key layer of assurance to the Australian taxpayer and consumer that an independent body has an evidence-based responsibility to consider, determine and publish prices in

Ageing Australia

Suite 2, Level 2, 176 Wellington Parade | East Melbourne VIC 3002 Australia

ageingaustralia.asn.au info@ageingaustralia.asn.au

aged care (as a longitudinal 'check and balance' across annual budget and electoral cycles).

We note the major aged care reforms in 2025-26 and ask IHACPA that consider them in recommended pricing, including ensuring that the costs of new requirements under the Aged Care Act are properly estimated and priced for the 2025-26 financial year.

For further feedback, please see **Appendix 1**.

Thank you again for the opportunity to provide feedback on Draft IHACPA Work Program and Corporate Plan. Please contact Anne Liddell, Head of Policy, at anne.liddell@ageingaustralia.asn.au if you have any questions or would like to discuss this submission.

Yours sincerely,



Roald Versteeg
General Manager Policy & Advocacy

Attachments Appendix 1: Feedback on Draft IHACPA Work Program and Corporate Plan 2025-26



IHACPA

IHACPA Work Program and Corporate Plan 2025-26

Draft for public consultation - February 2025

Draft IHACPA Work Program and Corporate Plan 2025-26 - February 2025

© Independent Health and Aged Care Pricing Authority 2025

This publication is available for your use under a Creative Commons Attribution 4.0 International licence, with the exception of the Independent Health and Aged Care Pricing Authority logo, photographs, images, signatures and where otherwise stated. The full licence terms are available from the Creative Commons website.



Use of Independent Health and Aged Care Pricing Authority material under a Creative Commons Attribution 4.0 International licence requires you to attribute the work (but not in any way that suggests that the Independent Health and Aged Care Pricing Authority endorses you or your use of the work).

Independent Health and Aged Care Pricing Authority material used 'as supplied'.

Provided you have not modified or transformed Independent Health and Aged Care Pricing Authority material in any way including, for example, by changing Independent Health and Aged Care Pricing Authority text – then the Independent Health and Aged Care Pricing Authority prefers the following attribution:

Source: The Independent Health and Aged Care Pricing Authority

Table of Contents

Abbreviations and acronyms	5
1. Introduction	6
1.1 Purpose	6
1.2 Strategic objectives and key activities	7
2. Key activities	9
Strategic Objective One: Perform pricing functions	9
Strategic Objective Two: Refine and develop hospital and aged care activity classification systems	16
Strategic Objective Three: Refine and improve hospital and aged care costing	20
Strategic Objective Four: Determine data requirements and collect data	23
Strategic Objective Five: Investigate and make recommendations concerning cost-shifting and cross-border disputes	27
Strategic Objective Six: Conduct independent and transparent decision-making and engage with stakeholders	28
3. Operating context	31
3.1 Environment	31
3.2 Capability	31
3.3 Cooperation and collaboration	32
3.4 Enterprise risk	32
3.5 Performance measures	35

I am pleased to present the Independent Health and Aged Care Pricing Authority's Work Program and Corporate Plan 2025–26 for the reporting periods 2025–26 to 2028–29.

The Independent Health and Aged Care Pricing Authority is an independent government agency established under the *National Health Reform Act 2011* to implement national activity based funding for public hospital services and provide costing and pricing advice for aged care services to promote efficiency and transparency in the delivery and funding of public health and aged care services across Australia.

Each year, the Independent Health and Aged Care Pricing Authority delivers a national efficient price for activity based funding for public hospital services and a national efficient cost for block-funded public hospital services, underpinned by nationally consistent costing, data collection and classification systems. We also develop aged care pricing advice on methods for calculating amounts of subsidies to be paid for residential aged care and residential respite care, and from 1 July 2025 will also provide annual pricing advice on the Support at Home program service list.

The Work Program and Corporate Plan 2025–26 strengthens the alignment between its purpose, strategic objectives and key activities. Through the Work Program and Corporate Plan 2025–26, the Independent Health and Aged Care Pricing Authority aims to reflect our accountability more clearly and comprehensively to the Australian Government, the states and territories, broader stakeholders and the Australian public.

Professor Michael Pervan

Chief Executive Officer, Independent Health and Aged Care Pricing Authority
Accountable Authority

Abbreviations and acronyms

ABF	Activity based funding
ACHI	Australian Classification of Health Interventions
ACS	Australian Coding Standards
AECC	Australian Emergency Care Classification
AHPCS	Australian Hospital Patient Costing Standards
AMHCC	Australian Mental Health Care Classification
AN-ACC	Australian National Aged Care Classification
AN-SNAP	Australian National Subacute and Non-Acute Patient Classification
AR-DRG	Australian Refined Diagnosis Related Groups Classification
ATTC	Australian Teaching and Training Classification
CEO	Chief Executive Officer
HAC	Hospital acquired complication
HoNOS	Health of the Nation Outcome Scales
ICD-10-AM	International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification
IHACPA	Independent Health and Aged Care Pricing Authority
MSAC	Medical Services Advisory Committee
NBP	National Benchmarking Portal
NEC	National efficient cost
NEP	National efficient price
NHCDC	National Hospital Cost Data Collection
NHRA	National Health Reform Agreement
NWAU	National weighted activity unit
SDMS	Secure Data Management System
The Administrator	Administrator of the National Health Funding Pool
The Aged Care Act	<i>Aged Care Act 1997</i>
The Commission	Australian Commission on Safety and Quality in Health Care
The NHR Act	<i>National Health Reform Act 2011</i>
The PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
The PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
The Pricing Authority	Governing body of the Independent Health and Aged Care Pricing Authority

1. Introduction

The Independent Health and Aged Care Pricing Authority (IHACPA) is an independent government agency established through the National Health Reform Agreement and under the *National Health Reform Act 2011* (the NHR Act) to improve health and aged care outcomes for all Australians.

The Chief Executive Officer of IHACPA is the accountable authority presenting the IHACPA Work Program and Corporate Plan 2025–26, as required under section 225 of the NHR Act and section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). The NHR Act requires annual reporting on strategic objectives and key activities developed for IHACPA's annual Work Program while the PGPA Act specifies reporting on corporate outcomes and performance measures across 2025–26 to 2028–29.

The IHACPA Work Program and Corporate Plan identifies IHACPA's strategic objectives and key activities. The project deliverables under each strategic objective are prioritised and shaped by engagement with stakeholders through the Pricing Authority (the governing body of IHACPA), advisory committees and working groups, and through public consultation.

1.1 Purpose

1.1.1. Public hospitals

IHACPA's role pertaining to pricing and funding for public hospital services includes:

- determining the national efficient price (NEP) for health care services provided by public hospitals where the services are funded on an activity basis;
- determining the national efficient cost (NEC) for health care services provided by public hospitals where the services are block funded;
- developing block funding criteria and determining which hospitals, services and functions are eligible for block funding or a combination of activity based funding (ABF) and block funding;
- developing and specifying classification systems for health care and other services provided by public hospitals;
- determining adjustments to the NEP to reflect legitimate and unavoidable variations in the costs of delivering health care services;
- determining data requirements and data and coding standards to apply in relation to data to be provided by jurisdictions, including:
 - data and coding standards to support uniform provision of data; and
 - requirements and standards relating to patient demographic characteristics and other information relevant to classifying, costing and paying for public hospital functions;
- except where otherwise agreed between the Commonwealth and a state or territory – determining the public hospital functions that are to be funded in the state or territory by the Commonwealth.

1.1.2. Aged care

IHACPA's role pertaining to the provision of advice on aged care pricing and costing matters to the Australian Government Minister for Health and Aged Care includes:

- providing aged care pricing advice about changes in the cost of care and methods for calculating amounts of subsidies to be paid for aged care services, for consideration in Australian Government funding decisions
- reviewing data, conducting studies and undertaking consultation for the purpose of providing aged care pricing and costing advice

Commented [A1]: If it is not possible to include expected cost of new reforms due to prescribed processes outside of IHACPA's control, we recommend this be explicitly noted when providing advice to the government - to ensure decision makers have the required information to make a determination on pricing, beyond reliance on historical data.

- performing such functions as conferred by the *Aged Care Act 1997* (the Aged Care Act) or the *Aged Care (Transitional Provisions) Act 1997*, including the approval of refundable accommodation deposits above the threshold set by the Australian Government Minister for Health and Aged Care and the approval of increases to extra service fees
- performing other functions relating to aged care (if any) specified in regulations
- undertaking other actions incidental or conducive to the performance of the above functions.

1.1.3. Provision of advice to the Australian Government on other health care pricing or costing matters

Under section 131(1a) of the NHR Act, where requested by the Australian Government Minister or Secretary of the Department of Health and Aged Care, IHACPA is also required to advise the Australian Government in relation to other health care pricing or costing matters (whether or not the matters relate to health care services provided by public hospitals).

As announced in the Federal Budget May 2024–25, IHACPA was requested to undertake initial work with the Department of Social Services and the National Disability Insurance Agency to investigate opportunities to reform the National Disability Insurance Scheme (NDIS) pricing arrangements.

While this work initially commenced in 2024–25, it is no longer included in this draft Work Program and Corporate Plan as IHACPA does not currently have an ongoing program of work in relation to the NDIS.

1.2 Strategic objectives and key activities

The Work Program and Corporate Plan 2025–26 has 6 strategic objectives with associated key activities for delivery. IHACPA's strategic objectives for 2025–26 are outlined below:

Perform pricing functions

IHACPA has a key function in developing the NEP and NEC Determinations for Australian public hospital services each year. The Pricing Framework for Australian Public Hospital Services forms the policy basis for the NEP and NEC Determinations and outlines the principles, scope and methodology to be adopted by IHACPA in the setting of the NEP and NEC Determinations for public hospital services in the next financial year.

