

Independent Health and Aged Care Pricing Authority's role in aged care pricing

Our history

The Independent Health and Aged Care Pricing Authority (IHACPA) is an independent government agency. The agency was originally named the Independent Hospital Pricing Authority (IHPA) and established under the *National Health Reform Act 2011 (Cwlth) (the Act)*, as part of the National Health Reform Agreement reached by all Australian Governments in 2011.

IHACPA was established to promote improved efficiency in, and access to, public hospital services through the provision of independent, impartial, evidence-based advice to Australian governments. IHACPA achieves this by developing and implementing robust and transparent systems to support activity based funding for those services.

The Pricing Authority, IHACPA's Board, holds the determinative powers under the Act. For functions relating to aged care, the Authority will approve the advice provided to the Commonwealth Minister for Health and Aged Care.



IHACPA's role in aged care

Among the 148 recommendations of the Royal Commission into Aged Care Quality and Safety were recommendations to establish an independent pricing authority for aged care services. To address this recommendation, the Commonwealth Government has expanded the functions of the existing IHPA and renamed it to become IHACPA.

IHACPA's expanded role within the aged care sector will be to provide aged care costing and pricing advice to the Commonwealth Minister for Health and Aged Care. This process aims to ensure that Commonwealth Government decisions on aged care funding, including through the new classification system for residential aged care and residential respite care, the Australian National Aged Care Classification (AN-ACC), are directly informed by the actual costs of delivering care.

The established expertise of IHACPA in public hospital funding provides a strong foundation for its expanded role in aged care. However, IHACPA acknowledges the need to ensure its aged care costing and pricing advice is developed specifically for the aged care system and is committed to ongoing and transparent consultation with a broad range of stakeholders in the aged care system.

IHACPA's stakeholder engagement

IHACPA relies on significant input from stakeholders to ensure that its classification systems, counting and costing rules, and pricing models, are robust, appropriate and respond to changes in the sector.

Annual public consultation will enable stakeholders to provide input into the development of the *Pricing Framework for Australian Aged Care Services 2023-24* and subsequent refinements, which will inform how IHACPA develops its aged care pricing advice.

IHACPA also has a range of statutory committees, advisory committees and working groups that allow stakeholders, technical experts, clinicians, and health care consumers to contribute to its work program. New committees including the Aged Care Advisory Committee will be established to extend this structure and approach to IHACPA's aged care functions.

Additional sub-committees relating to aged care will be established. IHACPA will ensure that membership represents the different provider types operating in the sector and the diversity of stakeholders and perspectives.

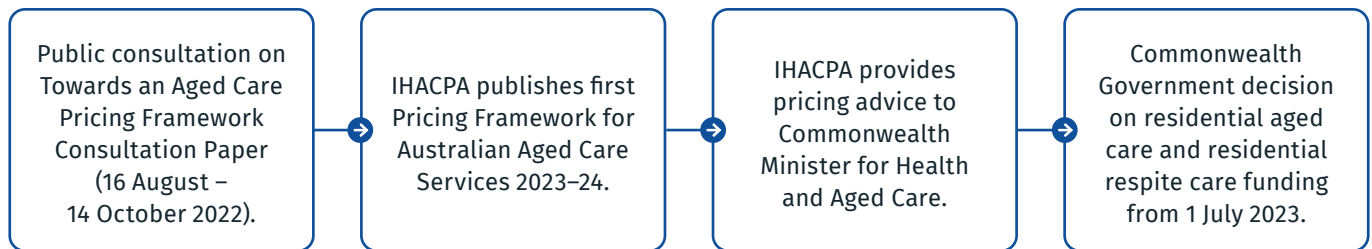
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Timeline of IHACPA's residential aged care and residential respite care pricing advice

Following the passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* (Cwlth), the new AN-ACC assessment and funding system will be used to fund residential aged care homes from 1 October 2022.

The initial policy settings, classification, and pricing approach have been developed by the Department of Health and Aged Care. This includes the AN-ACC funding model starting price of \$216.80, which was announced in the 2022–23 Federal Budget.

IHACPA will provide pricing advice to the Commonwealth Minister for Health and Aged Care. This will be used to inform Commonwealth Government decisions on residential aged care and residential respite care funding from 1 July 2023.



Have your say:

Read the [Towards an Aged Care Pricing Framework Consultation Paper](#).

Submit your response by **5pm AEDT Friday 14 October 22** via our online questionnaire, email or post.

Questions?

Enquires related to this consultation process may be sent to submissions.ihacpa@ihacpa.gov.au.

IHACPA's other roles in aged care pricing

The passage of the *Aged Care and Other Legislation Amendment (Royal Commission Response) Act 2022* (Cwlth) also saw the transfer of functions from the former Aged Care Pricing Commissioner to IHACPA. IHACPA therefore has the power to approve prices for residential aged care accommodation and extra services.



IHACPA may also:

- benchmark cost and activity data within the aged care sector over time
- give consideration to the impact of wage increases on costs, only where these have been determined by the Fair Work Commission.


The Commonwealth Government is also undertaking reforms to home care, and it is anticipated that IHACPA will advise on costing and pricing matters in home care once these reforms take effect.

Further information

To learn more about the Independent Health and Aged Care Pricing Authority, get in touch with us via the details below.

 (02) 8215 1100  enquiries.ihacpa@ihacpa.gov.au  www.ihacpa.gov.au

Find us online to connect with us.

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