



‘Through the introduction of AN-ACC, which reflects an activity based funding approach and uses independent assessments to better classify each resident’s care needs, IHACPA will be able to support greater alignment of funding to the actual costs of delivering care to each resident,’ said Mr Tune AO PSM.

### **Future directions and improvements**

‘The implementation of funding on an activity basis in residential aged care will occur over several years with the aim to balance a range of policy objectives, including promoting the resident-centred, high-quality care expected by the community, and improving the sustainability and efficiency of the aged care system over time.’

‘As the classification, costing and pricing models will evolve and mature overtime, IHACPA is also seeking feedback on its overarching pricing principles, priorities for future developments and areas of work (such as an approach to pricing residential respite care), and potential adjustments to the residential aged care price,’ concluded Mr Tune AO PSM.

### **Submissions**

Feedback gathered in this public consultation process will be used to inform the policy decisions in the Pricing Framework, which is set to be released in early 2023. The Pricing Framework underpins the pricing model, which will inform Commonwealth Government decisions on residential aged care funding from 1 July 2023.

The Pricing Framework will be reviewed and updated annually to reflect new costing and pricing priorities and developments, including providing advice on home and community aged care pricing.

Submissions can be emailed to [submissions.ihacpa@ihacpa.gov.au](mailto:submissions.ihacpa@ihacpa.gov.au), [submitted via an online submission form](#), or posted to PO Box 483, Darlinghurst NSW 1300 by 5pm AEDT on Friday 14 October 2022.

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### **Media enquiries**

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## **About the Independent Health and Aged Care Pricing Authority**

The newly formed Independent Health and Aged Care Pricing Authority (IHACPA) is an independent government agency established under Commonwealth legislation as part of the National Health Reform Agreement (NHRA), which sets out the intention of the Australian Government and state and territory governments to work in partnership to improve health outcomes for all Australians.

In May 2020, the Commonwealth and all state and territory governments signed an Addendum that amends the NHRA and reaffirms IHACPA's primary function to enable the national activity based funding and block grant funding systems through the annual determination of the national efficient price (NEP) and national efficient cost (NEC).

The NEP and NEC Determinations play a crucial role in calculating the Commonwealth funding contribution to Australian public hospital services, and offer a benchmark for the efficient cost of providing those services as outlined in the NHRA.

The recent passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* (Cwlth) saw the functions of the Independent Hospital Pricing Authority expand to take on the role of providing advice on the costing and pricing of aged care services, as a renamed IHACPA.

Responding to the findings of the [Royal Commission into Aged Care Quality and Safety](#), IHACPA will provide pricing advice to inform Australian Government decisions on residential aged care and respite care funding from 1 July 2023. IHACPA will also have a future role in providing pricing advice on home aged care and community aged care services.

The IHACPA website provides further information on the agency's expansion. Interested stakeholders may seek to receive email updates by [subscribing to the IHACPA mailing list](#).

## **Scope of this consultation**

This Consultation Paper will only apply to the development of the pricing and costing advice for Australian aged care services. A separate Pricing Framework for the pricing of Australian public hospital services is released for annual consultation in June, with the policy decisions published annually in December.