IHACPA is also responsible for providing independent advice to the Australian Government Minister for Health and Aged Care on pricing and costing for residential aged care services. The Pricing Framework for Australian Residential Aged Care Services outlines the principles, scope and methodology to be adopted by IHACPA when making recommendations to the Australian Government Minister for Health and Aged Care on the refinement of the funding model for residential aged care services.

In addition, IHACPA is required to provide annual pricing advice for the new Support at Home program which will commence on 1 July 2025. Consultation on the development of the Pricing Framework for Australian Support at Home Aged Care Services 2025–26 will inform the underlying principles of pricing advice for the Support at Home funding model.

IHACPA is also responsible for approving accommodation payment amounts higher than the maximum determined by the Australian Government Minister for Health and Aged Care and has the power to approve increases to extra service fees, as part of the functions conferred by the Aged Care Act.

Refine and develop hospital and aged care activity classification systems

Activity based funding (ABF) requires robust classification systems upon which pricing can be based.

Classifications for the health care sector provide a nationally consistent method of classifying all types of patients, their treatment and associated costs. IHACPA has determined national classification systems for the admitted acute, admitted subacute and non-acute, emergency, mental health and non-admitted patient service categories and teaching and training services. These classifications are reviewed regularly and updated periodically to ensure that they remain clinically relevant and resource homogeneous within a service category.

Commented [A2]: Ageing Australia recommends that IHACPA actively considers the differences between acute care and longitudinal care, and whether current approaches to hospital pricing and costing are fit for purpose in aged care (particularly the distinction between National Efficient Price (NEP) and National Efficient Cost (NEC).

Within the residential aged care sector, the Australian National Aged Care Classification (AN-ACC) funding model provides approved aged care providers with subsidies at a level that reflect service location and specialisation and each resident's care needs. The AN-ACC classification system relates resident care need characteristics to the resources required to deliver the care. Where requested by the Australian Government, IHACPA may recommend refinement areas for the AN-ACC classification system.

Refine and improve hospital and aged care costing

Costing focuses on the cost and mix of resources used to deliver care and plays a vital role in funding. Costing informs the development of classification systems and provides valuable information for pricing purposes.

For the health care sector, IHACPA coordinates the annual National Hospital Cost Data Collection, which is the primary input into the NEP. This includes the development of national costing standards, collection, validation, quality assurance, analysis and reporting, and benchmarking. The cost collection is undertaken in conjunction with the state and territory governments, and private hospitals.

For the aged care sector, IHACPA is conducting annual cost collections that outline the framework and methodology, data sets and related materials and processes that IHACPA will use for developing pricing advice for residential and in-home aged care. IHACPA is also developing costing standards and, where required, business rules and guidelines to guide the allocation of resident level costs.

Determine data requirements and collect data

Timely, accurate and reliable data is vital to enable IHACPA to perform its pricing functions and refine and develop activity classification systems. IHACPA has developed a rolling Three Year Data Plan to communicate to the Australian Government, state and territory governments and the aged care sector of the data requirements, data standards and timelines that IHACPA will use to collect data over the coming three years. To ensure greater transparency, IHACPA publishes data compliance reports on a quarterly basis to indicate jurisdictional compliance for reporting of public hospital data with the specifications in the rolling Three Year Data Plan.

Investigate and make recommendations concerning cost-shifting and cross-border disputes

IHACPA has a role to investigate and make recommendations concerning cost-shifting and cross-border disputes between jurisdictions in relation to public hospital services, when requested by a state or territory health minister, to ensure the timely, equitable and transparent management of these disputes.

Conduct independent and transparent decision-making and engage with stakeholders

IHACPA conducts its work independently from the Australian Government and state and territory governments, which allows the Pricing Authority to deliver impartial, evidence based decisions and advice. IHACPA is transparent in its decision making processes and consults extensively with the Australian Government, state and territory governments, aged care sector and other stakeholders to inform the methodology that underpins IHACPA's decisions and work program.

IHACPA has formal consultation processes in place to ensure that it draws on an extensive range of expertise in undertaking its functions. Stakeholder input from IHACPA's advisory committees and working groups ensures that IHACPA's work is informed by expert advice, which helps to establish and uphold IHACPA's credibility throughout the health and aged care industry.

Commented [A3]: Does this sentence imply that IHACPA can tell providers how to allocate costs? If this is intended to mean IHACPA deciding how costs should be allocated for the purpose of their costing studies, perhaps add at the end of the sentence '...as part of costing studies.' We do not think it is IHACPA's role to determine how providers should account for costs internally.

2. Key activities

The Independent Health and Aged Care Pricing Authority's (IHACPA) strategic objectives and the associated key deliverables for 2025–26 are detailed below. These deliverables are based on the requirements of the *National Health Reform Act 2011* (the NHR Act), the Addendum to the National Health Reform Agreement (NHRA) 2020–26 and the *Aged Care Act 1997*. Additional major work that may result from the implementation of the *Aged Care Act 2024* or any decisions by the Australian Government on the NDIS is not currently listed below. Should any changes arise from these or other any government decisions, IHACPA will consult with relevant stakeholders regarding implementation, including its advisory committees and working groups.

Strategic Objective One: Perform pricing functions

a) Development of the Pricing Framework for Australian Public Hospital Services

Deliverable	Timeframe
Complete the public consultation process for the Pricing Framework for Australian Public Hospital Services 2026–27.	July 2025
Provide the draft Pricing Framework for Australian Public Hospital Services 2026–27 to health ministers for a 45-day comment period.	September 2025
Publish the final Pricing Framework for Australian Public Hospital Services 2026–27 on the IHACPA website.	December 2025

IHACPA will develop the Pricing Framework for Australian Public Hospital Services 2026–27 to outline the principles, scope and methodology underpinning the development of the national efficient price (NEP) and national efficient cost (NEC) for public hospital services for 2026–27.

Development of the Pricing Framework for Australian Public Hospital Services includes 3 major phases: a public consultation period, review of the draft Pricing Framework for Australian Public Hospital Services by health ministers, and publication of the final Pricing Framework for Australian Public Hospital Services.

b) Determination of in-scope public hospital services eligible for Commonwealth funding under the National Health Reform Agreement

Deliverable	Timeframe
Finalise decisions on the General List of In-Scope Public Hospital Services for additional or altered in-scope services for 2026–27.	December 2025

The [General List of In-Scope Public Hospital Services Eligibility Policy](#) outlines the process by which jurisdictions can make submissions to IHACPA for public hospital services to be considered for inclusion on, or removal from, the General List of In-Scope Public Hospital Services to receive Commonwealth funding.

Full details of the public hospital services determined to be in-scope for Commonwealth funding are provided in the annual NEP Determination. In 2025–26, IHACPA will assess jurisdiction submissions for additional or altered in-scope services for inclusion on the General List of In-Scope Public Hospital Services for the NEP Determination 2026–27 (NEP26).

c) National Efficient Price and National Efficient Cost Determinations for public hospital services

Deliverable	Timeframe
Finalise decisions on legitimate and unavoidable cost variations to determine whether adjustments are required for the National Efficient Price Determination 2026–27.	December 2025
Provide the draft National Efficient Price and National Efficient Cost Determinations 2026–27 to health ministers for a 45-day comment period.	December 2025
Publish the National Efficient Price and National Efficient Cost Determinations 2026–27 on the IHACPA website.	March 2026

Developing the national efficient price

The NEP represents the price that will form the basis for Commonwealth payments to local hospital networks for each episode of care under the activity based funding (ABF) system. In accordance with the Addendum to the NHRA 2020–26, IHACPA will consider the actual cost of delivering public hospital services in as wide a range of hospitals as practicable. It will also take into account any legitimate and unavoidable variations in the costs of delivering health care services due to hospital characteristics (for example, size, type and location) and patient characteristics (for example, Indigenous status, location of residence and demographic profile).

Clause A46 of the Addendum to the NHRA 2020–26 states that in determining the NEP, IHACPA must have regard to ensuring the financial sustainability of the public hospital system and for the need for continuity and predictability in prices. IHACPA will develop and implement new measures to ensure the appropriateness of the data used for determining the NEP.

Developing the national efficient cost

Generally, public hospitals or public hospital services will be eligible for block funding if there is either no acceptable classification system available, or activity and cost data collections are not in place in states or territories to allow for the pricing and funding of these services on an activity basis. Block-funded amounts are included in the NEC Determination each year.

Clauses A49–A55 of the Addendum to the NHRA 2020–26 require that IHACPA develop block-funding criteria in consultation with states and territories, and that states and territories provide advice to IHACPA on how their services meet these criteria. On the basis of this advice, IHACPA determines which hospital services and functions are eligible for block funding. The Administrator of the National Health Funding Pool (the Administrator) then calculates the Commonwealth contribution.

d) Pricing and funding for safety and quality in the delivery of public hospital services

Deliverable	Timeframe
Incorporate safety and quality reforms into the pricing and funding of public hospital services.	Ongoing

The Addendum to the NHRA 2020–26 requires IHACPA to continue to implement safety and quality approaches for sentinel events, hospital acquired complications (HACs) and avoidable hospital readmissions. The Addendum to the NHRA 2020–26 also requires IHACPA to provide advice regarding the evaluation of existing reforms and the investigation of new reforms, including options for reducing avoidable and preventable hospitalisations.

Sentinel events

Sentinel events are a subset of adverse patient safety events that are wholly preventable and result in serious harm to, or death of, a patient, where serious harm is defined to include requiring life-saving surgical or medical intervention, shortened life expectancy, permanent or long-term physical harm or permanent or long-term loss of function.

The Australian Commission on Safety and Quality in Health Care (the Commission) is responsible for maintaining the Australian Sentinel Events List, which was initially endorsed by Australian health ministers in 2002.

The Commission undertook a review of the Australian Sentinel Events List in 2017. Version 2.0 of the [Australian Sentinel Events List](#) was endorsed by Australian health ministers in December 2018.

Since July 2017, IHACPA has implemented a funding approach for sentinel events whereby a zero national weighted activity unit (NWAU) is assigned to an episode of care that includes a sentinel event. This approach is applied to all hospitals, comprising services funded on an ABF or block-funded basis.

Hospital acquired complications

A HAC refers to a complication for which clinical risk mitigation strategies may reduce (but not necessarily eliminate) the risk of that complication occurring. The Commission is responsible for the ongoing curation of the HACs list to ensure it remains clinically relevant.

Version 3.1 of the [HACs list](#) and specifications was released in March 2021.

Since July 2018, IHACPA has implemented a HACs funding approach that incorporates a risk adjustment model that assigns individual patient episodes with a HAC complexity score (low, medium or high). This complexity score is used to adjust the funding reduction for an episode containing a HAC, on the basis of the risk of that patient acquiring a HAC.

Avoidable hospital readmissions

An avoidable hospital readmission occurs when a patient has been discharged from hospital (index admission) and has a subsequent unplanned admission that is related to the index admission and was potentially preventable.

The Commission developed a list of clinical conditions considered to be avoidable hospital readmissions, which was endorsed by health ministers in 2019. [Version 2.0](#) of the list of avoidable hospital readmission conditions and specifications was released in May 2022.

Since July 2021, IHACPA has implemented an avoidable hospital readmissions funding approach that applies a risk-adjusted NWAU adjustment to the index episode, based on the total NWAU of the associated readmission. A risk adjustment model has been derived for each readmission condition, aligning the risk of being readmitted for each episode of care, based on the most clinically relevant and statistically significant risk factors for that readmission condition.

e) Forecast of the national efficient price for public hospital services for future years

Deliverable	Timeframe
Provide confidential national efficient price forecast for future years to jurisdictions.	March 2026

Clause B24(h) of the Addendum to the NHRA 2020–26 requires IHACPA to develop projections of the NEP for a 4-year period. These are updated annually, with confidential reports on these projections provided to the Australian Government and state and territory governments.

f) Supplementary Block-Funding Advice to the Administrator of the National Health Funding Pool

Deliverable	Timeframe
Publish the Supplementary Block-Funding Advice to the Administrator of the National Health Funding Pool for 2025–26.	June 2026

As the release of the NEC Determination in March each year does not align with all state and territory government budget cycles, IHACPA issues supplementary block-funding advice to the Administrator of the National Health Funding Pool, which provides an opportunity for state and territory governments to update their block-funded amounts following the finalisation of their budgets.

g) Public hospital pricing model refinements

Deliverable	Timeframe
Continue to investigate options for refining the intensive care unit adjustment.	March 2026
Continue to investigate alternative methodologies to calculate the Indigenous adjustment.	Ongoing
Consider the implications of the review of the funding methodology for unqualified newborns.	December 2025
Review the appropriateness of price harmonisation of admitted and non-admitted chemotherapy and dialysis.	July 2025

Under the *National Health Reform Act 2011* (the NHR Act), IHACPA is required to determine the NEP for services provided on an activity basis in public hospitals through empirical analysis of data on actual activity and costs in public hospitals. The NHR Act also specifies that IHACPA is responsible for developing, refining and maintaining systems to calculate the NEP and determine adjustments to the NEP to account for legitimate and unavoidable variations in the costs of service delivery.

IHACPA undertakes an ongoing program of work to refine the national pricing model using an evidence-based approach on the basis of actual activity and cost data.

Based on feedback received during the consultation process for the Pricing Framework for Australian Public Hospitals 2024–25, IHACPA will prioritise the investigation of options for refining the intensive care unit adjustment and the Indigenous adjustment, and will consider the implications of the review of the funding methodology for unqualified newborns.

Additionally, IHACPA is progressing with price harmonisation of dialysis and chemotherapy from 1 July 2025 as part of the NEP Determination 2025–26 in consultation with jurisdictions. This work is based on detailed analysis of activity and cost data to consider a price that incentivises the lower cost modality while maintaining standards of care, price weights for different modalities that are representative of service costs and other factors that may explain price and cost variance.

IHACPA will continue to work, in collaboration and consultation with jurisdictions, to investigate the underlying and enduring drivers for growth in the NEP. Based on the findings of this analysis, IHACPA will provide further reform options for consideration by the parties of the NHRA to help increase the efficiency of public hospital services and ensure the sustainability of public hospital funding.

h) Development of the Pricing Framework for Australian Residential Aged Care Services and Residential Aged Care Pricing Advice

Deliverable	Timeframe
Publish the final Pricing Framework for Australian Residential Aged Care Services 2025–26 on the IHACPA website.	August 2025
Complete the public consultation process for the Pricing Framework for Australian Residential Aged Care Services 2026–27.	September 2025
Publish the final Pricing Framework for Australian Residential Aged Care Services 2026–27 on the IHACPA website.	April 2026
Provide pricing advice to inform Australian Government decisions on residential aged care and residential respite care funding for 2026–27.	July 2026

Commented [A4]: This timeframe for publishing the final Pricing Framework for Australian Residential Aged Care Services 2025–26 on the IHACPA website is **August 2025**, while the timeframe listed for publishing the final Pricing Framework for Australian Residential Aged Care Services 2026–27 on the IHACPA website is **April 2026**. Does this indicate a change in the process/timing, and could this be clarified/explained in the final version of the workplan? Providers need advice sooner than later for both 2025–26 and 2026–27.

Pricing Framework for Australian Residential Aged Care Services and Residential Aged Care Pricing Advice

The Pricing Framework for Australian Residential Aged Care Services is the key policy document for IHACPA related to residential aged care and residential respite care.

Draft IHACPA Work Program and Corporate Plan 2025–26

The Pricing Framework for Australian Residential Aged Care Services underpins IHACPA's approach to developing residential aged care pricing and costing advice to the government.

Development of the Pricing Framework for Australian Residential Aged Care Services includes 3 major phases: a public consultation period, review of the draft Pricing Framework for Australian Residential Aged Care Services by the Australian Government Minister for Health and Aged Care, and publication of the final Pricing Framework for Australian Residential Aged Care Services.

Publication of the Pricing Framework for Australian Residential Aged Care Services and the Residential Aged Care Pricing Advice will be subject to agreement from the Australian Government Minister for Health and Aged Care.

i) Development of advice and recommendations to the Australian Government on funding for residential aged care

Deliverable	Timeframe
Undertake a feasibility study and provide advice to inform Australian Government decisions on funding for required hotel services.	Ongoing
Undertake an assessment and provide advice to inform Australian Government decisions on the funding model for Multi-Purpose Services.	Ongoing
Undertake an assessment and provide advice to inform Australian Government decisions on the funding model for the National Aboriginal and Torres Strait Islander Flexible Aged Care Program.	Ongoing

The Australian Government has requested advice and recommendations from IHACPA on a number of residential aged care pricing and costing matters.

Approved providers of residential aged care receive a hoteling supplement to help meet the costs of providing required hotel services, as outlined in the [Quality of Care Principles 2014](#). The Australian Government is seeking IHACPA's advice on the cost differentials to provide these required hotel services, considering the impact of geographic location and the complexity of resident care needs. Informed by IHACPA's analysis and advice, the Australian Government will make a policy decision as to whether required hotel services could be funded using an alternative approach.

The Multi-Purpose Services (MPS) Program provides integrated health and aged care services for rural and remote communities nationally, in areas that cannot support standalone aged care and health services.

The National Aboriginal and Torres Strait Islander Flexible Aged Care (NATSIFAC) Program provides aged care services to older Aboriginal and Torres Strait Islander peoples. These aged care services are mainly delivered in rural and remote areas nationally.

The Australian Government has requested IHACPA undertake a funding model assessment for both the MPS and NATSIFAC programs through a multi-year program of work. This will be undertaken in collaboration with the Department of Health and Aged Care and include consultation with providers, a scoping study, pricing review and a costing study to facilitate the provision of advice and recommendations to the Australian Government on the funding models for each program.

j) **Development of the Pricing Framework for Australian Support at Home Aged Care Services and the Support at Home Pricing Advice**

Deliverable	Timeframe
Complete the public consultation process for the pricing approach for the Support at Home service list 2025–26.	August 2025
Publish the final Pricing Framework for Australian Support at Home Aged Care Services 2025–26 on the IHACPA website.	July-2025
Provide pricing advice to inform Australian Government decisions on the Support at Home service list for 2026–27	July 2025

Commented [A5]: Is this accurate? Given that the timeframe for delivering the report on the next costing study is September 2025.

Commented [A6]: The next costing study will not have been completed by this date which implies that the pricing advice for the 2026/27 year (first year of capped prices) will be based on a costing study carried out based on FY23 data. Yet, the commentary talks about the work taking place in 2025/26. Can this be clarified?

Pricing Framework for Australian Support at Home Aged Care Services and Support at Home Pricing Advice

The Support at Home program is being implemented in 2 stages commencing from 1 July 2025. Existing aged care programs including Home Care Packages program and the Short-Term Restorative Care Programme have been included from 1 July 2025, while the Commonwealth Home Support Programme (CHSP) will be included no earlier than July 2027. Until July 2027 the CHSP will continue to operate as a grant funded program. The Support at Home program aims to simplify the current system into one funding model and provide older Australians with timely access to safe and high-quality services to allow them to live independently at home for longer.

IHACPA undertook its first public consultation for the Support at Home program in September to October 2024. Consultation on the pricing approach for the Support at Home service list 2025–26 informed the underlying principles of IHACPA's pricing advice for the Support at Home service list.

In 2025–26, IHACPA will develop the Pricing Framework for Australian Support at Home Aged Care Services 2026–27 and the Support at Home Pricing Advice 2026–27 for provision to the Australian Government Minister for Health and Aged Care. Publication of these documents will be subject to agreement from the Australian Government Minister for Health and Aged Care.

k) **Aged care functions under the Aged Care Act 1997**

Deliverable	Timeframe
Assess applications for refundable accommodation deposit amounts above the Australian Government Minister for Health and Aged Care's maximum under section 52G-4(5) of the <i>Aged Care Act 1997</i> .	Ongoing
Assess applications for increases to extra service fees under section 35-1(2) of the <i>Aged Care Act 1997</i>	Ongoing

Commented [A7]: Do the references to the 1997 Act and sections under that Act need to be updated to reflect the new Aged Care Act if the Work Program is for the 2025-26 FY?

Should there also be commentary that providers can't increase their extra services fees beyond 30 June 2025 and then all extra services contracts have to transitioned by 30 June 2026?

Aged care accommodation

IHACPA has responsibility for the functions previously undertaken by the Aged Care Pricing Commissioner. These include:

- the approval or refusal of proposed refundable accommodation deposit amounts that are higher than the maximum amount determined by the Australian Government Minister for Health and Aged Care
- the approval or rejection of increases to extra service fees.

I) Prescribed List reform

Deliverable	Timeframe
Provide advice, as requested, to the Australian Government Department of Health and Aged Care to support the Prescribed List reforms.	Ongoing

The Prescribed List (previously referred to as the Prostheses List) is a schedule of medical devices and benefits that defines the minimum amount private health insurers are required to pay hospitals that utilise these devices in the provision of care to privately insured individuals. The Prescribed List forms part of the Private Health Insurance (Prostheses) Rules, which is a legislative instrument made under the *Private Health Insurance Act 2007*.

In 2021, the Australian Government Department of Health and Aged Care commenced four years of reform activity to improve the Prescribed List and its arrangements. These reforms include changes aimed at improving the alignment of the Prescribed List scheduled benefits with prices paid in the public hospital system, streamlining the administration of the list, and better defining the purpose and scope of the Prescribed List. Revisions to the purpose and scope of the Prescribed List aim to provide greater clarity and certainty about which items are eligible for inclusion on the Prescribed List.

To support the implementation of the Prescribed List reforms, IHACPA established a [public benchmark price for prostheses in Australian public hospitals](#). This public benchmark price informed benefit reductions that have been implemented in the Prescribed List.

In September 2024, to further support the Prescribed List reforms, IHACPA provided advice to the Australian Government Department of Health and Aged Care on updated estimates of projected benefits and savings associated with the Prescribed List reforms.

IHACPA will continue to work with the Australian Government Department of Health and Aged Care and key stakeholders to support the Prescribed List reforms in 2025–26.

Strategic Objective Two: Refine and develop hospital and aged care activity classification systems

a) Admitted acute care

Deliverable	Timeframe
Implement the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification, Australian Classification of Health Interventions and Australian Coding Standards Thirteenth Edition.	July 2025
Release the Australian Refined Diagnosis Related Groups Version 12.0.	July 2025

The classification system used for admitted acute care is the Australian Refined Diagnosis Related Groups (AR-DRG) classification, which is underpinned by the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM), the Australian Classification of Health Interventions (ACHI) and the Australian Coding Standards (ACS), collectively known as ICD-10-AM/ACHI/ACS. These classifications are refined over a 3 year development cycle.

IHACPA commenced development of ICD-10-AM/ACHI/ACS Thirteenth Edition and AR-DRG Version 12.0 (AR-DRG V12.0) in 2022–23.

ICD-10-AM/ACHI/ACS Thirteenth Edition includes the implementation of cluster coding using a diagnosis cluster identifier (metadata that indicates the relationship between codes), a major review of the ACS to streamline and reduce ambiguity in the existing guidelines by applying a standardised format, review of procedural complications, addition of codes for new or missing concepts, including new codes for use of vaping device and voluntary assisted dying, further refinements to the classification of social factors and revised classification for organ donation, procurement and transplantation.

AR-DRG V12.0 includes a review of interventions that inform grouping to the intervention partition (known as general interventions) through development of guiding principles that will ensure consistent application, a major review of Adjacent Diagnosis Related Groups (ADRGs) within Major Diagnostic Category 14 *Pregnancy, Childbirth and the Puerperium* to better support clinical coherence and cost homogeneity and the introduction of an ADRG for posthumous organ procurement.

ICD-10-AM/ACHI/ACS Thirteenth Edition is proposed for implementation from 1 July 2025. AR-DRG V12.0 is proposed to be released in July 2025 and is expected to be used for pricing from 1 July 2026.

b) Subacute and non-acute care

Deliverable	Timeframe
Refine the Australian National Subacute and Non-Acute Patient Classification	Ongoing

The Australian National Subacute and Non-Acute Patient Classification (AN-SNAP) Version 5.0 was released in December 2021, and has been used to price subacute and non-acute services since 1 July 2024.

AN-SNAP Version 5.0 was developed through detailed statistical analysis and consultation with jurisdictions, clinical experts and other subacute and non-acute care stakeholders. AN-SNAP Version 5.0 represents a modest refinement of AN-SNAP and introduces a new variable to recognise frailty as a cost driver for geriatric evaluation and management and non-acute episodes of care.

IHACPA will continue exploring a range of refinement areas for subacute and non-acute patient classification raised in stakeholder feedback or identified from the analysis of recent data sets and will progress this work through the Subacute Care Working Group.

c) Emergency care

Deliverable	Timeframe
Implement the Emergency Care ICD-10-AM Principal Diagnosis (EPD Short List) Thirteenth Edition	July 2025

The Australian Emergency Care Classification (AECC) Version 1.1 was released in August 2024 and will be used to price emergency department activities from 1 July 2025.

IHACPA developed the AECC Version 1.1 through detailed statistical analysis of national public hospital activity and cost data. The AECC Version 1.1 included a recalibration of the complexity model inclusive of updating the numerical values used to assign an AECC end class complexity level (i.e. high, moderate or low complexity) to emergency care episodes.

The Emergency Care ICD-10-AM Principal Diagnosis (EPD Short List) Thirteenth Edition work program includes refinement areas such as review of aggregated ICD-10-AM mapping to EPD Short List, possible addition of new codes due to ICD-10-AM Thirteenth Edition expansion and to accommodate emergency care presentations commonly seen in remote and rural settings. IHACPA is planning to implement the EPD Short List Thirteenth Edition prior to 1 July 2025 to coincide with the implementation of ICD-10-AM Thirteenth Edition.

d) Non-admitted care

Deliverable	Timeframe
Continue to refine the Tier 2 Non-Admitted Services Classification.	Ongoing
Continue the multi-stage project to support the development of a new patient level non-admitted care classification.	Ongoing

The Tier 2 Non-Admitted Services Classification categorises non-admitted services into classes that are generally based on the nature of the service provided and the type of clinician providing the service.

A new non-admitted care classification will better describe patient characteristics and complexity of care to more accurately reflect the costs of non-admitted services. The new classification will account for changes in how care is delivered and, as electronic medical records evolve, will enable more detailed data capture to support testing of new funding models across multiple settings.

In 2023, the work to develop a new non-admitted care classification recommenced through the Australian Non-Admitted Patient Classification Project (ANAPP). The ANAPP aims to determine a method to extract and utilise data items from state and territory electronic medical record (eMR) systems, other relevant information systems and applicable cost data to develop a comprehensive activity and cost data set. Rigorous statistical analysis will then be conducted to develop a new non-admitted care services classification. The ANAPP is comprised of 4 stages with a stage gate following each stage. Progression to future stages is dependent on IHACPA's review of outputs, findings, and recommendations from each stage:

- Stage 1: Investigation and consultation
- Stage 2: Proof-of-concept
- Stage 3: Data collection and final data sets
- Stage 4: Analysis and classification development.

IHACPA completed Stage 1 of the project in October 2023 and has commenced Stage 2: Proof of concept of the ANAPP which focuses on the development of a data model and methodological processes to conduct a technical proof-of-concept to extract data from state and territory eMR systems. While work is undertaken to develop a new non-admitted care classification, IHACPA will continue to refine the Tier 2 Non-Admitted Services Classification (Tier 2) in consultation with jurisdictions.

e) Mental health care

Deliverable	Timeframe
Continue development of the Australian Mental Health Care Classification Version 2.0	Ongoing

The Australian Mental Health Care Classification (AMHCC) Version 1.1 was released in December 2023. AMHCC Version 1.1 will be used to price admitted and community mental health care from 1 July 2025.

IHACPA developed the AMHCC Version 1.1 through detailed statistical analysis of public hospital activity and cost data, as well as consultation with jurisdictions, clinical experts and other mental health care stakeholders.

The AMHCC Version 1.1 includes updates to the complexity model that better capture national mental health activity and cost data trends using the latest 3 years of mental health care data. It also incorporates changes to align with contemporary clinical practice, allowing phases with up to 2 missing Health of the Nation Outcome Scales (HoNOS) items to receive a valid complexity score and a High or Moderate HoNOS complexity grouping.

In 2023–24, on the basis of jurisdictional feedback and to further enable jurisdictional readiness for the transition of community mental health care from block funding to ABF, the Pricing Authority approved a fourth and final year of shadow pricing for community mental health care for 2024–25. In 2024–25, IHACPA worked closely with state and territory governments to address the local system and data reporting issues, and assessment and mitigation of expected funding impacts to facilitate pricing of community mental health care services using AMHCC Version 1.1 for NEP25.

Funding community mental health care through ABF enables better alignment of funding to the complexity, type and amount of care provided to consumers. This transition will also facilitate better identification of the costs of providing these services over time and drive ongoing improvements in data collection and pricing. In 2024, IHACPA commenced development of AMHCC Version 2.0 and is investigating areas for refinement, such as the treatment of age within the classification, reviewing consumer characteristics of same-day treatments and the application of mental health legal status across settings in consultation with jurisdictions, clinical and consumer representatives and other stakeholders.

f) Teaching, training and research

Deliverable	Timeframe
Continue to work with jurisdictions to implement the Australian Teaching and Training Classification.	Ongoing

The Australian Teaching and Training Classification (ATTC) Version 1.0 was released in July 2018.

IHACPA has developed the ATTC as a national classification for teaching and training activities that occur in public hospitals. The ATTC aims to provide a nationally consistent approach to how teaching and training activities are classified, counted and costed.

The ATTC will improve reporting of hospital-based teaching and training activities and in the future improve the transparency of funding. State and territory governments broadly support ATTC but note there are challenges related to its implementation, such as the availability of activity and cost data.

In 2025–26, IHACPA will work with jurisdictions to gain a clearer understanding of the composition of existing block-funded amounts for teaching and training, and how this funding is distributed across the states and territories, while improvements to the reporting of activity and cost data continue to be made to support implementation.

Research is not incorporated into the ATTC and IHACPA is not proposing any further work to develop a research classification.

g) Sales of the admitted acute care classification system

Deliverable	Timeframe
Manage the international sales of the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification, Australian Classification of Health Interventions, Australian Coding Standards (ICD-10-AM/ACHI/ACS) and the Australian Refined Diagnosis Related Groups (AR-DRG) Classification Systems.	Ongoing

IHACPA has responsibility for managing the development, international sales of the ICD-10-AM/ACHI/ACS and AR-DRG classification system as the custodian of the Australian Government's Intellectual Property in ICD-10-AM/ACHI/ACS and AR-DRGs.

In 2024–25, IHACPA updated its agreement documents to ensure currency and continues to manage the international sales of the ICD-10-AM/ACHI/ACS and AR-DRG classification system.

h) Residential aged care

Deliverable	Timeframe
Make recommendations on refinements to the Australian National Aged Care Classification.	Ongoing

The Australian National Aged Care Classification (AN-ACC) funding model replaced the Aged Care Funding Instrument from 1 October 2022. The AN-ACC model provides funding to approved aged care providers reflective of service location and specialisation and each residents' care needs through the application of national weighted activity units to the AN-ACC price.

Based on stakeholder feedback and the analysis of available data, IHACPA will continue to provide advice to the Australian Government on recommended refinements to the classification, in consultation with its advisory committees and working groups.

Strategic Objective Three: Refine and improve hospital and aged care costing

a) Australian Hospital Patient Costing Standards

Deliverable	Timeframe
Promote ongoing improvement and consistency in cost data submissions through refinement of the Australian Hospital Patient Costing Standards, Business Rules and Costing Guidelines.	Ongoing

The Australian Hospital Patient Costing Standards (AHPCS) are published for those conducting national costing activities, to promote consistency in data submissions. The AHPCS provide the framework for regulators, funders, providers and researchers for the cost data collection.

The Independent Health and Aged Care Pricing Authority (IHACPA) released the AHPCS Version 4.2 in September 2023 for implementation for the 2022–23 National Hospital Cost Data Collection (NHDCDC) submissions. IHACPA also released updates to the Non-admitted Patient Care Costing Guidelines for AHPCS Version 4.2 in May 2024.

In 2025–26, IHACPA will continue to update the AHPCS and through consultation with jurisdictions will identify and prioritise target areas for review. This may include the costing guidelines relevant to mental health care and the cost bucket matrix.

b) National Hospital Cost Data Collection for public and private hospitals

Deliverable	Timeframe
Release the 2023–24 National Hospital Cost Data Collection public sector report.	February 2026
Release the 2023–24 National Hospital Cost Data Collection private sector report.	February 2026
Collect the 2024–25 National Hospital Cost Data Collection for public and private hospitals.	June 2026

In 2025–26, IHACPA will continue to collect and analyse the NHDCDC and will continue to develop a stronger compliance framework in conjunction with the NHDCDC Advisory Committee.

The 2023–24 NHDCDC public sector report will present the public hospital costs submitted by state and territory governments for the admitted acute, subacute and non-acute, emergency department, mental health and non-admitted activity streams.

The 2023–24 NHDCDC private sector report will present the results from a voluntary collection of private hospital cost and activity information for the admitted acute stream.

c) National Hospital Cost Data Collection quality

Deliverable	Timeframe
Release a review report of the 2022–23 National Hospital Cost Data Collection.	February 2026

IHACPA will work with jurisdictions to design and implement an appropriate methodology for the National Hospital Cost Data Collection process in future years.

Clause B24 of the Addendum to the NHRA 2020–26 states that the IHACPA, in determining the national efficient price (NEP) for services provided on an activity basis, should do so through empirical analysis of data on actual activity and costs in public hospitals.

In previous years, the Independent Financial Review has been an annual component of the NHCDC cycle. IHACPA commissioned an independent body to review the public sector data provided by state and territory governments, with a specific focus on hospitals' financial reconciliations and consistent application of the AHPCS.

After receiving the 2021–22 NHCDC data, IHACPA held bilateral meetings with each state and territory government to understand the compliance of the 2021–22 NHCDC submissions with the AHPCS. The NHCDC Review Report 2021–22 was published July 2024.

In 2024–25, IHACPA undertook development of an NHCDC quality assurance report dashboard and a new data portal to provide streamlined, flexible and timely data insights to state and territory governments regarding their NHCDC submission.

To ensure continued compliance with clause B24 of the Addendum to the NHRA 2020–26, IHACPA will review and reevaluate the data used to calculate the NEP, and assess the degree to which the data reflects the actual cost of delivery of public hospital services to ensure that only legitimate and unavoidable costs have been included in the reference cost data.

IHACPA will continue to investigate the underlying and enduring drivers for growth in the NEP and provide options for consideration by parties to the NHRA for further reforms to help increase the efficiency of public hospital services and ensure the sustainability of public hospital funding.

d) Costing private patients in public hospitals

Deliverable	Timeframe
Investigate phasing out the private patient correction factor.	Ongoing

The collection of private patient medical expenses has previously been problematic in the NHCDC. For example, there is a common practice in some states and territories of using Special Purpose Funds to collect associated revenue (such as the Medicare Benefits Schedule) and reimburse medical practitioners.

The private patient correction factor was introduced as an interim solution for the issue of missing private patient costs in the NHCDC. Submissions in response to previous consultation papers on the Pricing Framework for Australian Public Hospital Services have supported phasing out the private patient correction factor when feasible and the correction factor was removed for the Northern Territory for the National Efficient Price Determination 2021–22.

In 2025–26, IHACPA will continue to evaluate the private patient correction factor and remove it where appropriate.

e) Australian Aged Care Cost Data Collection

Deliverable	Timeframe
Collect Residential Aged Care Cost Collection 2025 data.	December 2025
Collect Support at Home Aged Care Cost Collection 2025 data.	December 2025
Release the Residential Aged Care Cost Collection 2025 Report.	April 2026
Release the Support at Home Aged Care Cost Data 2025 Report.	April 2026
Continue the development of the Australian Aged Care Costing Standards.	June 2026
Undertake focussed studies on costs associated with identified priority areas, which maybe resident or facility related, identified through consultation processes.	June 2026

Commented [A8]: The current tender for 2025 cost collection indicates that it is completed and report issued to IHACPA by September 2025. Can this be clarified?

Commented [A9]: This does not seem to align with the pricing advice dates in previous sections that identified releasing advice for 2026/27 pricing by July 2025 - which would mean that advice would be based on FY23 and/or FY24 costing data collections. Can this be clarified?

Commented [A10]: Regarding residential care: Ageing Australia supports residential respite being a priority in future costing studies, as suggested as a possible priority for consideration on p.22. Also recommend the cost of providing care for residents towards end-of-life as another priority for consideration, noting the importance of ensuring providers are adequately funded to meet their care needs during this time.

Regarding Support at Home: Ageing Australia supports care management as being a priority in future costing studies.

Residential Aged Care Cost Collection

To inform the development and refinement of the AN-ACC funding model, IHACPA will conduct annual cost collection in the residential aged care setting. The purpose of the collection is to collect a representative sample of cost data reflecting the care activities that residents of aged care facilities receive, across a variety of residential aged care facilities. The results and findings from the cost collection will inform the development of a costing framework, costing methodology, data sets and related materials and processes, which will support IHACPA's pricing advice on residential aged care.

IHACPA will engage with relevant stakeholders to determine priorities for consideration, such as residential respite, in future costing studies to inform the refinement of the AN-ACC funding model.

Support at Home Cost Collection

To inform the development of pricing advice for the service list for the new Support at Home program, IHACPA has commenced a Support at Home cost collection. The purpose of the collection is to collect a representative sample of cost and activity data from providers, that is reflective of the anticipated Support at Home service list that will form the price schedule of the new Support at Home Program. The results and findings from this cost collection will feed into the development of a costing framework, costing methodology and data sets, all of which will support IHACPA in developing pricing advice on the Support at Home Program and provide a foundation to underpin future costing studies.

Development of the Australian Aged Care Costing Standards

In 2025–26, IHACPA will continue to develop costing standards which describe consistent and best practice allocation of costs to aged care residents and participants. The Australian Aged Care Costing Standards will be incorporated into the residential aged care costing study and used to inform allocation of costs to services provided through the Australian Government's Support at Home program.

Commented [A11]: Ageing Australia notes that the report for the 2024 costing study has not yet been published.

Strategic Objective Four: Determine data requirements and collect data

a) Revision of the Three Year Data Plan

Deliverable	Timeframe
Publish the Three Year Data Plan 2025–26 to 2027–28.	June 2026

The Independent Health and Aged Care Pricing Authority’s (IHACPA) Three Year Data Plan communicates the data requirements, data standards and timelines that IHACPA will use to collect data over the coming three years.

IHACPA supports the concept of ‘single provision, multiple use’ of information to maximise data provision efficiency and continues to align its rolling Three Year Data Plan with the National Health Funding Body’s data plan to support this aim.

In 2025–26, IHACPA will update the Three Year Data Plan, including data collection requirements for both public hospital and aged care services, and provide it to the Health Chief Executives Forum and the Health Ministers’ Meeting for consideration.

b) Data specification development and revision

Deliverable	Timeframe
Complete the annual review of activity based funding national best endeavours data sets and national minimum data sets.	December 2025
Investigate development of a Posthumous organ procurement national best endeavours data set.	June 2025

IHACPA completes an annual review of the ABF national best endeavours data sets and national minimum data sets to incorporate data elements required for ABF with existing data collections.

IHACPA and state and territory stakeholders have recognised the need to appropriately cost organ donation, retrieval and transplantation since 2014, and introduced a number of support strategies. In 2023–24, IHACPA worked with jurisdictions to develop a project plan for progressing the work to better account for organ donation, retrieval and transplantation activity and costs.

In August 2024, IHACPA undertook work to develop a schema to facilitate gap analysis and provide an overview of the entire organ procurement journey from initial potential donor screening through to post-transplantation care. This work aims to improve the identification and categorisation of organ and tissue and donation transplantation services and pathways, from a data capture, costing and funding perspective.

In 2025–26, IHACPA will continue to work with jurisdictions and other relevant stakeholders to investigate the costs associated with organ donation, retrieval and transplantation and the development of a Posthumous organ procurement national best endeavours data set. This work will also consider the findings of the project and investigate improvements to data collections where required.

IHACPA will also continue to work closely with the national health data committees to incorporate new elements as required for classification development, and to consolidate existing data collections.

c) Cluster coding for admitted patient care data

Deliverable	Timeframe
Implement diagnosis cluster identifier (DCID) into admitted patient care data sets.	July 2025

Cluster coding using a DCID is a method that links related classification codes together. Over 80% of the episodes reported in admitted patient care per year use multiple classification codes to classify hospital activity. Understanding the relationships between these codes allows health services, policy makers and researchers to understand this activity more clearly and make evidence-based decisions.

Cluster coding is a mechanism that links related codes from the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification (ICD-10-AM), through use of a DCID that will enhance the value of coded data. Clustering will increase the understanding of activity data and provides more powerful information for end users by: identifying relationships between codes, enhancing safety and quality reporting, reducing assumptions when interpreting data, supporting future funding models and preparing for a potential future implementation of ICD-11, where clustering is a feature.

In 2024–25, IHACPA undertook work with state and territory governments and key stakeholders to implement the DCID into the Admitted patient care National Minimum Data Set for 2025–26. IHACPA also developed and deployed a webpage for [cluster coding](#) that includes a fact sheet on the implementation of cluster coding, the Diagnosis Cluster Identifier (DCID) Pilot - Final Report, and responses to frequently asked questions to support the implementation of cluster coding.

d) Improvements to data submission, loading and validation processes

Deliverable	Timeframe
Further develop the Secure Data Management System functionality.	Ongoing
Maintain the security of the Secure Data Management System.	Ongoing

IHACPA's Secure Data Management System (SDMS) is comprised of a data submission portal, data validation process, data storage and data analytics platform. This system has introduced greater flexibility of file upload specifications, faster validation and reporting, and enhanced capabilities for jurisdictions to track and manage their submission process.

Commencing July 2022, IHACPA undertook a program of work to update the core components of the SDMS. In July 2023, IHACPA launched a new File Transfer Portal, Citrix desktop, and Data Portal. Further enhancements are expected to improve the robustness and speed of data submission, loading and validation on the SDMS. IHACPA also has an ongoing cyber security management program to ensure that the SDMS is maintained in line with relevant security standards. IHACPA will continue working with key stakeholders to implement a series of remediation activities which will include redevelopment of a secure data sharing functionality, validation processes and development of a data warehouse to enhance the data submission portals in the SDMS.

e) Collection of activity based funding activity data for public hospitals

Deliverable	Timeframe
Collect jurisdictional submissions for March quarter 2025 activity based funding activity data.	June 2025
Collect jurisdictional submissions for June quarter 2025 activity based funding activity data.	September 2025
Collect jurisdictional submissions for September quarter 2025 activity based funding activity data.	December 2025
Collect jurisdictional submissions for December quarter 2025 activity based funding activity data.	March 2026

During 2025-26, for public hospital services, IHACPA will continue its collection of ABF activity data on a quarterly basis and sentinel events data on a biannual basis. Teaching, training and research and hospital cost data provided through the NHCDC will continue to be reported on an annual basis.

Based on quarterly data collections, IHACPA will undertake activity analysis that will be used to monitor the impact of the NEP pricing model on the hospital system.

f) Data compliance

Deliverable	Timeframe
Publish data compliance report for March quarter 2025.	September 2025
Publish data compliance report for June quarter 2025.	December 2025
Publish data compliance report for September quarter 2025.	March 2026
Publish data compliance report for December quarter 2025.	June 2026

IHACPA publishes details of jurisdictional compliance with data requirements as required by clause B81 of the Addendum to the NHRA 2020–26. Both ABF hospital activity and cost data collections are assessed in accordance with IHACPA’s Data Compliance Policy. All data compliance reports are publicly available on the IHACPA website.

As outlined in the Addendum to the NHRA 2020–26, jurisdictions are required to provide IHACPA and the Administrator of the National Health Funding Pool (the Administrator) with a ‘Statement of Assurance’ on the completeness and accuracy of approved data submissions. This is outlined in more detail in the Three Year Data Plan.

g) Data Quality Framework

Deliverable	Timeframe
Release the Data Quality Framework.	August 2025

The NHCDC Public Sector Review Report 2021-22 recommended that IHACPA develop a Data Quality Framework to improve the cost and activity data collections.

In 2024–25, in consultation with the states and territories, IHACPA commenced work to develop the Data Quality Framework that will enable consistent assessment, understanding, communication, and management of data quality throughout the data lifecycle. The recommendations developed from this project will inform future improvements to the collections.

h) Promoting access to public hospital data

Deliverable	Timeframe
Continue to promote access to data through the National Benchmarking Portal.	Ongoing

The National Benchmarking Portal (NBP) is a secure web-based application that allows users to compare cost and activity from hospitals around the country. It provides users the ability to compare differences in activity, cost and efficiency at similar hospitals using national weighted activity units (NWAU).

IHACPA provided public access to the NBP from July 2022. The NBP includes insights into the data collected between 2017–18 and 2021–22. Information such as total NWAU, cost per NWAU and total costed records are available to facilitate analysis at the state and territory, local hospital network and hospital level across the patient service categories.

In 2023–24, IHACPA introduced two new dashboards to the NBP relating to hospital acquired complications and avoidable hospital readmissions. In 2025–26, IHACPA will update the existing dashboards to include data for 2022–23.

IHACPA will continue working with jurisdictions and key stakeholders to enhance the functionality of, and data sets available through, the NBP.

DRAFT

Strategic Objective Five: Investigate and make recommendations concerning cost-shifting and cross-border disputes

a) Investigate and make an assessment or recommendation on cost-shifting and cross-border disputes

Deliverable	Timeframe
Investigate and make recommendations on cross-border disputes.	Ongoing
Investigate and make an assessment on cost-shifting disputes.	Ongoing

As outlined in Part 4.3 of the *National Health Reform Act 2011*, the Independent Health and Aged Care Pricing Authority (IHACPA) has a role to investigate and make recommendations to resolve cross-border disputes and to make assessments to resolve cost-shifting disputes between jurisdictions in relation to public hospital services, when requested to do so by a state or territory health minister.

IHACPA developed the [Cost-Shifting and Cross-Border Dispute Resolution Policy](#) to guide timely, equitable and transparent processes to investigate both cross-border and cost-shifting disputes.

The Cost-Shifting and Cross-Border Dispute Resolution Policy is reviewed regularly in consultation with all jurisdictions to ensure it remains current to sufficiently support IHACPA's cross-border and cost-shifting dispute resolution role.

Strategic Objective Six: Conduct independent and transparent decision-making and engage with stakeholders

a) Monitor and evaluate the implementation of activity based funding for public hospital services

Deliverable	Timeframe
Provide quarterly activity based funding activity data reports to the Pricing Authority and Jurisdictional Advisory Committee.	Ongoing

In 2025–26, the Independent Health and Aged Care Pricing Authority (IHACPA) will continue to monitor changes in the mix, distribution and volume of public hospital services each quarter, and conduct an annual analysis of the impacts of activity based funding (ABF) implementation on the delivery of public hospital services through the ABF Monitoring Framework.

Consistent with clause A31 of the Addendum to the NHRA 2020–26, should IHACPA identify anomalies in service volumes or other data that suggest that services have been transferred from the community to public hospitals for the dominant purpose of making that service eligible for Commonwealth funding, IHACPA will in the first instance consult with the state or territory in question to ascertain what underlying factors may be driving movements in service volumes.

b) Evidence-based activity based funding related research

Deliverable	Timeframe
Publish evidence-based activity based funding related research and analysis.	Ongoing
Provide advice to states and territories on proposals for the trial of innovative funding models and models of care.	Ongoing
Consider recommendations arising from the investigation into virtual models of service delivery and care, and associated funding arrangements.	December 2025
Continue to investigate issues relating to the impact of activity based funding on small jurisdictions.	June 2026
Continue to investigate the impact and occurrence of long-stay patients in public hospitals.	June 2026

Commented [A12]: Consider a program of work on the relationship of innovative funding models and models of care in aged care.

Commented [A13]: Consider a program of work on the role of virtual models of care in aged care. This should occur in conjunction with other parts of the regulatory system - Aged Care Quality and Safety Commission, care minutes, RN minutes, service listing for Support at Home.

Evidence-based research plays a significant role in the ongoing advancement of ABF in Australia. This is particularly the case in improving the understanding of the relationship between public hospital activity and costs in all care settings.

As required, IHACPA will conduct ABF related research that furthers the understanding and implementation of ABF, particularly in relation to classifications, coding standards and pricing methodologies. As a result, IHACPA will be better positioned to determine a NEP that accurately reflects the costs experienced by Australian public hospitals.

Publication of ABF related research

IHACPA considers that broadening access to its data and publication of analysis using the data would benefit work to develop and evaluate health policy and programs by researchers, clinical groups and peak bodies and would serve the interests of transparency.

IHACPA will continue to work with stakeholders to improve access to hospital data, including developing appropriate safeguards and identifying opportunities that all parties are agreeable to in the release of data and/or publications to third parties.

Innovative funding models and models of care

The Addendum to the NHRA 2020–26 and the Pricing Guidelines include provisions for IHACPA to consider the impact on its work of evidence-based, effective new technologies and innovations in models of health care. IHACPA maintains a watching brief on emerging trends in health care to ensure that the current ABF framework can accommodate new and alternate approaches to public hospital funding and service delivery.

While ABF has increased the transparency of hospital services and costs, it has the potential to incentivise more activity or to admit patients instead of focusing on hospital avoidance and patient outcomes. Consequently, there is an increased need to focus on delivering value-based health care aimed at improving patient outcomes and experiences.

Schedule C of the Addendum to the NHRA 2020–26 contains key references to paying for value and outcomes through supporting innovative models of care and trialling new funding arrangements.

In 2025–26, IHACPA will continue to work closely with jurisdictions and clinical experts to facilitate the implementation pathway for trialling state and territory nominated innovative funding models.

Virtual models of care

In January 2024 IHACPA commenced the Virtual Care Project to understand the current state of virtual care, including funding in Australia and internationally; investigate new and emerging trends in virtual care and opportunities to adapt the national pricing model; and develop practical recommendations to inform the improved integration of virtual care into the broader Australian health system. The project was delivered in 2 stages. Stage 1 involved a horizon scan, and Stage 2 resulted in a report that made 5 key recommendations to inform the development of a national strategy for virtual care services.

In 2025–26 IHACPA will work with jurisdictions to develop a program of work to respond to the findings and recommendations identified in the report.

Small jurisdictions

In 2024–25, IHACPA commenced work with jurisdictions and key stakeholders to better understand the underlying cost drivers in smaller jurisdictions. In 2025–26, IHACPA will continue to work with all jurisdictions to determine possible opportunities to address the cost variations between smaller and larger states and territories within IHACPA's legislative remit, and to identify the data required to implement a refinement to the national pricing model, if required.

Long-stay patients in public hospitals

In consultation with jurisdictions and key stakeholders, IHACPA commenced work to investigate the impact and occurrence of long-stay patients in public hospitals as part of the 2024–25 work program. IHACPA will continue to progress this work through its advisory committees and working groups in 2025–26.

c) Support activity based funding and aged care pricing and costing education at a national level

Deliverable	Timeframe
Implement strategies, tools and working papers to ensure that IHACPA is providing information that will support its advisory committees, working groups and jurisdictions.	Ongoing
Deliver the IHACPA Conference 2025.	August 2025
Develop and promote educational materials and resources to educate, inform and engage stakeholders about IHACPA's work program and our role in the health and aged care systems.	Ongoing

IHACPA recognises that the responsibility for ABF education rests with states and territories as the managers of the public hospital system. IHACPA also acknowledges that the primary responsibility for education for the aged care system lies with the Australian Government Department of Health and Aged Care.

In 2025–26, IHACPA will continue to implement strategies to ensure that it is providing information that will support its stakeholders and guide education activities relevant to IHACPA's role in public hospital and aged care services, through the provision of education tools and resources.

In August 2025 IHACPA will host a conference in Adelaide, South Australia, enabling IHACPA to continue its engagement with a wide range of health and aged care stakeholders.

As part of its educational offerings for local and international health and aged care professionals, IHACPA releases a number of educational materials and resources. This includes educational webinars, fact sheets and education modules to support health professionals and the general public in learning more about IHACPA's role in the pricing and funding of public hospital services and its expanded functions in aged care pricing and costing.

IHACPA's educational offerings are enhanced by the educational resources on the [IHACPA Learn](#) platform to support the implementation of the International Statistical Classification of Diseases and Related Health Problems, Tenth Revision, Australian Modification, Australian Classification of Health Interventions and Australian Coding Standards (ICD-10-AM/ACHI/ACS) and the Australian Refined Diagnosis Related Groups (AR-DRG).

In 2025–26, IHACPA will deploy education modules for AR-DRG Version 12.0 on IHACPA Learn and will continue to develop and promote other educational materials and resources for health and aged care stakeholders.

3. Operating context

The Independent Health and Aged Care Pricing Authority's (IHACPA) operating context, including environment, capability, cooperation and collaboration, enterprise risk and performance measures are outlined below.

3.1 Environment

IHACPA operations are influenced by advances in technology that enable digitisation, automation and visualisation. International and Australian developments in standards, best practice and research continuously inform policy and practice.

3.2 Capability

Human resources

IHACPA continues to place great value in creating a more productive and inclusive workplace and is committed to the recruitment and retention of a diverse workforce. IHACPA supports a flexible work environment and will continue to support all staff to optimise balance between their work performance and outside factors.

The volume of highly technical work conducted by IHACPA requires significant specialist workforce capability. IHACPA's workforce planning strategies will continue to emphasise both core public sector skills and the enhancement of the expert skills IHACPA requires to meet its pricing and funding objectives.

IHACPA will also continue to strengthen its management and leadership teams by enhancing performance feedback and providing targeted learning and development programs.

The key focus areas for 2025–26 include continuing to:

- develop capability through attendance at internal and external training opportunities
- monitor staff turnover rates and give genuine consideration to feedback provided through the annual Australian Public Service 'State of the Service' report
- support flexible working arrangements and agile work practices.

During this period, IHACPA also anticipates continuing to reduce outsourcing of core work in line with the Australian Government APS Strategic Commissioning Framework. IHACPA's targets for 2025–26 focus on reduced outsourcing of work in the data and research, policy, communications and marketing job families, with an expected reduction in outsourcing expenditure. This will be dependent on IHACPA's ability to attract appropriate level of suitably qualified staff for the required roles. Research, analysis and planning commenced in 2024–25 and will continue during 2025–26, aiming to develop significant reduction targets for 2026–27, 2027–28 and 2028–29.

Infrastructure

In 2025–26, IHACPA will continue to enhance infrastructure to support the national activity based funding system by:

- developing and refining new and existing public hospital and residential aged care activity classifications through specialist input from clinicians and other stakeholders
- establishing and maintaining national costing standards
- developing and maintaining standards for activity data collections, including the annual publication of the Three Year Data Plan
- publishing a quarterly report outlining jurisdictional compliance with the data requirements and data standards as set out in the Three Year Data Plan.

Information and communication technology

Information and communication technology are essential to IHACPA's core business and performance. It enables data analysis, digitisation, automation, visualisation, engagement and a highly mobile and flexible workforce. Robust measures are in place to continuously maintain, test and upgrade data security.

IHACPA will continue to utilise secure cloud capabilities to deliver its Secure Data Management System (SDMS) and other secure information-based systems. The SDMS allows jurisdictions to securely submit data to IHACPA, and for IHACPA to securely retain this information while intensive analysis is undertaken and eliminates the risk of unauthorised data transfer on portable devices.

3.3 Cooperation and collaboration

IHACPA works with stakeholders from government agencies, research and educational facilities, the community and industry. This is achieved through consultative and advisory committees and working groups with expertise in specialised fields enabling a knowledge pipeline for technical advances and best practice innovation. IHACPA's advisory committee and working group structure is illustrated in **Table 1**.

Table 1. List of IHACPA committees and working groups

Governing body
Pricing Authority
Committees
Aged Care Advisory Committee
Clinical Advisory Committee
Jurisdictional Advisory Committee
National Hospital Cost Data Collection Advisory Committee
Stakeholder Advisory Committee
Technical Advisory Committee
Project Management Board (Aged Care)
Working groups
Classifications Clinical Advisory Group
Diagnosis Related Groups Technical Group
Emergency Care Advisory Working Group
International Classification of Diseases Technical Group
Mental Health Working Group
National Hospital Cost Data Collection Private Sector Working Group
Non-admitted Care Advisory Working Group
Small Rural Hospitals Working Group
Subacute Care Working Group
Teaching, Training and Research Working Group

Commented [A14]: There are no aged care working groups listed. To support robust sector engagement we recommend and encourage aged care working groups for residential care and home and community care. This could feed into and supplement the work of the Aged Care Advisory Committee.

3.4 Enterprise risk

Since the agency's formation in 2011, IHACPA has established a robust system of risk management and controls to assist in its governance. IHACPA's governing body, the Pricing Authority, delivers the functions detailed in the *National Health Reform Act 2011* (the NHR Act). The Pricing Authority approves IHACPA's core business activities which include:

- the NEP and NEC annual Determinations for public hospital services
- developing annual pricing advice for residential aged care, residential respite care and in-home care
- building national classification systems for public hospital and aged care services.

IHACPA's enterprise approach to risk management uses tools that address the strategic and tactical risks of all significant decisions. IHACPA has a comprehensive risk management framework and a detailed risk appetite statement, which is regularly reviewed. IHACPA's enterprise risks are outlined below.

Strategic risks

Strategic risks are identified with reference to current business and environmental issues facing IHACPA. These risks fall into three major risk categories:

- reputational risks
- data and information governance risks
- corporate risks.

Additionally, IHACPA maintains a shared Strategic Risk Register with the National Health Funding Body, which identified two risks that both agencies have agreed to manage jointly:

- incorrect calculation of Commonwealth funding entitlements
- changes to models that have not been effectively modelled and/or implemented.

IHACPA's strategic risks are actively managed through audits, assurance, and internal control processes. Where new risks emerge, resources are assigned to understand and manage those risks. They are reviewed biannually or as required.

Tactical risks

Tactical risks are managed through a decision-based risk management tool, which requires recording of the risk and a formal decision on the managed likelihood and consequence of the risk. The assessment tool forms part of any major decision, ensuring that the final decision maker is fully informed and cognisant of managed risk outcomes during the decision making process. IHACPA has a mature enterprise risk management framework in place, and risk management is considered a business as usual activity for all IHACPA staff.

Policies and procedures

Policies support IHACPA's vision and purpose by setting out compatible rules to govern core business. They influence and determine all major decisions and activities that take place within the boundaries set by them. Policies reinforce and clarify legislative and regulatory requirements, expectations and standards. Policies are complemented by procedures that are the specific methods to action policy in day-by-day operations. IHACPA reviews its policies and procedures on an annual basis or as required to ensure their relevance, and to take advantage of the latest developments and innovations in theory, technology and practice.

Fraud and Corruption Control Plan

IHACPA's fraud and corruption control plan is recognised as a critical internal tool used to mitigate the act and consequences of the unauthorised use of IHACPA data and financial resources. It is updated regularly to incorporate changes to the *Commonwealth Fraud Control Framework*. The plan encourages ethical behaviour through the use of business processes designed to prevent deceptive activities, supported by monitoring controls to detect fraud and deter offending behaviour, and is reviewed annually or as required.

Compliance

IHACPA has a broad range of compliance obligations, including key statutory obligations set out in the NHR Act, the National Health Reform Agreement, the *Aged Care Act 1997*, the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022*, the *Public Governance Performance and Accountability Act 2013*, and the Public Governance Performance and Accountability Rule 2014. Other legal and compliance obligations include, work health and safety, privacy, freedom of information, intellectual property, the Protective Security Policy Framework, website accessibility and records management. The Chief Executive Officer (CEO) manages assurances on IHACPA's compliance obligations through an organised system of controls and special exercises, including substantive testing, monthly reports, exception notifications, and compliance audits undertaken by an independent internal auditor.

Financial authorisation

As a corporate Australian Government agency, IHACPA adheres to the *Public Governance Performance and Accountability Act 2013* and the Public Governance Performance and Accountability Rule 2014, and is subject to the Commonwealth Procurement Rules. Line managers have value and purchase class limits in accordance with

the delegation of financial authorities that are approved and reviewed regularly by the CEO, as the accountable authority.

Audit, Risk and Compliance Committee

The IHACPA Audit, Risk and Compliance Committee provides independent advice and assurance to the CEO on IHACPA's accountability and control framework and corporate governance arrangements. Risks and an outline of the associated controls are at Table 2.

Table 2. Risk and controls

Risk	Outline of controls
Reputational	
IHACPA is not seen as an independent organisation	Regularly update the governance framework
	Consultation with all governments and working groups
	Public consultation processes
	Expert advice and quality assurance in delivering core functions
	Transparent evidence-based methodology in decision-making
Communication of IHACPA's role is not effective	Media monitoring and proactive communications
	Annual conference or summit
	Extensive stakeholder consultation
	Public consultation processes
	Consolidated social media engagement presence
Data and Information Governance Risks	Proactive media and communications on significant decisions and bodies of work
Data accuracy	Governance structure and business processes established to check the quality and integrity of incoming and outgoing data
	Activity reporting quarterly
Delays in the provision of data	Data compliance process in place
A data breach occurs	Systems, policies and procedures are in place to prevent data breaches
	Annual Data Governance assurance audits conducted by internal auditors
Core business records not retained	IHACPA uses the Australian Government Department of Health and Aged Care TRIM based record management system for its core business records which ensures regular secure backup
	IHACPA data is independently maintained in accordance with Australian Government requirements
Information and Communication Technology	
ICT performance and suitability	Comprehensive IT management policies
	Compliance with Australian Government information requirements
	Use of expert advisers to provide security advice
Outsourcing and Procurement	
Procurement process and contract outcomes	Experts provide procurement advice
	Level of advice considered based on risk assessments on all projects
	Comprehensive and regularly updated procurement and contract management policies and templates
	Staff training
	Conflict of interest and confidentiality undertakings for all parties

Risk	Outline of controls
Physical Security	
Physical security of staff, visitors or contractors and asset security	Staff have annual security training Security checks undertaken Use of asset registers Security risk register in place

3.5 Performance measures

Section 16EA of the *Public Governance, Performance and Accountability Rule 2014* (the PGPA Rule) stipulates the requirements around performance measures for Australian Government entities. The performance measures for an Australian Government entity are considered to meet the requirements of the PGPA Rule if, in the context of the entity's purposes or key activities, they:

- relate directly to one or more of those purposes or key activities;
- use sources of information and methodologies that are reliable and verifiable;
- provide an unbiased basis for the measurement and assessment of the entity's performance;
- where reasonably practicable, comprise a mix of qualitative and quantitative measures;
- include measures of the entity's outputs, efficiency and effectiveness if those things are appropriate measures of the entity's performance; and
- provide a basis for an assessment of the entity's performance over time.

The IHACPA Work Program and Corporate Plan for 2025–26 defines IHACPA's strategic objectives and the associated key deliverables for the 2025–26 to 2028–29 reporting period. IHACPA's performance over the reporting period will be assessable against the performance measures detailed in **Table 3**, as per the requirements under the PGPA Rule.

Table 3. Performance measures

Key performance indicators	Performance measures
Support public hospitals and aged care services to improve efficiency in, and access to, services through the provision of independent pricing determinations and advice and designing pricing systems that promote sustainable and high-quality care.	Develop the annual Pricing Framework for Australian Public Hospital Services, the annual Pricing Framework for Australian Residential Aged Care Services and the annual Pricing Framework for Australian Support at Home Aged Care Services to communicate IHACPA's pricing decisions and underpinning methodologies.
	Develop the annual NEP and NEC Determinations for public hospital services and the annual pricing advice for aged care.
	Implement national activity based funding, where practicable, underpinned by a mix of qualitative and quantitative measures to contribute to the continual improvement of the national pricing model for public hospital services and for aged care.
	Develop and refine the classifications, data collections and costing standards for public hospital and aged care services.
	Ensure effective collection and processing of costing information to support funding outcomes for public hospital and aged care services.
	Analyse activity and cost data for public hospital and aged care services to inform an evidence-based methodology for implementing and reviewing safety and quality improvements.
	Provide the Australian Government and state and territory governments with IHACPA's forward looking work program and data requirements.

Fulfil the reporting and performance requirements under the PGPA Rule.	Undertake regular consultation with the Australian Government and state and territory governments, other Australian Government entities and key stakeholders on decisions and deliverables that impact IHACPA's operating context.
	Each year publish an annual report detailing IHACPA's delivery of reports, documents and other deliverables that pertain to its purpose and key activities.

DRAFT



Independent Health and Aged Care Pricing Authority

Eora Nation, Level 12, 1 Oxford Street
Sydney NSW 2000

Phone 02 8215 1100

Email enquiries.ihacpa@ihacpa.gov.au

www.ihacpa.gov.au

DRAFT